

ALICO INC
Form DEFM14C
January 27, 2015

Use these links to rapidly review the document

- [Table of Contents](#)
- [TABLE OF CONTENTS 2](#)
- [Table of Contents](#)
- [Table of Contents](#)
- [TABLE OF CONTENTS 5](#)
- [TABLE OF CONTENTS](#)
- [TABLE OF CONTENTS](#)

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

SCHEDULE 14C

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of
the Securities Exchange Act of 1934

Check the appropriate box:

- Preliminary Information Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))
- Definitive Information Statement

ALICO, INC.

(Name of Registrant As Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2)

Edgar Filing: ALICO INC - Form DEFM14C

Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

ALICO, INC.

10070 Daniels Interstate Court

Suite 100

Fort Myers, FL 33913

**NOTICE OF ACTION BY WRITTEN CONSENT
AND INFORMATION STATEMENT**

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED
NOT TO SEND US A PROXY.**

January 27, 2015

To the Shareholders of Alico, Inc.:

This Notice of Action by Written Consent and Information Statement is being furnished to the holders of common stock, par value \$1.00 per share of Alico, Inc. (which we also refer to as Alico), in connection with the Agreement and Plan of Merger, dated as of December 2, 2014 by and among Alico, 734 Sub, LLC, a Florida limited liability company and wholly owned subsidiary of Alico, 734 Citrus Holdings, LLC, a Florida limited liability company doing business under the name Silver Nip Citrus and, solely with respect to certain sections thereof, Silver Nip Citrus's equityholders. We refer to the Agreement and Plan of Merger as the Merger Agreement.

The Merger Agreement provides that, upon the terms and subject to the conditions set forth therein, Alico will acquire Silver Nip Citrus through the merger of 734 Sub, LLC with and into Silver Nip Citrus, with Silver Nip Citrus surviving as a wholly owned subsidiary of Alico. We refer to this as the Merger. A copy of the Merger Agreement is attached as Annex A to this information statement.

At the closing of the Merger, Alico will issue to the Silver Nip Citrus equityholders up to 1,463,544 shares of Alico common stock, subject to adjustments set forth in the Merger Agreement for Silver Nip Citrus's net indebtedness at the closing of the Merger, amounts related to groves specified in the Merger Agreement (which we refer to as the TRB Groves) and certain Silver Nip Citrus transaction expenses.

We currently estimate that Silver Nip Citrus's outstanding net indebtedness at the closing of the Merger will be approximately \$42.6 million and that Silver Nip Citrus will have spent approximately \$17.9 million in relation to the TRB Groves and \$0.25 million in transaction expenses that are subject to the adjustment. Based on these estimates, we expect Alico to issue approximately 800,502 shares of its common stock at the effective time of the Merger. We refer to this issuance at closing as the Closing Stock Issuance.

Thirty (30) days following the conclusion of Silver Nip Citrus's 2014-2015 citrus harvest season, Alico will also issue to the Silver Nip Citrus equityholders additional shares of Alico common stock based on the proceeds (net of harvesting costs) received by Alico from the sale of citrus fruit harvested on Silver Nip Citrus groves (excluding the TRB Groves) after the closing of the Merger. We refer to this issuance following the closing as the Earnout Stock Issuance and, together with the Closing Stock Issuance, the Stock Issuance.

The terms of the Merger Agreement were negotiated and considered by a special committee comprised entirely of independent and disinterested members of Alico's board of directors (which we refer to as the special committee and the Alico Board, respectively). The special committee recommended that the Alico Board adopt and declare advisable the Merger Agreement and the transactions contemplated thereby, including the Merger and the Stock Issuance. **After careful consideration, the Alico Board, with Messrs. George R. Brokaw, Remy W. Trafelet and Clayton G. Wilson recusing themselves, acting on the recommendation of the special committee, determined that it is fair to and in the best interests of the Alico shareholders to enter into the Merger Agreement, adopted and declared advisable the Merger Agreement and the transactions contemplated thereby, including the Merger and the Stock Issuance, and recommended that the Alico shareholders approve the Stock Issuance.**

Under the Florida Business Corporation Act, or FBCA, the Alico shareholders are not required to approve the Merger. However, because Alico's common stock is listed on The Nasdaq Global Stock Market (which we refer to as the NASDAQ), it is subject to NASDAQ Listing Rule 5635(a), which requires that the Alico shareholders approve the Stock Issuance if any director, officer or substantial shareholder (as defined by NASDAQ Listing Rule 5635(e)(3)) of Alico has a 5% or greater interest (or such persons collectively have a 10% or greater interest), directly or indirectly, in Silver Nip Citrus or the shares of Alico common stock to be paid in the Merger, and the Stock Issuance could result in an increase in outstanding common shares or voting power of Alico by 5% or more. As described in more detail in this information statement, the Silver Nip Citrus equityholders have such an interest.

On January 23, 2015, 734 Investors, LLC (which we refer to as 734 Investors), which beneficially owned 3,725,457 shares of Alico common stock, or approximately 50.5% of Alico's issued and outstanding common stock on such date, delivered an executed written consent to Alico approving the Stock Issuance. Pursuant to 734 Investors' limited liability company agreement, 734 Investors approved the Stock Issuance at the direction of a majority of its disinterested members. The limited liability company agreement provides that 734 Agriculture, LLC, a Silver Nip Citrus equityholder, manages and generally controls the vote of the shares of Alico common stock owned by 734 Investors, except that in any transaction involving Alico, on the one hand, and 734 Agriculture or its affiliates, on the other hand, the shares of Alico common stock owned by 734 Investors are voted as directed by a majority in interest of the disinterested members of 734 Investors. These disinterested members have directed 734 Investors to approve the Stock Issuance. A copy of 734 Investors' limited liability company agreement is

Edgar Filing: ALICO INC - Form DEFM14C

attached as Annex B to this information statement.

Accordingly, Alico has obtained the requisite shareholder approval under the NASDAQ Listing Rules, and, no further vote or action by Alico shareholders is required to approve the Merger Agreement or the transactions contemplated thereby, including the Merger and the Stock Issuance.

Alico has not solicited and will not be soliciting your authorization or approval of the Merger Agreement and the transactions contemplated thereby, including the Merger and the Stock Issuance. We are furnishing this information statement to you to provide you with material information concerning the actions taken in connection with 734 Investors' written consent in accordance with the requirements of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, and the regulations promulgated thereunder, including Regulation 14C.

This notice of action by written consent information statement also constitutes notice to you under Section 607.0704 of the FBCA of the actions taken by written consent of 734 Investors, the holder of a majority of Alico's outstanding common stock, without a meeting of shareholders.

This information statement includes important information about Alico and the Merger Agreement, including the existence of several conditions to Alico's obligations and those of Silver Nip Citrus to complete the Merger, all of which must be either satisfied or waived prior to the completion of the Merger, and should be read carefully and in its entirety. Alico's shareholders are not entitled to appraisal or dissenters' rights under the FBCA in connection with the Merger or the Stock Issuance.

Thank you for your support.

For the Board of Directors,

Henry R. Slack

Chairman of the Board

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATORY AGENCY HAS APPROVED OR DISAPPROVED THE MERGER OR THE STOCK ISSUANCE, PASSED UPON THE MERITS OR FAIRNESS OF THE MERGER OR THE STOCK ISSUANCE, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURES IN THIS INFORMATION STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This information statement is dated January 27, 2015 and is first being mailed to common shareholders of Alico on or about January 27, 2015.

Table of Contents

ADDITIONAL INFORMATION

Additional business and financial information about Alico, Inc. (which we also refer to as Alico) can be found in documents previously filed by Alico with the Securities and Exchange Commission, or "SEC." This information is available to you without charge at the SEC's website at <http://www.sec.gov>. You can also obtain additional copies of this information statement, as well as other relevant materials, by visiting Alico's website at <http://www.alicoinc.com>, or by requesting them in writing or by telephone using the following contact information:

Alico, Inc.
10070 Daniels Interstate Court
Suite 100
Fort Myers, FL 33913
Attention: A. Denise Plair, Corporate Secretary
(239) 226-2000

See the section entitled "Where You Can Find More Information" beginning on page 83 for more information about the documents previously filed by Alico with the SEC and incorporated into this information statement by reference, including Alico's Annual Report on Form 10-K for the fiscal year ended September 30, 2014. The information on Alico's website is not part of this information statement, nor is it incorporated by reference.

All information contained in this information statement regarding Silver Nip Citrus and the Silver Nip Citrus equityholders, in their capacity as equityholders of Silver Nip Citrus, was provided by Silver Nip Citrus, and Alico assumes no responsibility for the accuracy of such information.

Table of Contents

TABLE OF CONTENTS

<u>SUMMARY</u>	1
<u>The Companies</u>	1
<u>The Merger</u>	2
<u>Merger Consideration: Purchase Price Adjustment</u>	2
<u>Earnout Proceeds</u>	2
<u>Alico's Reasons for the Merger; Recommendation of the Special Committee; Approval of the Alico Board</u>	3
<u>Opinion of Houlihan Lokey to the Special Committee</u>	3
<u>Third-Party Appraisal</u>	3
<u>NASDAQ Shareholder Approval Requirement; Written Consent of 734 Investors</u>	4
<u>Written Consent of the Silver Nip Citrus Equityholders</u>	4
<u>Interests of Alico's Directors and Executive Officers in the Merger</u>	4
<u>Regulatory Approvals Required for the Merger</u>	5
<u>Appraisal Rights</u>	5
<u>Impact of Stock Issuance on Existing Shareholders</u>	5
<u>U.S. Federal Income Tax Consequences of the Merger</u>	5
<u>Conditions to Complete the Merger</u>	5
<u>Closing</u>	6
<u>Termination of the Merger Agreement</u>	6
<u>Fees and Expenses</u>	7
<u>Indemnification</u>	7
<u>SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF ALICO</u>	8
<u>SELECTED UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION</u>	9
<u>UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION</u>	10
<u>HISTORICAL AND PRO FORMA PER SHARE DATA</u>	19
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER</u>	20
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	24
<u>THE MERGER</u>	25
<u>Background of the Merger</u>	25
<u>Alico's Reasons for the Merger; Recommendation of the Special Committee; Approval of the Alico Board</u>	27
<u>Opinion of Houlihan Lokey to the Special Committee</u>	30
<u>Third-Party Appraisal</u>	41
<u>NASDAQ Shareholder Approval Requirement; Written Consent of 734 Investors</u>	44
<u>Written Consent of the Silver Nip Citrus Equityholders</u>	44
<u>Interests of Alico's Directors and Executive Officers in the Merger</u>	44
<u>Merger-Related Compensation</u>	45
<u>Regulatory Approvals Required for the Merger</u>	45
<u>Listing of the Alico Common Stock</u>	45
<u>Appraisal or Dissenters' Rights</u>	45
<u>Restrictions on Sales of Shares of Alico Common Stock Received in the Merger</u>	45
<u>Impact of Stock Issuance on Existing Shareholders</u>	46
<u>Accounting Treatment</u>	46
<u>THE MERGER AGREEMENT</u>	47
<u>Structure of the Merger</u>	47
<u>Closing; Effective Time; Completion of the Merger</u>	47
<u>Merger Consideration</u>	48

Table of Contents

<u>Purchase Price Adjustment</u>	<u>48</u>
<u>Earnout Proceeds</u>	<u>49</u>
<u>Treatment of Silver Nip Citrus Equity Awards</u>	<u>49</u>
<u>Fees and Expenses</u>	<u>50</u>
<u>Delivery of Consideration</u>	<u>50</u>
<u>Representations and Warranties</u>	<u>50</u>
<u>Conduct of Business Pending the Merger</u>	<u>54</u>
<u>Efforts to Complete the Merger</u>	<u>57</u>
<u>Other Covenants and Agreements</u>	<u>57</u>
<u>Conditions to Complete the Merger</u>	<u>62</u>
<u>Termination of the Merger Agreement</u>	<u>63</u>
<u>Effect of Termination</u>	<u>64</u>
<u>Governing Law; Specific Performance</u>	<u>64</u>
<u>Amendment of the Merger Agreement; Extension and Waiver</u>	<u>64</u>
<u>THE COMPANIES</u>	<u>65</u>
<u>Alico, Inc.</u>	<u>65</u>
<u>734 Citrus Holdings, LLC</u>	<u>65</u>
<u>734 Sub, LLC</u>	<u>65</u>
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF SILVER NIP CITRUS</u>	<u>66</u>
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	<u>78</u>
<u>U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER</u>	<u>81</u>
<u>SHAREHOLDERS SHARING AN ADDRESS</u>	<u>82</u>
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	<u>83</u>
<u>INDEX TO FINANCIAL STATEMENTS</u>	<u>F-1</u>
Annex A Merger Agreement	
Annex B Limited Liability Company Agreement of 734 Investors, LLC	
Annex C Opinion of Houlihan Lokey Financial Advisors, Inc.	
Annex D Summary Findings of Appraisal Conducted by Agri-Property Consultants, Inc.	

Table of Contents

SUMMARY

The following summary highlights material information contained in this document. It does not contain all of the information that may be important to you. In particular, you should read the documents attached to this information statement, which are made part of this information statement. This summary and the balance of this information statement contain forward-looking statements about events that are not certain to occur as described, or at all, and you should not place undue reliance on those statements. Please carefully read "Cautionary Statement Regarding Forward-Looking Statements." You are urged to read carefully this entire document (including the Annexes) and other documents which are referred to in this document in order to fully understand the transactions contemplated by the Merger Agreement. See the section entitled "Where You Can Find More Information." Most items in this summary include a page reference directing you to a more complete description of those items. The basis of presentation of financial information of Alico and Silver Nip Citrus in this document is under generally accepted accounting principles in the United States, or GAAP, unless indicated otherwise.

The Companies

Alico, Inc. (see page 65)

Alico is a Florida agribusiness and land management company backed by a legacy of achievement and innovation in citrus, sugar, cattle and resource conservation. Alico owns approximately 113,600 acres of land in eight (8) Florida counties (Alachua, Charlotte, Collier, DeSoto, Glades, Hendry, Lee and Polk). Alico's principal lines of business are citrus groves, improved farmland including sugar cane, cattle ranching and conservation and related support operations. Alico also receives royalties from rock mining and oil production. Alico's mission is to create value for its customers, clients and shareholders by managing existing lands to their optimal current income and total returns, opportunistically acquiring new agricultural assets and producing high quality agricultural products while exercising responsible environmental stewardship.

Alico currently has approximately 281 full-time employees, including approximately 235 employees in its citrus groves' division. Alico is listed on the NASDAQ under the symbol "ALCO."

Alico is a Florida corporation originally founded in 1960. The principal executive office of Alico is located at 10070 Daniels Interstate Court, Suite 100, Fort Myers, FL 33913 and its telephone number is (239) 226-2000. Alico's internet website is <http://www.alicoinc.com>. The information provided on Alico's website is not part of this information statement and is not incorporated herein by reference.

734 Citrus Holdings, LLC (see page 65)

734 Citrus Holdings, LLC, d/b/a Silver Nip Citrus, is a Florida limited liability company that owns approximately 7,434 acres, consisting primarily of citrus groves in six (6) Florida counties (Polk, Hardee, Osceola, Martin, Highlands and Collier). Silver Nip Citrus harvests fruit and provides grove caretaking services to several growers. Silver Nip Citrus was organized for the purpose of acquiring citrus groves, and effective December 31, 2012, it purchased citrus groves, in addition to equipment and related assets, from the Latt Maxcy Corporation and its affiliates. Silver Nip Citrus currently has approximately 57 full-time employees.

The principal executive office of Silver Nip Citrus is located at 181 Highway 360 East, Frostproof, FL 33843 and its telephone number is (863) 635-3399.

734 Sub, LLC (see page 65)

734 Sub, LLC, which we refer to as Merger Sub, is a Florida limited liability company and wholly owned subsidiary of Alico formed on October 2, 2014 for the sole purpose of effectuating the Merger. Merger Sub has not engaged in and will not engage in any activities other than activities incidental to

Table of Contents

its formation and in connection with or contemplated by the Merger. Merger Sub's principal executive office is located at 10070 Daniels Interstate Court, Suite 100, Fort Myers, FL 33913 and its telephone number is (239) 226-2000.

The Merger (see page 25)

Alico and Silver Nip Citrus have agreed to combine under the terms and conditions set forth in the Merger Agreement, which is described in this information statement. Pursuant to the Merger Agreement, Merger Sub, a wholly owned subsidiary of Alico, will merge with and into Silver Nip Citrus, with Silver Nip Citrus continuing as the surviving company and a wholly owned subsidiary of Alico.

The Merger Agreement is attached as Annex A to this information statement.

Merger Consideration; Purchase Price Adjustment (see page 48)

At the time the Merger is effective, Alico will issue to the holders of membership interests in Silver Nip Citrus (also referred to as the Silver Nip Citrus equityholders) up to 1,463,544 shares of Alico common stock, par value \$1 per share (also referred to as Alico common stock), adjusted as follows:

The number of shares issued will be (1) increased by the amount spent by Silver Nip Citrus to purchase groves specified in the Merger Agreement (also referred to as the TRB Groves), inclusive of any financing costs and accrued interest, (2) decreased by Silver Nip Citrus's net indebtedness at the closing of the Merger, and (3) decreased by the amount of transaction expenses Silver Nip Citrus incurs in connection with the Merger, excluding up to \$250,000 in out-of-pocket costs incurred in connection with facilitating Alico's due diligence of Silver Nip Citrus and preparing the financial statements in connection with this information statement.

The Alico common stock issued at the effective time of the Merger will be valued at \$37.58 per share for purposes of these calculations.

We currently estimate that Silver Nip Citrus's net indebtedness at the closing of the Merger will be approximately \$42.6 million and that Silver Nip Citrus will have spent approximately \$17.9 million in relation to the TRB Groves and approximately \$0.25 million in respect of transaction expenses that are subject to adjustment. Based on these estimates, we expect Alico to issue approximately 800,502 shares of its common stock to the Silver Nip Citrus equityholders at the effective time of the Merger. We refer to this issuance at closing as the Closing Stock Issuance.

The Merger will have no effect on the shares of Alico common stock owned by existing Alico shareholders.

Alico will not deliver fractional shares of its common stock in the Merger. As a result, a Silver Nip Citrus equityholder will receive cash for any fractional shares of Alico common stock that such Silver Nip Citrus equityholder would otherwise be entitled to receive in the Merger. For a full description of the treatment of fractional shares, see the section entitled "The Merger Agreement Merger Consideration," beginning on page 48.

Earnout Proceeds (see page 49)

Thirty (30) days after the conclusion of Silver Nip Citrus's 2014-2015 citrus harvest season, Alico will also issue to the Silver Nip Citrus equityholders additional shares of Alico common stock based on the value of the proceeds (net of harvesting costs) received by Alico from the sale of citrus fruit harvested on Silver Nip Citrus's real property, excluding the recently acquired TRB Groves, during the 2013-2014 and 2014-2015 citrus harvest seasons. The earnout consideration will be (1) reduced by the

Table of Contents

amount of unpaid accounts payable of Silver Nip Citrus outstanding, or any other cost incurred by Silver Nip Citrus and not previously paid or capitalized, in each case on or after the opening of business on the closing date to the extent that arising out of the harvesting, picking, hauling, marketing and selling of crops growing on Silver Nip Citrus's real property (excluding the TRB groves) for the 2014-2015 citrus harvest season and (2) increased by any expenses for the 2015-2016 citrus harvest season which are prepaid on or prior to the closing date by Silver Nip Citrus. We refer to the issuance following the closing as the Earnout Stock Issuance and, together with the Closing Stock Issuance, the Stock Issuance.

Alico's Reasons for the Merger; Recommendation of the Special Committee; Approval of the Alico Board (see page 27)

After careful consideration and consultation with its advisors, and upon the recommendation of the special committee, the Alico Board (1) determined that it is fair to and in the best interests of the Alico shareholders to enter into the Merger Agreement, (2) adopted and declared advisable the Merger Agreement and the transactions contemplated thereby, including the Merger and the Stock Issuance, and (3) recommended that the Alico shareholders vote or deliver a written consent in favor of the Stock Issuance. The special committee made its recommendation after consultation with its own independent legal advisors.

Opinion of Houlihan Lokey to the Special Committee (see page 30)

On December 1, 2014, Houlihan Lokey Financial Advisors, Inc, which we refer to as Houlihan Lokey, verbally rendered its opinion to the special committee (which was subsequently confirmed in writing by delivery of Houlihan Lokey's written opinion addressed to the special committee dated December 1, 2014), as to the fairness from a financial point of view to Alico of the consideration to be paid by Alico in the Merger pursuant to the Merger Agreement.

Houlihan Lokey's opinion was directed to the special committee (in its capacity as such) and only addressed the fairness from a financial point of view to Alico of the consideration to be paid by Alico in the Merger pursuant to the Merger Agreement and did not address any other aspect or implication of the Merger or any other agreement, arrangement or understanding. The summary of Houlihan Lokey's opinion in this information statement is qualified in its entirety by reference to the full text of its written opinion, which is attached as Annex C to this information statement and describes the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in connection with the preparation of its opinion. However, neither Houlihan Lokey's opinion nor the summary of its opinion and the related analyses set forth in this information statement are intended to be, and do not constitute, advice or a recommendation to the special committee, the Alico Board, any security holder of Alico or any other party as to how to act or consent with respect to any matter relating to the Merger. See "The Merger Opinion of Houlihan Lokey to the Special Committee."

Third-Party Appraisal (see page 41)

Agri-Property Consultants, Inc., referred to as Agri-Property, delivered to the special committee and the Alico Board summary findings from its third-party appraisal of Silver Nip Citrus's groves. Silver Nip Citrus has represented in the Merger Agreement that it and the Silver Nip equityholders, at Agri-Property's request, have provided to Agri-Property all of the information required to prepare a fair and reasonable assessment of the value of Silver Nip Citrus's groves, and that, since the date of the Merger Agreement, there has been no change, event, effect, development, circumstance or occurrence that has caused or would cause the appraiser to materially adversely revise the valuation of such groves.

Table of Contents

NASDAQ Shareholder Approval Requirement; Written Consent of 734 Investors (see page 44)

Alico's common stock is listed on the NASDAQ. Pursuant to NASDAQ Listing Rules 5635(a) and (e)(4), the affirmative vote or written consent of a majority of the shares of Alico common stock cast in person, by proxy or by written consent is required to issue shares to any director, officer or substantial shareholder (as defined by NASDAQ Listing Rule 5635(e)(3)) of Alico who has a 5% or greater interest (or such persons collectively have a 10% or greater interest), directly or indirectly, in Silver Nip Citrus or the shares of Alico common stock to be paid in the Merger, if the Stock Issuance could result in an increase in outstanding common shares or voting power of Alico by 5% or more. Accordingly, Alico's shareholders must approve the Stock Issuance.

On January 23, 2015, 734 Investors, LLC (which we refer to as 734 Investors), which beneficially owned 3,725,457 shares of Alico common stock, or approximately 50.5% of Alico's issued and outstanding common stock on such date, delivered an executed written consent to Alico approving the Stock Issuance. Pursuant to 734 Investors' limited liability company agreement, 734 Investors approved the Stock Issuance at the direction of a majority of its disinterested members. The limited liability company agreement provides that 734 Agriculture, LLC, a Silver Nip Citrus equityholder, manages and generally controls the vote of the shares of Alico common stock owned by 734 Investors, except that in any transaction involving Alico, on the one hand, and 734 Agriculture or its affiliates, on the other hand, the shares of Alico common stock owned by 734 Investors are voted as directed by a majority in interest of the disinterested members of 734 Investors. These disinterested members have directed 734 Investors to approve the Stock Issuance. A copy of 734 Investors' limited liability company agreement is attached as Annex B to this information statement.

Accordingly, Alico has obtained the requisite shareholder approval under the NASDAQ Listing Rules, and, no further vote or action by Alico shareholders is required to approve the Merger Agreement or the transactions contemplated thereby, including the Merger and the Stock Issuance.

Written Consent of the Silver Nip Citrus Equityholders (see page 44)

On December 2, 2014, the Silver Nip Citrus equityholders unanimously executed a written consent approving and adopting the Merger Agreement and the transactions contemplated thereby, including the Merger. As a result, no further vote or action by the Silver Nip Citrus equityholders is required to approve the Merger Agreement and the transactions contemplated thereby, including the Merger.

Interests of Alico's Directors and Executive Officers in the Merger (see page 44)

In addition to their ownership interest in shares of Alico common stock, certain of Alico's directors and executive officers have financial interests in the Merger that are different from, or in addition to, the interests of Alico's shareholders generally. The members of the special committee and of the Alico Board were aware of these interests, and considered these interests, among other matters, in evaluating, negotiating and adopting the Merger Agreement, and in recommending to the Alico shareholders that the Stock Issuance be approved.

Messrs. Brokaw and Trafelet are directors of Alico and may be deemed to beneficially own, in the aggregate, approximately 52% of the outstanding Alico common stock as a result of their position as the controlling persons of 734 Agriculture, which serves as the managing member of 734 Investors and generally has voting power over the shares of Alico common stock owned by 734 Investors. 734 Agriculture also owns 74.89% of the membership interests of Silver Nip Citrus. Messrs. Brokaw and Trafelet serve on the board of directors of Silver Nip Citrus. After the completion of the Merger, 734 Agriculture will own approximately 7.3% of the outstanding Alico common stock directly, assuming Alico issues approximately 800,502 shares of its common stock at the effective time of the Merger. Through its management of 734 Investors, 734 Agriculture will be deemed to beneficially own an additional 45.6% of the outstanding Alico common stock at the closing of the Merger. In addition, 734

Table of Contents

Agriculture will acquire additional shares of Alico common stock as a result of the Earnout Stock Issuance.

Mr. Wilson, Alico's Chief Executive Officer, owns 5% of the membership interests of Silver Nip Citrus directly and 20.11% of such membership interests indirectly through Rio Verde Ventures, LLC, an entity controlled by Mr. Wilson. Mr. Wilson also manages the day-to-day operations of Silver Nip Citrus and serves as a member of Silver Nip Citrus's board of directors. After the completion of the Merger, Mr. Wilson will own, directly and indirectly, approximately 2.5% of the outstanding Alico common stock. In addition, Mr. Wilson will acquire additional shares of Alico common stock as a result of the Earnout Stock Issuance.

Regulatory Approvals Required for the Merger (see page 45)

Alico believes that neither it nor Silver Nip Citrus is required to make filings or obtain approvals or clearances from any antitrust regulatory authorities in the United States or other countries to complete the transactions contemplated by the Merger Agreement. Alico must comply with applicable federal and state securities laws and the rules and regulations of the NASDAQ to issue shares of its common stock in the Merger and to file this information statement with the SEC.

Appraisal Rights (see page 45)

Holders of Alico common stock are not entitled to appraisal or dissenters' rights in connection with the Merger and the Stock Issuance.

Impact of Stock Issuance on Existing Shareholders (see page 46)

The Stock Issuance will dilute the ownership and voting interests of Alico's existing shareholders. It is currently expected that approximately 800,502 shares of Alico common stock, or approximately 9.8% of the Alico common stock giving effect to the Closing Stock Issuance, will be issued to the Silver Nip Citrus equityholders at closing of the Merger. Additional shares of Alico common stock will be issued to such parties based on the 2014-2015 net harvest proceeds in the Earnout Stock Issuance. Therefore, the ownership and voting interests of Alico's existing shareholders will be proportionately reduced.

U.S. Federal Income Tax Consequences of the Merger (see page 81)

Neither Alico nor the Alico shareholders will recognize gain or loss as a result of the Stock Issuance or the exchange of membership interests of Silver Nip Citrus for shares of Alico common stock in the Merger. The parties intend that, for U.S. federal income tax purposes, the Merger will qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code, and have agreed to report the Merger consistently therewith.

See "U.S. Federal Income Tax Consequences of the Merger," beginning on page 81, for further information.

Conditions to Complete the Merger (see page 62)

The obligations of each of Alico and Silver Nip Citrus to complete the Merger are subject to the satisfaction or waiver of the following conditions (some of which are for the benefit of both Alico and Silver Nip Citrus while others are for the benefit of either Alico or Silver Nip Citrus):

the Stock Issuance shall have been approved by a majority of the shares of Alico common stock cast in person, by proxy or by written consent with respect to the Stock Issuance and, if such approval is obtained through action by written consent, this information statement shall have

Edgar Filing: ALICO INC - Form DEFM14C

Table of Contents

been delivered to the Alico shareholders and twenty (20) days shall have elapsed from the date of delivery;

the special committee shall have received the final appraisal of the Silver Nip Citrus groves;

certain third-party consents, waivers and approvals shall have been received;

the audit of Silver Nip Citrus's 2014 consolidated financial statements, which shall include an unqualified audit opinion, shall have been completed and delivered to Alico;

the shares of Alico common stock to be issued in the Merger shall have been authorized for listing on the NASDAQ or such other primary stock exchange on which the Alico common stock is then listed, subject to official notice of issuance;

the requisite governmental approvals shall have been obtained and shall remain in full force and effect;

the absence of any statute, rule, regulation, executive or other order enacted, issued, promulgated or enforced by any governmental entity; the absence of any temporary restraining order, or preliminary or permanent injunction or other judgment or order issued by any court of competent jurisdiction that prohibits or prevents the completion of the Merger;

the accuracy of the representations and warranties of the other party, subject to specified materiality thresholds and qualifiers included in the parties' disclosure schedules, as of the date of the Merger Agreement and as of the closing date of the Merger;

the performance or compliance, in all material respects, of the other party of all of such party's obligations under the Merger Agreement at or prior to the consummation of the Merger;

officers' certificates executed by the representatives of Alico, Silver Nip Citrus and each of the Silver Nip Citrus equityholders;

Alico shall have received evidence of ownership for each of Silver Nip Citrus's subsidiaries; and

Alico shall have received the resignations of each applicable member of Silver Nip Citrus and each of its subsidiaries' board of directors or managers, effective as of the closing of the Merger.

Closing (see page 47)

Under the terms of the Merger Agreement, the closing of the Merger will occur on the fifth (5th) business day after satisfaction (or waiver) of the conditions to closing (other than those conditions that by their terms are to be satisfied by actions to be taken at the closing of the Merger, but subject to the satisfaction or waiver of those conditions), unless another date is agreed to in writing by Alico and Silver Nip Citrus.

Termination of the Merger Agreement (see page 63)

The Merger Agreement may be terminated at any time prior to the completion of the Merger by the mutual written consent of Alico and Silver Nip Citrus. Also, subject to specified qualifications and exceptions, either Alico or Silver Nip Citrus may terminate the Merger Agreement at any time prior to the completion of the Merger if:

Edgar Filing: ALICO INC - Form DEFM14C

a final, non-appealable order, injunction, or decree permanently enjoining, restraining or prohibiting the Merger has been issued by a court or other governmental entity of competent jurisdiction;

any of the representations and warranties of the other party, subject to specified materiality thresholds and qualifiers included in the parties' disclosure schedules, fails to be true and

Table of Contents

correct, or if the other party breaches or fails to perform in any material respect any of its covenants, and such breach has not been cured by the earlier of (a) thirty (30) business days of receiving notice of such breach or (b) the end date (defined below); or

the Merger does not occur on or before April 30, 2015 (referred to as the end date) and the failure of the Merger to occur is not a proximate result of the terminating party's failure to perform any material covenant or obligation under the Merger Agreement.

Fees and Expenses (see page 50)

Except with respect to costs and expenses of printing and mailing this information statement and all filing and other fees paid to the SEC in connection with the Merger, which Alico will bear, fees and expenses incurred in connection with the Merger Agreement and the transactions contemplated by the Merger Agreement will generally be paid by the party incurring such fees or expenses. However, if the closing of the Merger occurs, Alico will pay the financial, legal, accounting and other fees incurred by Silver Nip Citrus in connection with the Merger. See "The Merger Agreement Purchase Price Adjustment."

Indemnification (see page 61)

The Merger Agreement provides for Alico and the Silver Nip Citrus equityholders to indemnify, defend and hold each other and/or their respective officers, directors, employees, affiliates and/or agents harmless from any damages, losses, liabilities, obligations, taxes, claims of any kind, interest or expenses (including, without limitation, reasonable attorneys' fees and expenses) suffered or paid as a result of, in connection with, or arising out of (a) any breach of certain fundamental representations or warranties made by Alico or Silver Nip Citrus, as applicable (read without reference to materiality or material adverse effect) and (b) any breach by Alico, Silver Nip Citrus or Merger Sub, as applicable, of any of the covenants or agreements contained in the Merger Agreement.

The Merger Agreement also provides for the Silver Nip Citrus equityholders to indemnify, defend and hold Alico and/or their respective officers, directors, employees, affiliates and/or agents harmless from any damages, losses, liabilities, obligations, taxes, claims of any kind, interest or expenses (including, without limitation, reasonable attorneys' fees and expenses) suffered or paid as a result of, in connection with, or arising out of certain excluded taxes and retained liabilities specified in the Merger Agreement.

Alico's maximum indemnification obligation is capped at the value of the Alico common stock issued in the Closing Stock Issuance. Silver Nip Citrus equityholders will be severally liable for any indemnification claim, for which each Silver Nip Citrus equityholder's maximum liability will equal the shares of Alico common stock received by such Silver Nip Citrus equityholder in the Merger.

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF ALICO**

The following is a summary of Alico's consolidated historical financial data for the periods ended and at the dates indicated below. You are encouraged to read this information together with the consolidated financial statements of Alico and the related footnotes, which are contained in Alico's Annual Report on Form 10-K for the fiscal year ended September 30, 2014, which is filed with the SEC and incorporated by reference herein.

The following table presents financial data of Alico as of and for the fiscal years ended September 30, 2014, 2013, 2012, 2011 and 2010. Alico's financial data as of and for the fiscal years ended September 30, 2014, 2013 and 2012 is derived from its audited financial statements for those years, which are contained in Alico's Annual Report on Form 10-K for the fiscal year ended September 30, 2014, which is filed with the SEC and incorporated by reference herein. Alico's financial data as of September 30, 2011 and 2010 and for the fiscal years ended September 30, 2011 and 2010 is derived from its audited financial statements for those years, which are filed with the SEC.

	Years Ended September 30,				
	2014	2013	2012	2011	2010
	(in thousands)				
Statement of Comprehensive Income Data:					
Operating revenue	\$ 88,680	\$ 101,661	\$ 127,187	\$ 98,592	\$ 79,792
Operating expense	68,590	79,987	94,955	75,159	69,869
Income from operations	7,856	11,935	23,742	15,237	3,465
Total other income (expense), net	3,927	19,740	5,720	(2,710)	(5,289)
Net income (loss)	8,050	19,646	18,489	7,097	(623)
Weighted average number of shares outstanding	7,336	7,313	7,355	7,363	7,374
Diluted weighted average number of shares outstanding	7,354	7,357	7,355	7,363	7,374
Basic earnings (loss) per share	1.10	2.69	2.51	0.96	(0.08)
Diluted earnings (loss) per share	1.09	2.67	2.51	0.96	(0.08)
Cash dividends per common share	0.24	0.36	0.20	0.12	0.10

	As of September 30,				
	2014	2013	2012	2011	2010
	(in thousands)				
Balance Sheet Data:					
Cash and cash equivalents	\$ 30,779	\$ 24,583	\$ 13,328	\$ 1,336	\$ 10,926
Investments	263	260	257	989	1,439
Accounts receivables, net	3,847	4,266	3,071	2,928	4,389
Inventories	19,929	29,403	27,290	22,373	18,601
Total assets	203,657	198,840	185,083	180,035	188,817
Long-term debt, net of current portion	32,000	34,000	36,633	53,879	72,179
Stockholders' equity	145,437	142,736	127,546	110,662	105,237
Common stock issued and outstanding	7,377	7,377	7,377	7,377	7,379

Table of Contents**SELECTED UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

The following table presents selected unaudited pro forma condensed consolidated financial data about the financial condition and results of operations of Alico giving effect to the Sugarcane Disposition (defined below), the Orange-Co Acquisition (defined below) and the Merger.

The unaudited pro forma condensed consolidated statement of operations for the fiscal year ended September 30, 2014 has been prepared giving effect to the Merger as if the transaction had occurred on October 1, 2013. The unaudited pro forma condensed consolidated balance sheet gives effect to the Merger as if the transaction had occurred effective September 30, 2014.

The pro forma amounts in the table below are unaudited and are presented for informational purposes only. You should not rely on the pro forma combined amounts as being necessarily indicative of the results of operations that would have been reported by the combined company had the transaction been in effect during 2014, or that may be reported in the future. The pro forma information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenue, the impact of transaction-related costs, or other factors that may result as a consequence of the transaction and, accordingly, does not attempt to predict or suggest future results. See the section entitled "Unaudited Pro Forma Condensed Consolidated Financial Information" beginning on page 10 for a more complete discussion.

(in thousands, except per share data)	Fiscal Year Ended September 30, 2014
Statement of Comprehensive Income Data:	
Operating revenue	\$ 156,094
Operating expense	102,048
Income from operations	36,418
Total other income, net	9,027
Net income (loss)	28,921
Weighted average number of shares outstanding	8,157
Diluted weighted average number of shares outstanding	8,175
Basic earnings (loss) per share	3.55
Diluted earnings (loss) per share	3.54
Cash dividends per common share	0.24

(in thousands, except per share data)	As of September 30, 2014
Balance Sheet Data:	
Cash and cash equivalents	\$ 26,029
Investments	263
Accounts receivables, net	9,358
Inventories	59,212
Total assets	506,209
Long-term debt, net of current portion	242,294
Stockholders' equity	182,225
Common stock issued and outstanding	8,198

Table of Contents

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated financial statements reflect the proposed Merger of Alico and Silver Nip Citrus in a transaction to be accounted for as a purchase business combination. The unaudited pro forma condensed consolidated financial statements have been prepared on a basis consistent with GAAP and applicable requirements of the SEC.

The unaudited pro forma condensed consolidated statements of comprehensive income combine the historical consolidated statements of income of Alico and Orange-Co for the fiscal year ended September 30, 2014, and of Silver Nip Citrus for its fiscal year ended June 30, 2014, giving effect to the Merger as if the transaction had occurred on October 1, 2013. The unaudited pro forma condensed consolidated balance sheets combine the respective balance sheets of Alico and Orange-Co as of September 30, 2014, and of Silver Nip Citrus as of June 30, 2014, giving effect to the Merger as if the transaction had occurred effective September 30, 2014.

The unaudited pro forma condensed consolidated financial statements are prepared in accordance with Article 11 of Regulation S-X. The pro forma adjustments are described in the accompanying notes and are based upon information and assumptions available at the time of the filing of this report.

The unaudited pro forma adjustments are based on an estimated purchase price and preliminary purchase price allocations made by Alico based on available information and assumptions Alico believes to be reasonable. Therefore the amounts in the unaudited pro forma condensed consolidated financial statements are subject to change. The value assigned to the shares issued in connection with the Merger will be based on the closing price of the Alico common stock on the date the Merger closes. The value assigned to shares issued in connection with the Merger in the accompanying pro forma financial statements was based on a \$37.58 per share price of the Alico common stock consistent with the value assigned to such shares in the Merger Agreement. The unaudited pro forma condensed consolidated financial statements are provided for illustrative purposes only and do not purport to represent what Alico's consolidated results of operations or financial position would have actually been, had the Merger in fact occurred on such dates, nor do they purport to project the results of operations or financial position of Alico for any future period or date.

In addition to the proposed Merger, Alico completed:

a disposition on November 21, 2014 of approximately 36,000 acres of land used for sugarcane production and land leasing in Hendry County, Florida to Global Ag Properties USA, LLC for total gross proceeds of approximately \$97.9 million, which we refer to as the Sugarcane Disposition;

the acquisition on December 2, 2014 of certain assets and liabilities of Orange-Co, LP, or Orange-Co, including approximately 20,263 acres of citrus groves in DeSoto and Charlotte Counties but excluding certain retained assets and liabilities, for approximately \$274 million, in what we refer to as the Orange-Co Acquisition; and

certain financing transactions in connection with the Orange-Co Acquisition, which had the effect of refinancing Alico's previously outstanding term loan and Orange-Co's term and working capital indebtedness, with (1) a new credit facility entered into with Metropolitan Life Insurance Company and New England Life Insurance Company, referred to as the MetLife Agreement, providing for term loans in the aggregate principal amount of \$182,500,000 and \$25,000,000 in revolving credit commitments, as well as (2) a new credit agreement with Rabo Agrifinance, Inc., referred to as the Rabo Credit Agreement, provided for a \$70,000,000 revolving working capital line of credit for Alico (of which approximately \$28,365,000 was drawn at the closing of the Orange-Co Acquisition).

Table of Contents

The Sugarcane Disposition and Orange-Co Acquisition transactions (including the related financing) have also been included in the unaudited pro forma condensed consolidated financial statements. The unaudited pro forma condensed consolidated financial statements have been prepared on a basis consistent with GAAP and applicable requirements of the SEC. The unaudited pro forma condensed consolidated statements of comprehensive income for the fiscal year ended September 30, 2014 have been prepared giving effect to the Sugarcane Disposition and the Orange-Co Acquisition (including the related financing) as if they had occurred on October 1, 2013. The unaudited pro forma condensed consolidated balance sheets gives effect to the Sugarcane Disposition and the Orange-Co Acquisition (including the related financing) as if they had occurred effective September 30, 2014.

ALICO, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEETS
As of September 30, 2014
(dollars in thousands, except share and per share amounts)

	As Reported						Pro
	Alico	Orange-Co	Silver Nip Citrus	Total		Adjustments	Forma
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 30,779	\$ 447	\$ 241	\$ 31,467	(a)	\$ (3,168)	\$ 26,029
					(c)	(470)	
					(e)	(1,800)	
Restricted cash					(b)	97,126	
					(c)		
					(c)	(97,126)	
Investments	263			263			263
Accounts receivable, net	3,847	917	4,594	9,358			9,358
Inventories	19,929	31,480	5,540	56,949	(d)	2,263	59,212
Assets held for sale	56,681		2,832	59,513	(b)	(53,939)	2,742
					(d)	(2,832)	
Other current assets	573	304	432	1,309			1,309
Total current assets	112,072	33,148	13,639	158,859		(59,946)	98,913
Restricted cash		185		185	(c)	(185)	
Investment in Magnolia Fund	1,435			1,435			1,435
Investments, deposits and other non-current assets	1,933	2,699	972	5,604	(c)	(712)	7,347
					(c)	2,834	
					(c)	(379)	
Cash surrender value of life insurance	695			695			695
Property, buildings and equipment, net	87,432	92,616	39,401	219,449	(c)	152,361	397,819
					(d)	26,009	
Total assets	\$ 203,567	\$ 128,648	\$ 54,012	\$ 386,227		\$ 119,982	\$ 506,209

Table of Contents

ALICO, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEETS
As of September 30, 2014
(dollars in thousands, except share and per share amounts)

	As Reported						Pro- forma
	Alico	Orange-Co	Silver Nip Citrus	Total		Adjustments	
LIABILITIES & STOCKHOLDERS' EQUITY							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 3,347	\$ 4,399	\$ 641	\$ 8,387	(c)	\$ (1,865)	\$ 5,529
						(c)	(226)
						(a)	(1,009)
						(b)	243
Long-term debt, current portion	2,000	25,932	1,197	29,129	(c)	(25,933)	10,871
						(c)	7,125
						(d)	550
Income taxes payable	4,572			4,572	(c)	(692)	3,196
						(e)	(684)
Dividend payable	442			442			442
Accrued ad valorem taxes	1,850			1,850			1,850
Due to Orange-Co, LP					(c)	3,750	3,750
Deferred income taxes			3,135	3,135	(b)	5,246	8,381
Other current liabilities	3,485			3,485	(a)	(2,159)	1,326
Total current liabilities	15,696	30,331	4,973	51,000		(15,654)	35,346
Long-term debt, net of current portion	32,000	87,278	29,604	148,882	(c)	(87,278)	242,294
						(c)	170,240
						(d)	10,450
Due to Orange-Co, LP					(c)	3,750	3,750
Capital lease obligation, noncurrent	839			839			839
Deferred gain on real estate sale					(b)	29,140	29,140
Deferred income taxes, net of current portion	5,739		3,021	8,760			8,760
Deferred retirement benefits, net of current portion	3,856			3,856			3,856
Total liabilities	58,130	117,609	37,598	213,337		110,647	323,984
Commitments and contingencies							
Stockholders' equity:							
Preferred stock, no par value. Authorized 1,000,000 shares; issued and outstanding, none							
Common stock, \$1 par value; 15,000,000 shares authorized; 8,198,113 shares issued and 8,128,347 outstanding at September 30, 2014							
	7,377			7,377	(d)	821	8,198
Additional paid in capital	3,742			3,742	(d)	30,032	33,774
Treasury stock at cost, 15,766 shares held at September 30, 2014	(650)			(650)			(650)
Members' Equity			16,414	16,414	(d)	(16,414)	
Retained earnings	134,968	11,039		146,007	(b)	8,558	140,903
						(c)	(11,039)
						(c)	(1,128)
						(e)	(1,116)
						(c)	(379)
Total stockholders' equity	145,437	11,039	16,414	172,890		9,335	182,225
Total liabilities and stockholders' equity	\$ 203,567	\$ 128,648	\$ 54,012	\$ 386,227		\$ 119,982	\$ 506,209

See accompanying notes to unaudited condensed consolidated financial statements.

Table of Contents

ALICO, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME
Fiscal Year Ended September 30, 2014
(in thousands, except per share amounts)

	As Reported			Total	Adjustments	Pro Forma
	Alico	Orange-Co	Silver Nip Citrus			
Operating revenues:						
Citrus Groves	\$ 47,069	\$ 71,925	\$ 15,617	\$ 134,611	\$	\$ 134,611
Agricultural Supply Chain Management	12,376			12,376		12,376
Improved Farmland	20,429			20,429	(f) (20,129)	300
Ranch and Conservation	8,172			8,172		8,172
Other Operations	634			634		634
Total operating revenue	88,681	71,925	15,617	176,223	(20,129)	156,094
Operating expenses:						
Citrus Groves	30,213	42,782	12,740	85,735		85,735
Agricultural Supply Chain Management	12,317			12,317		12,317
Improved Farmland	21,356			21,356	(g) (22,065)	(709)
Ranch and Conservation	4,330			4,330		4,330
Other Operations	374			374		374
Total operating expenses	68,591	42,782	12,740	124,113	(22,065)	102,048
Gross profit	20,090	29,143	2,877	52,110	1,936	54,046
Corporate general and administrative	12,234	3,854	1,540	17,628		17,628
Income from operations	7,856	25,289	1,337	34,482	1,936	36,418
Other (expense) income:						
Interest and investment income, net	131			131		131
Interest expense	(969)	(4,309)	(1,634)	(6,912)	(h) (2,918)	(9,830)
Gain on sale of real estate	4,820			4,820	(b) 13,804	18,624
Other income (loss), net	(55)		6,157	6,102	(i) (6,000)	102
Total other income, net	3,927	(4,309)	4,523	4,141	4,886	9,027
Income before income taxes	11,783	20,980	5,860	38,623	6,822	45,445
Income taxes	3,733		6,156	9,889	(k) 6,635	16,524
Net income attributable to common shareholders	8,050	20,980	(296)	28,734	186	28,921
Comprehensive income, net of tax effect						
Comprehensive income attributable to common shareholders	\$ 8,050	\$ 20,980	\$ (296)	\$ 28,734	\$ 186	\$ 28,921

**Weighted-average number of shares
outstanding:**

Edgar Filing: ALICO INC - Form DEFM14C

Basic	7,336	7,336	821	8,157
Diluted	7,354	7,354	821	8,175
Earnings per common share:				
Basic	\$ 1.10	\$ 3.92	\$ (0.37)	\$ 3.55
Diluted	\$ 1.09	\$ 3.91	\$ (0.37)	\$ 3.54
Cash dividends declared per common share	\$ 0.24	\$ 0.24	\$	\$ 0.24

See accompanying notes to unaudited condensed consolidated financial statements.

Table of Contents

**NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

Note A Disposition of Sugarcane Land in Hendry County, Florida

On November 21, 2014, Alico completed the sale of approximately 36,000 acres of land used for sugarcane production and land leasing in Hendry County, Florida to Global Ag Properties, LLC, an affiliate of Terra Land Company we refer to as Global Ag Properties, for \$97,913,921 in cash.

Proceeds from the Sugarcane Disposition were deposited with a Qualified Intermediary, or the QI, in anticipation of a potential tax deferred like kind exchange pursuant to Internal Revenue Code Section 1031 (See Note B Orange-Co Acquisition).

On May 19, 2014, Alico entered into a triple net Agricultural Lease, or the USSC Lease, to lease approximately 30,600 acres of the subject property to United States Sugar Corporation, or USSC. At the time it entered into the USSC Lease, Alico received a one-time reimbursement for costs incurred to plant sugarcane, sugarcane growing costs and for the sale of certain rolling stock used in the sugarcane operation of approximately \$11,000,000, which was \$2,300,000 less than the net book value. The USSC Lease was assigned to Global Ag Properties in conjunction with the Sugarcane Disposition. The annual base rent payable by USSC under the lease is \$3,548,485 and is due and payable on or before the first day of each lease year. USSC is obligated to pay additional rent per acre annually if the year-end average net selling price of sugar is greater than or equal to \$28 per hundred weight. This effectively increases the rent in the event sugar prices rise during the term of the lease. Certain other recreational and grazing leases were also assigned to Global Ag Properties.

The sales price is subject to post-closing adjustments over a ten (10)-year period. In the first two (2) years of the lease, Global Ag Properties is entitled to a return equal to the purchase price multiplied by 5%. If rental payments received under current leases on the subject property exceed these amounts, Alico will receive a payment from Global Ag Properties for the excess. Conversely, if rental payments received under current leases on the subject property are less than these amounts, Alico will pay Global Ag Properties for the shortfall.

During years three (3) through ten (10), Global Ag Properties will receive annual payments equal to the greater of (i) the purchase price multiplied by 5% or (ii) the most recent fair market value of the subject property multiplied by 5%, subject to a ceiling on the annual increase of 6% annualized over years one (1) through ten (10). If rental payments received under current leases on the subject property exceed these amounts, Alico will receive a payment from Global Ag Properties for the excess. Conversely, if rental payments received under current leases on the subject property are less than these amounts, Alico will pay Global Ag Properties for the shortfall.

Alico realized a gain of \$42,943,879 on the sale. However, \$29,139,703 of the gain has been deferred due to Alico's continuing involvement in the subject property pursuant to a post-closing agreement and the potential adjustments described above. The deferral represents Alico's estimate of the maximum exposure to loss as a result of the continuing involvement. A net gain of \$13,804,716 was recognized in the pro forma financial statements as of and for the fiscal year ended September 30, 2014.

Note B Orange-Co Acquisition

On December 2, 2014, Alico completed the acquisition of certain citrus and related assets of Orange-Co pursuant to an Asset Purchase Agreement, which we refer to as the Orange-Co Purchase Agreement, dated as of December 1, 2014. The assets Alico purchased include approximately 20,263 acres of citrus groves in DeSoto and Charlotte Counties, Florida, which comprise one of the largest contiguous citrus grove properties in the state of Florida. The purchase price was approximately \$274,000,000 including: (1) \$147,500,000 in initial cash consideration, subject to adjustment as set forth

Table of Contents

in the Orange-Co Purchase Agreement; (2) up to \$7,500,000 in additional cash consideration to be released from escrow in equal parts, subject to certain limitations, on December 1, 2015 and June 1, 2016; (3) the refinancing of Orange-Co's outstanding debt including approximately \$91,200,000 in term debt and a working capital facility of approximately \$27,800,000 and (4) the assumption of certain other liabilities. On December 1, 2014, Alico deposited an irrevocable standby letter of credit issued by Rabo Agrifinance, Inc., or Rabo, in the aggregate amount of \$7,500,000 into an escrow account to fund the additional cash consideration.

Alico concurrently entered into arrangements to finance the Orange-Co Acquisition as follows:

Metlife Credit Agreement

Alico entered into a First Amended and Restated Credit Agreement with Metropolitan Life Insurance Company and New England Life Insurance Company, referred to as the MetLife Agreement, under which they provided term loans in the aggregate principal amount of \$182,500,000 and \$25,000,000 in revolving credit commitments. The term loans are subject to 5% annual principal amortization while the revolving credit commitment is interest only until maturity.

The Metlife Agreement amends and restates existing credit facilities, dated as of September 8, 2010 (as amended from time to time) between Alico and Rabo. Under this prior credit agreement, Alico had a term loan in the initial principal amount of \$40,000,000, of which \$33,500,000 was outstanding at the date of refinancing and \$60,000,000 in undrawn revolving credit commitments.

Rabo Credit Agreement

Alico entered into a Credit Agreement with Rabo, referred to as the Rabo Credit Agreement, under which Rabo has provided a \$70,000,000 revolving working capital line of credit for Alico, of which approximately \$28,365,000 was drawn at the closing date. This facility is interest only until maturity.

Note C Silver Nip Merger Agreement

On December 2, 2014, Alico entered into an Agreement and Plan of Merger (also referred to as the Merger Agreement) with 734 Sub, LLC, a wholly owned subsidiary of Alico (also referred to as Merger Sub), 734 Citrus Holdings, LLC (also referred to as Silver Nip Citrus) and, solely with respect to certain sections thereof, the equity holders of Silver Nip Citrus. The Merger Agreement provides that, upon the terms and subject to the conditions set forth therein, Merger Sub will merge with and into Silver Nip Citrus, with Silver Nip Citrus surviving as a wholly owned subsidiary of Alico. We refer to this as the Merger. Subject to the terms and conditions set forth in the Merger Agreement, Alico will issue shares of Alico common stock to the equity holders of Silver Nip Citrus as follows:

At the closing of the Merger, Alico will issue to the Silver Nip Citrus equityholders up to 1,463,544 shares of Alico common stock, subject to adjustments set forth in the Merger Agreement for Silver Nip Citrus's net indebtedness at the closing of the Merger, amounts related to groves specified in the Merger Agreement (also referred to as the TRB Groves) and certain Silver Nip Citrus transaction expenses.

Thirty (30) days following the conclusion of Silver Nip Citrus's 2014-2015 citrus harvest season, Alico will also issue to the Silver Nip Citrus equityholders additional shares of Alico common stock based on the proceeds (net of harvesting costs) received by Alico from the sale of citrus fruit harvested on Silver Nip Citrus groves (excluding the TRB Groves) after the closing of the Merger.

Table of Contents**Note D Pro Forma Adjustments (dollars in thousands)**

The following is a summary of the pro forma adjustments reflected in the unaudited pro forma condensed consolidated financial statements based on preliminary estimates, which may change as additional information is obtained:

(a) Unearned Rent and Real Estate Tax Payments to Global Ag Properties

Reflects adjustments to pay Global Ag Properties the unearned portion of prepaid rent received from USSC and to pay the 2014 real estate taxes for the subject property.

(b) Sugarcane Disposition

The following adjustments were made to record the Sugarcane Disposition as of September 30, 2014.

Sales price	\$	97,914
Closing costs		(788)
Restricted cash		97,126
Basis of Property		(53,939)
Accrued legal and accounting		(243)
Total gain		42,944
Deferred gain		(29,140)
Recognized gain on sale of real estate	\$	13,804
Recognized gain on sale of real estate	\$	13,804
Estimated income taxes		(5,246)
Change in retained earnings	\$	8,558

Edgar Filing: ALICO INC - Form DEFM14C

Table of Contents

(c) Orange-Co Acquisition

Reflects the purchase of Orange-Co assets and adjustments for assets retained by Orange-Co and liability and equity accounts extinguished as a result of the Orange-Co Acquisition. The adjustment is summarized in the following tables.

Asset adjustments:	
Cash paid outside closing for legal and debt issuance costs	\$ (470)
Restricted cash retained by Orange-Co	(185)
Utilization of restricted cash in 1031 exchange	(97,126)
Write off Orange-Co's existing deferred loan costs, net	(712)
Deferred loan costs on new debt	2,834
Write off loan costs on Alico's extinguished debt	(379)
Property, buildings and equipment basis adjustment	152,361
Total	\$ 56,324

Liability and Equity Adjustments:	
Accrued real estate taxes paid at closing	\$ (1,865)
Retire Orange-Co's long-term debt, current portion	(25,933)
New long-term debt, current portion	7,125
Accrued interest paid at closing	(226)
Income tax benefit from refinancing expenses	(692)
Additional consideration due to Orange-Co, current portion	3,750
Additional consideration due to Orange-Co, net of current portion	3,750
Retire Orange-Co's long-term debt, net of current portion	(87,278)
New long-term debt, net of current portion	170,240
Eliminate Orange-Co's retained earnings	(11,039)
Refinancing expenses, net of tax	(1,128)
Write off loan costs on Alico's extinguished debt	(379)
Total	\$ 56,324

(d) Silver Nip Citrus Merger

Adjustments related to the Silver Nip Citrus merger are summarized in the table below and include adjustments related to Silver Nip Citrus' post balance sheet acquisition of a citrus grove known as TRB Grove, or TRB.

The pro forma adjustments were based on Silver Nip Citrus's balance sheet for its fiscal year ended June 30, 2014, which includes approximately \$44.8 million of net indebtedness, the subsequent acquisition of the TRB Groves for approximately \$17.7 million, and, accordingly the issuance of approximately 821,000 shares of Alico common stock.

Asset adjustments:	
TRB inventories	\$ 2,263
Assets held for sale disposed subsequent to balance sheet date	(2,832)
Property, buildings and equipment basis adjustment including TRB	26,009
	\$ 25,439

Liability and Equity Adjustments:	
TRB long-term debt, current portion	\$ 550

Edgar Filing: ALICO INC - Form DEFM14C

TRB long-term debt, net of current portion	10,450
Par value of merger shares	821
Additional paid in capital related to merger shares	30,032
Eliminate Silver Nip Citrus members' equity	(16,414)
	\$ 25,439

Table of Contents

(e) Represents professional fees related to the transactions net of related taxes.

(f) Farmland Revenue Adjustments Due to Sugarcane Disposition

Adjustments reflect elimination of sugarcane farming revenues and assignment of USSC and other leases as shown in the following table.

Elimination of sugarcane revenue	\$ (18,245)
Assignment of USSC and other leases to Global Ag Properties	(1,884)
Total	\$ (20,129)

(g) Farmland Operating Expense Adjustments Due to Sugarcane Disposition

Adjustments reflect elimination of sugarcane costs of sale, sugarcane harvest and hauling expenses, assignment of USSC and other leases, loss on disposition of certain assets in connection with the USSC Lease and estimated negative post-closing adjustments. The following table summarizes these adjustments for the fiscal year ended September 30, 2014.

Elimination of sugarcane costs of sale	\$ (14,368)
Elimination of sugarcane harvest and hauling expenses	(3,759)
Assignment of USSC and other leases to Global Ag Properties	(578)
Loss on disposition of sugarcane assets	(2,300)
Post-closing adjustments	(1,059)
Total	\$ (22,065)

The actual sugarcane market price of \$29.54 per hundred weight was used to estimate the post-closing adjustment for the fiscal year ended September 30, 2014.

(h) Reflects estimated additional interest expense on incremental debt incurred in pro forma transactions at a weighted average interest rate of approximately 4%.

(i) Silver Nip Citrus Non-Recurring Income from Settlement of Contingent Consideration Arrangement

This adjustment eliminates \$6,000,000 in non-recurring income from Silver Nip Citrus's settlement of a contingent consideration arrangement.

(j) Additional Depreciation

Recording property, buildings and equipment, including citrus trees, at fair market value will result in additional annual depreciation which will be capitalized to inventory and will increase annual cost of sales beginning in the fiscal year ending on September 30, 2015.

(k) Income Taxes

Proceeds of the Sugarcane Disposition were reinvested into the Orange-Co Acquisition in a tax deferred like kind exchange transaction pursuant to Internal Revenue Code Section 1031, so income taxes related to the gain have not been reported in the Pro Forma Financial Statements.

The estimated income tax effect of all adjustments has been computed and included in the Pro Forma Condensed Consolidated Statements of Comprehensive Income utilizing Alico's effective tax rate for the fiscal year ended September 30, 2014.

Table of Contents**HISTORICAL AND PRO FORMA PER SHARE DATA**

The following table sets forth (1) selected historical per share information for Alico and (2) pro forma combined per share information after giving effect to the Sugarcane Disposition, the Orange-Co Acquisition and the Merger.

You should read this information in conjunction with, and the information is qualified in its entirety by, (1) the consolidated financial statements and the related notes of Alico, which are contained in Alico's Annual Report on Form 10-K for the fiscal year ended September 30, 2014 which is filed with the SEC and incorporated herein by reference (2) the consolidated financial statements and the related notes of Orange-Co that appear elsewhere in this information statement and (3) the consolidated financial statements and the related notes of Silver Nip Citrus that appear elsewhere in this information statement.

The pro forma amounts in the table below are unaudited and are presented for informational purposes only. You should not rely on the pro forma combined amounts as being necessarily indicative of the results of operations that would have been reported by the combined company had the transaction been in effect during 2014, or that may be reported in the future. The pro forma information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenue, the impact of transaction-related costs, or other factors that may result as a consequence of the transaction and, accordingly, does not attempt to predict or suggest future results. See the section entitled "Unaudited Pro Forma Condensed Consolidated Financial Information" beginning on page 10 for a more complete discussion.

Information presented in the table below reflects the following:

pro forma basic and diluted earnings per share are based on the combined results of Alico, Orange-Co and Silver Nip Citrus prepared in accordance with GAAP; and the pro forma combined amounts are presented as if the Sugarcane Disposition, the Orange-Co Acquisition and the Merger had been effective for the periods presented based on the acquisition method of accounting.

As of and for the Year Ended September 30, 2014

	Alico	Orange-Co⁽¹⁾	Silver Nip Citrus⁽¹⁾	Pro Forma Combined
Basic earnings	\$ 1.10	\$	\$	\$ 3.55
Diluted earnings	\$ 1.09	\$	\$	\$ 3.54
Dividends	\$ 0.24	\$	\$	\$ 0.24
Book Value	\$ 19.71	\$	\$	\$ 22.23

- (1) Historical per share information is presented based on reported results of Alico. Orange-Co and Silver Nip Citrus are not publicly traded and as a result, historical per share information is not meaningful.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER

The following questions and answers are intended to address briefly some commonly asked questions regarding the Merger Agreement, the Merger and the Stock Issuance. These questions and answers may not address all questions that may be important to you as a shareholder. Please refer to the more detailed information contained elsewhere in this information statement, the Annexes to this information statement and the documents referred to or incorporated by reference in this information statement.

Q: Why did I receive this information statement?

A:

You are receiving this information statement because you owned shares of Alico common stock on the close of business on January 23, 2015, which is the record date for determining shareholders to receive this information statement. Provisions of Florida law and applicable securities regulations require Alico to provide you with notice of the written consent delivered on January 23, 2015 by 734 Investors, at the direction of its disinterested members that is, all of its members other than 734 Agriculture and an entity controlled by Clayton G. Wilson, Alico's Chief Executive Officer approving the Stock Issuance. As a result, your vote or consent is neither required nor being sought and you are requested not to send Alico a proxy. See the section entitled "The Merger NASDAQ Shareholder Approval Requirement; Written Consent of 734 Investors."

Q: What will happen in the Merger?

A:

The Merger Agreement provides that, upon the terms and subject to the conditions set forth therein, Merger Sub will merge with and into Silver Nip Citrus. Silver Nip Citrus will be the surviving company in the Merger and continue its existence as a limited liability company under the laws of the State of Florida and as a wholly owned subsidiary of Alico. Upon the completion of the Merger, Merger Sub will no longer exist as a legal entity. See the section entitled "Summary The Merger" and "The Merger Agreement Structure of the Merger."

Q: Why has Alico decided to merge with Silver Nip Citrus?

A:

We believe that the Merger with Silver Nip Citrus will provide substantial strategic and financial benefits to Alico, Alico's shareholders and Alico's customers, including the following:

together with the completed acquisitions of certain assets and liabilities of Orange-Co, including its citrus groves in DeSoto and Charlotte Counties in Florida, and of Gator Grove in DeSoto County, Florida, Alico would become the largest citrus producer in the United States, with total pro forma 2014 production of 10 million boxes annually;

together with the completed Orange-Co Acquisition and acquisition of Gator Grove, Alico would increase its adjusted EBITDA, earnings per share and free cash flow per share from \$21 million, \$1.00 per share and \$0.96 per share to \$58 million, \$2.77 per share and \$3.31 per share, respectively, excluding anticipated synergies and one-time items;

increased scale and scope of Alico, including by potentially adding Alico's citrus groves to Silver Nip Citrus's existing contract with Tropicana Products, Inc.;

access to Silver Nip Citrus's grove management and citrus caretaking knowledge;

complementary areas of expertise for Alico's businesses;

new customers and distribution channels; and

the expected financial benefits of the transactions.

See the section entitled "The Merger Alico's Reasons for the Merger; Recommendation of the Special Committee; Approval of the Alico Board" for a detailed discussion of the reasons for and benefits of the Merger.

Table of Contents

Q: When do you expect the Merger to be completed?

A:

Alico and Silver Nip Citrus are working to complete the Merger as soon as possible, and currently anticipate being able to do so in the second (2nd) quarter of Alico's 2015 fiscal year. The completion of the Merger is subject to the satisfaction or waiver of various conditions set forth in the Merger Agreement, and it is possible that factors outside the control of Alico could result in the Merger being completed at a later time, or not at all. See the section entitled "The Merger Agreement Conditions to Complete the Merger."

Q: Who will manage Alico after the Merger?

A:

Following completion of the Merger, Alico's current management is expected to remain in place. Clayton G. Wilson will serve as Chief Executive Officer of the combined company.

Q: What are the prior relationships between Alico and Silver Nip Citrus?

A:

Messrs. Brokaw and Trafelet are directors of Alico and may be deemed to beneficially own, in the aggregate, approximately 52% of the outstanding Alico common stock as a result of their position as the controlling persons of 734 Agriculture, which serves as the managing member of 734 Investors and generally has voting power over the shares of Alico common stock owned by 734 Investors. 734 Agriculture also owns 74.89% of the membership interests of Silver Nip Citrus. Messrs. Brokaw and Trafelet serve on the board of directors of Silver Nip Citrus. After the completion of the Merger, 734 Agriculture will own approximately 7.3% of the outstanding Alico common stock directly, assuming Alico issues approximately 800,502 shares of Alico common stock at the effective time of the Merger. Through its management of 734 Investors, 734 Agriculture will be deemed to beneficially own an additional 45.6% of the outstanding Alico common stock at the closing of the Merger. In addition, 734 Agriculture will acquire additional shares of Alico common stock as a result of the Earnout Stock Issuance.

Mr. Wilson, Alico's Chief Executive Officer, owns 5% of the membership interests of Silver Nip Citrus directly and 20.11% of such membership interests indirectly through Rio Verde Ventures, LLC, an entity controlled by Mr. Wilson. Mr. Wilson also manages the day-to-day operations of Silver Nip Citrus and serves as a member of Silver Nip Citrus's board of directors. After the completion of the Merger, Mr. Wilson will own, directly and indirectly, approximately 2.5% of the outstanding Alico common stock. In addition, Mr. Wilson will acquire additional shares of Alico common stock as a result of the Earnout Stock Issuance.

The special committee and the Alico Board were aware of and considered these potential interests, among other matters, in evaluating and negotiating the Merger Agreement and approving the Merger and the Stock Issuance.

Q: What will the Silver Nip Citrus equityholders receive pursuant to the Merger Agreement?

A:

Silver Nip Citrus equityholders will each receive, their proportional share of up to 1,463,544 shares of Alico common stock and cash in lieu of fractional shares at the closing of the Merger, adjusted as described below and additional shares of Alico common stock based on the value of the proceeds (net of harvesting costs and adjusted as described below) received by Alico from the sale of citrus fruit harvested on Silver Nip Citrus's real property thirty (30) days after the conclusion of Silver Nip Citrus's 2014-2015 citrus harvest season. We refer to the shares of Alico common stock received by the Silver Nip Citrus equityholders in the Merger as the merger consideration.

The portion of the merger consideration to be issued at the closing of the Merger is subject, among other things, to adjustment based on the amount Silver Nip Citrus's net indebtedness at the closing, amounts related to the TRB Groves and certain Silver Nip Citrus transaction expenses. We currently estimate that Silver Nip Citrus's net indebtedness at the effective time of the Merger will

Table of Contents

be approximately \$42.6 million and will have spent approximately \$17.9 million in relation to the TRB Groves and approximately \$0.25 million in respect of transaction expenses that are subject to adjustment. Based on these estimates, we expect Alico to issue approximately 800,502 shares of its common stock to the Silver Nip Citrus equityholders at the effective time of the Merger (valued at approximately \$41.8 million based on Alico's closing stock price on January 23, 2015).

The portion of the merger consideration to be issued following the closing of the Merger is subject to adjustment for the amount of unpaid accounts payable of Silver Nip Citrus outstanding, or any other cost incurred by Silver Nip Citrus and not previously paid or capitalized, on or after the opening of business on the closing date to the extent that arising out of the harvesting, picking, hauling, marketing and selling of crops growing on Silver Nip Citrus's real property (excluding the TRB groves) for the 2014-2015 citrus harvest season, and for any expenses for the 2015-2016 citrus harvest season which are prepaid on or prior to the closing date by Silver Nip Citrus.

Q: Did a special committee recommend that the Alico Board adopt the Merger Agreement, the Merger and the Stock Issuance?

A: Yes. The terms of the Merger Agreement were negotiated and considered by a special committee comprised entirely of independent and disinterested members of the Alico Board. After considering a number of factors and review of a substantial amount of information, which is described in more detail in "The Merger Alico's Reasons for the Merger; Recommendation of the Special Committee; Approval of the Alico Board" the special committee determined that the terms and conditions of the Merger Agreement, including the Merger and the Stock Issuance, were advisable and in the best interests of Alico and its shareholders. After consultation with its outside legal advisor, considering the opinion rendered by Houlihan Lokey to the special committee as to the fairness from a financial point of view to Alico, as of December 1, 2014, of the consideration to be paid by Alico in the Merger pursuant to the Merger Agreement and review of the appraisal findings prepared by Agri-Property, the special committee recommended that Alico's Board adopt and declare advisable the Merger Agreement and the transactions contemplated thereby, including the Merger and the Stock Issuance.

Q: Did the Alico Board adopt the Merger Agreement, the Merger and the Stock Issuance?

A: Yes. After careful consideration, and upon the recommendation of the special committee, the Alico Board, with Messrs. Brokaw, Trafelet and Wilson recusing themselves, (1) determined that it is fair to and in the best interests of the Alico shareholders to enter into the Merger Agreement, (2) adopted and declared advisable the Merger Agreement and the transactions contemplated thereby, including the Merger and the Stock Issuance, and (3) recommended that the Alico shareholders vote or deliver a written consent in favor of the Stock Issuance. See the section entitled "The Merger Alico's Reasons for the Merger; Recommendation of the Special Committee; Approval of the Alico Board."

Q: Will I be asked to vote on anything?

A: No. You are not being asked to vote on the Merger Agreement, the Merger or the Stock Issuance.

Q: Do I need to send in my stock certificates, or take any other action, if the Merger is completed?

A: No. You will not be required to exchange your certificates representing shares of Alico common stock, or take any other action, in connection with the Merger. The previously outstanding shares of Alico common stock will continue to remain outstanding following the Merger. You will not receive any cash or securities in connection with the Merger, but instead you will continue to hold your existing shares of Alico common stock.

Table of Contents

Q: How was Alico shareholder approval obtained?

A:

On January 23, 2015, 734 Investors, which beneficially owned 3,725,457 shares of Alico common stock, or approximately 50.5% of Alico's issued and outstanding common stock on such date, delivered an executed written consent to Alico approving the Stock Issuance. Pursuant to 734 Investors' limited liability company agreement, 734 Investors approved the Stock Issuance at the direction of a majority of its disinterested members. The limited liability company agreement provides that 734 Agriculture, a Silver Nip Citrus equityholder, manages and generally controls the vote of the shares of Alico common stock owned by 734 Investors, except that in any transaction involving Alico, on the one hand, and 734 Agriculture or its affiliates, on the other hand, the shares of Alico common stock owned by 734 Investors are voted as directed by a majority in interest of the disinterested members of 734 Investors. These disinterested members have directed 734 Investors to approve the Stock Issuance. A copy of 734 Investors' limited liability company agreement is attached as Annex B to this information statement.

Q: Will I have appraisal rights in connection with the Merger?

A:

No. Holders of Alico's common stock will not be entitled to exercise appraisal or dissenters' rights under the FBCA in connection with the Merger and the Stock Issuance.

Q: What will be the U.S. federal income tax treatment of the Merger?

A:

The Merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. Neither Alico nor its shareholders will recognize gain or loss as a result of the Stock Issuance. See the section entitled "U.S. Federal Income Tax Consequences of the Merger."

Q: Who is paying for this information statement?

A:

We will pay all of the expenses of furnishing this information statement, including the cost of preparing, assembling and mailing this information statement. We estimate that such expenses will be approximately \$250,000.

Q: Where can I go for additional information?

A:

Alico files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document Alico files at the SEC's public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Alico's SEC filings are also available to the public at the SEC's website at <http://www.sec.gov>. You also may obtain free copies of the documents Alico files with the SEC, including this document, by going to the "SEC Filings" section of Alico's corporate website at <http://www.alicoinc.com>. Alico's website address is provided as an inactive textual reference only. The information provided on Alico's website is not part of this document, and is not incorporated herein by reference. For a more detailed description of the information available, see the section entitled "Where You Can Find More Information."

Q: Who can help answer my questions?

A:

If you have questions about the Merger after reading this information statement, or if you need additional copies of this information statement, you should contact:

Alico, Inc.
10070 Daniels Interstate Court
Suite 100
Fort Myers, FL 33913
Attention: A. Denise Plair, Corporate Secretary
(239) 226-2000

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This information statement, including information included in, or incorporated by reference into, this information statement may contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, without limitation, statements regarding expected financial conditions, results of operations, earnings outlook and prospects and results that are preceded by, followed by, or that include words such as "will," "should," "could," "may," "expects," "anticipates," "estimates" or "believes." Such statements reflect Alico's management's current beliefs, assumptions and expectations and are subject to a number of important factors that may cause Alico's actual results to differ materially from those anticipated by the forward-looking statements. These factors include, but are not limited to:

Risks Relating to the Merger

the ability to complete the Merger;

disruptions from the pending Merger;

costs relating to the Merger;

that certain Alico shareholders' ownership and voting interest in the combined company will be reduced;

the impact of interests of certain directors and executive officers of Alico in the Merger that are different from, or in addition to, the interests of Alico shareholders' generally; and

the impact of public resales of Alico common stock by the Silver Nip Citrus equityholders.

Risks Relating to the Combined Company

the incurrence of transaction, compliance and other Merger-related fees and costs;

the risk that the pro forma financial statements included in this information statement may not be an indication of the combined company's future performance; and

the integration of Alico and Silver Nip Citrus may prove more challenging than anticipated, or anticipated benefits of the Merger may not be achieved, or may be achieved less rapidly than anticipated.

Risks Relating to Alico

the risk factors described in Alico's reports filed with the SEC.

Because these forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect only Alico's belief as of the date of this information statement. Except as required by federal securities law, Alico undertakes no obligation to update these forward-looking statements after the date of this information statement as a result of new information or future events or developments.

Table of Contents

THE MERGER

The following is a description of the material aspects of the Merger. While we believe that the following description covers the material terms of the Merger, the description may not contain all of the information that is important to you. In particular, you should read the documents attached to this information statement, which are made part of this information statement. You are urged to read carefully this entire document (including the Annexes) and other documents which are referred to in this document in order to fully understand the transactions contemplated by the Merger Agreement. See the section entitled "Where You Can Find More Information," beginning on page 83.

Background of the Merger

On October 17, 2013, 734 Agriculture and Alico announced that 734 Agriculture, in partnership with Arlon Group, a global specialist food and agriculture investment firm, had entered into definitive agreements under which an affiliate of 734 Agriculture would acquire approximately 50.5% of Alico's common stock owned, directly or indirectly, by Atlantic Blue Group, Inc. We refer to this transaction as the ABG acquisition. Messrs. Remy W. Trafelet and George R. Brokaw, the principals of 734 Agriculture, Arlon Group and several other independent, unaffiliated third parties interested in investing in Alico formed 734 Investors as a new limited liability company to consummate the ABG acquisition. Arlon Group agreed to acquire 25.1% of 734 Investors' membership interests, making it the largest interest holder in 734 Investors and therefore the largest indirect shareholder of Alico following the ABG acquisition. Based on Messrs. Trafelet's and Brokaw's identification of the investment opportunity in Alico and their prior experience in the citrus industry in connection with their acquisition and operation of Silver Nip Citrus, 734 Agriculture was designated as the managing member of 734 Investors. Mr. Clayton G. Wilson, an experienced citrus grower and partner in Silver Nip Citrus, was identified by 734 Investors as a potential candidate to serve as Alico's new Chief Executive Officer following the ABG acquisition. The ABG acquisition was completed on November 19, 2013.

In connection with the formation of 734 Investors, the members recognized that, due to the pre-existing citrus and agricultural interests of Messrs. Trafelet, Brokaw and Wilson, there was a possibility that Alico could in the future consider a transaction with such parties. In order to ensure an independent, disinterested consideration process with respect to any such transaction, 734 Investors' limited liability company agreement provided that when any transaction involving Alico, on the one hand, and 734 Agriculture or its affiliates, on the other hand, is submitted to a vote of the Alico shareholders (or otherwise requires an action to be taken by the Alico shareholders), the disinterested members of 734 Investors would direct 734 Investors how to vote its shares of Alico common stock.

From time to time during the year following the completion of the ABG acquisition, the Alico Board has discussed and reviewed the businesses, strategic direction, performance and prospects of Alico in the context of developments in the citrus and agricultural industry and discussed various potential strategic alternatives, including potential strategic combinations, restructurings or divestitures that could complement, enhance or improve the competitive strengths and strategic position of Alico. At the Alico Board's regularly scheduled January 9, 2014 meeting, the independent members of the Alico Board discussed the possibility of evaluating an acquisition of Silver Nip Citrus by Alico. After this discussion, the Alico Board formed the special committee, comprised solely of independent and disinterested directors and chaired by Mr. Fishman for purposes of evaluating and negotiating a potential acquisition of Silver Nip Citrus, or any other alternative transaction. The Alico Board believed it appropriate for the special committee to be chaired by Mr. Fishman due to his service as a Managing Principal of Arlon Group, which (through its investment in 734 Investors) is Alico's largest indirect shareholder, together with his experience with and knowledge of citrus groves, including those held by Silver Nip Citrus, and agricultural investing generally.

Table of Contents

Promptly after its formation, the special committee engaged Dickstein Shapiro, LLP as its independent legal counsel. It also commenced diligence planning with the assistance of disinterested members of Alico's management, and directed such management members to regularly report directly to the special committee their findings. The special committee was subsequently expanded by action of the independent members of the Alico Board to include all disinterested, independent directors of Alico as discussions regarding Silver Nip Citrus began to move past the exploratory stages. The special committee thereafter engaged Houlihan Lokey to review the financial terms of any proposed transaction and to provide an opinion to the special committee as to the fairness from a financial point of view to Alico of the consideration to be paid by Alico in any proposed transaction.

During the months that followed its formation, representatives of the special committee and Silver Nip Citrus engaged in extensive discussions regarding the valuation of Silver Nip Citrus. In addition, after entering into a confidentiality agreement with Silver Nip Citrus, representatives of Alico and of the special committee, including Alico's outside legal counsel, Wachtell, Lipton, Rosen & Katz, conducted detailed business and legal due diligence of Silver Nip Citrus. This due diligence covered an evaluation of Silver Nip Citrus results of operations and grove productivity, the contracts with Tropicana Products, Inc. and the Latt Maxcy Corporation, Silver Nip Citrus's outstanding indebtedness, a review of the valuation of the TRB Groves that Silver Nip Citrus had recently acquired and other items regarding Silver Nip Citrus's business.

During this period, the special committee met regularly to discuss members' views on the valuation of Silver Nip Citrus and the appropriate terms for a potential acquisition of Silver Nip Citrus, including, among other items, the amount, form and timing of the consideration to be paid to the Silver Nip Citrus equityholders and the valuation and form of consideration to be paid for the TRB Groves. The members of the special committee emphasized during these meetings the importance of completing an independently verified valuation of Silver Nip Citrus to ensure fair terms to Alico. Therefore, in addition to engaging Houlihan Lokey, the special committee engaged Agri-Property, an independent appraisal firm, to conduct a detailed inspection and appraisal of the groves owned by Silver Nip Citrus.

Throughout September 2014, representatives of Silver Nip Citrus and their legal counsel, on the one hand, and the special committee, Alico, Dickstein Shapiro and Wachtell Lipton, on the other hand, negotiated and finalized the terms of a non-binding letter of intent between the special committee and Silver Nip Citrus setting forth the key economic terms of the proposed combination of Alico and Silver Nip Citrus. Consistent with the special committee's emphasis on independent verification of the terms of the transaction, the letter of intent provided that the consummation of the acquisition would be subject, among other things, to receipt by the Alico Board of a fairness opinion and the appraisal of the Silver Nip Citrus groves prepared by Agri-Property, in each case satisfactory to the special committee. Following entry into the letter of intent, the special committee directed that Wachtell Lipton and Dickstein Shapiro commence preparing definitive documentation for the potential merger.

In the weeks that followed, the special committee regularly met with its advisors and received preliminary reports on diligence and valuation analyses being performed on Silver Nip Citrus. On November 26, 2014, Agri-Property delivered to representatives of the special committee its summary findings regarding the appraised value of Silver Nip Citrus's real estate only, excluding any fruit on the trees and any effects on value that may accrue by combining Silver Nip Citrus's property with Alico's assets. Also during this time the parties and their counsel continued to negotiate and finalize definitive documentation.

On December 1, 2014, the board of managers of Silver Nip Citrus convened telephonically to review the status of negotiations and the terms of the proposed Merger Agreement. At this meeting, the board of managers (i) determined that it is in the best interests of Silver Nip Citrus and its members, and declared it advisable, to enter into the Merger Agreement and (ii) approved the

Table of Contents

execution, delivery and performance of the Merger Agreement and the consummation of the transactions contemplated thereby, including the Merger.

In the afternoon of December 1, 2014, the special committee met telephonically to review the status of the negotiations and the terms of the proposed Merger Agreement. Present at the meeting were members of Alico's senior management as well as representatives of Agri-Property, Houlihan Lokey, Dickstein Shapiro and Wachtell Lipton. The special committee reviewed the summary of appraisal findings with a representative of Agri-Property and discussed value items that were not included in the appraisal, such as cost synergies and the ability to extend Silver Nip Citrus's contract with Tropicana to certain Alico citrus groves. At the request of the special committee, Houlihan Lokey reviewed and discussed its financial analyses. Thereafter, at the request of the special committee, Houlihan Lokey verbally rendered its opinion to the special committee (which was subsequently confirmed in writing by delivery of Houlihan Lokey's written opinion addressed to the special committee dated December 1, 2014) as to the fairness from a financial point of view to Alico of the Consideration (as defined in Houlihan Lokey's written opinion) to be paid by Alico in the Merger pursuant to the Merger Agreement. Wachtell Lipton then reviewed the terms of the Merger Agreement with the special committee, including the conditions to closing and the requirement under applicable NASDAQ listing rules that the issuance of Alico common stock in the Merger be approved by the Alico shareholders. In this regard, the special committee was aware of the fact that the required approval under applicable NASDAQ listing rules by Alico shareholders could be provided by 734 Investors, in its capacity as majority shareholder of Alico, and that the principals of Silver Nip Citrus were also members of 734 Investors. The special committee was also aware that any 734 Investors determination to vote in favor of the stock issuance would only occur upon the majority vote of the disinterested members of 734 Investors, and that the Silver Nip Citrus equity holders would not participate in any such vote. Wachtell Lipton and Dickstein Shapiro also discussed with the special committee members their fiduciary obligations in assessing the potential transaction. After extensive discussion among the members of the special committee, the special committee determined that the Merger Agreement and the transactions contemplated thereby, including the Merger and the Stock Issuance, were advisable and in the best interests of Alico and its shareholders and voted to recommend that the Alico Board adopt and declare advisable the Merger Agreement and the transactions contemplated thereby, including the Merger and the Stock Issuance.

The Alico Board, with Messrs. Trafelet, Brokaw and Wilson recused, also convened on the afternoon of December 1, 2014 to review and discuss the recommendation of the special committee that a transaction be agreed to on the terms presented to the Alico Board. The Alico Board, acting solely through its disinterested members, resolved that the Merger, the Stock Issuance and the other transactions contemplated by the Merger Agreement were fair to and in the best interests of Alico and its shareholders, and adopted and declared to be advisable the Merger Agreement and the transactions contemplated thereby, including the Merger and the Stock Issuance. In addition, the Alico Board, acting solely through its disinterested members, recommended that the Alico shareholders approve the Stock Issuance. The Alico Board then directed management to finalize and execute the Merger Agreement and the related materials on the terms reviewed with the Alico Board.

Following the approval of the Alico Board, the parties finalized the Merger Agreement and related materials during the day on December 2, 2014. Also at this time the Silver Nip Citrus equityholders executed a written consent voting all of their equity interests in Silver Nip Citrus in favor of the Merger. Prior to the opening of trading on December 3, 2014, the transactions contemplated by the Merger Agreement were announced in a press release by Alico.

Alico's Reasons for the Merger; Recommendation of the Special Committee; Approval of the Alico Board

The special committee and the Alico Board reviewed and carefully considered the terms of the Merger Agreement and each determined that the transactions contemplated by the Merger Agreement,

Edgar Filing: ALICO INC - Form DEFM14C

Table of Contents

including the Merger and the Stock Issuance, are advisable and in the best interests of Alico and its shareholders. Accordingly, the special committee recommended that the Alico Board adopt and declare advisable the Merger Agreement, and the Alico Board adopted and declared advisable the Merger Agreement and the transactions contemplated thereby, including the Merger and the Stock Issuance.

In the course of reaching the determinations and recommendations described above, the special committee, together with its outside legal advisors and Alico's management (excluding Mr. Wilson), considered a number of relevant factors. The special committee believed that these factors, taken as a whole, affirmatively supported its conclusion that the terms of the Merger Agreement and the transactions contemplated thereby are advisable and also in the best interests of Alico and its shareholders. The Alico Board considered the special committee recommendation and its consideration of the following factors and adopted the recommendation and analysis of the special committee as the basis for its recommendation and approval. These factors include, but are not limited to:

Strategic Considerations: The special committee and the Alico Board believe that the Merger with Silver Nip Citrus will create a combined company with increased scale and scope. They believe that the combined company will substantially increase Alico's consolidated revenues and results of operations because, among other items:

- together with the completed acquisitions of certain assets and liabilities of Orange-Co, including its citrus groves in DeSoto and Charlotte County, Florida, and of Gator Grove in DeSoto County, Alico would become the largest citrus producer in the United States, with total pro forma 2014 production of 10 million boxes annually; and
- the combined company could potentially add Alico's citrus groves to Silver Nip Citrus's existing contract with Tropicana Products, Inc.

Financially Compelling Transaction: The special committee and the Alico Board believe that the Merger is financially compelling to Alico. In reaching this conclusion, the special committee and the Alico Board considered a number of factors, including:

- the business, capabilities, financial condition and prospects of each of Alico and Silver Nip Citrus, based, in the case of Silver Nip Citrus, on extensive due diligence conducted by Alico and on Alico's knowledge of the citrus grove production and capabilities of the two companies;
- the anticipated contribution to future revenues and operating results of Silver Nip Citrus's citrus grove portfolio, which together with the completed Orange-Co Acquisition and acquisition of Gator Grove, would be expected to increase Alico's adjusted EBITDA, earnings per share and free cash flow per share from \$21 million, \$1.00 per share and \$0.96 per share to \$58 million, \$2.77 per share and \$3.31 per share, respectively, excluding anticipated synergies and one-time items;
- the potential for revenue and cost synergies from combining the two companies' businesses and management;
- the financial analysis reviewed by Houlihan Lokey with the special committee as well as the oral opinion of Houlihan Lokey rendered to the special committee on December 1, 2014 (which was subsequently confirmed in writing by delivery of Houlihan Lokey's written opinion addressed to the special committee dated December 1, 2014), as to the fairness from a financial point of view to Alico of the consideration to be paid by Alico in the Merger pursuant to the Merger Agreement. See "The Merger Opinion of the Houlihan Lokey to the special committee;"
- the third-party appraisal of Silver Nip Citrus's citrus groves completed by Agri-Property;

Edgar Filing: ALICO INC - Form DEFM14C

Table of Contents

- the number of shares to be issued by Alico at the closing of the Merger to acquire all of the membership interests of Silver Nip Citrus, which represents approximately 10% of the total number of shares of Alico common stock that will be outstanding after completion of the Merger;
- that a portion of the shares to be issued by Alico to the Silver Nip Citrus equityholders would be determined after the closing of the Merger based on the productivity of the Silver Nip Citrus groves (excluding the TRB Groves) during the 2014-2015 citrus harvest season; and
- the conditions to completion of the Merger contained in the Merger Agreement.

Due Diligence: Alico's management (excluding Mr. Wilson), consultants and outside legal advisors thoroughly evaluated the business, operations, financial condition, earnings and prospects of Silver Nip Citrus. The special committee and the Alico Board considered the scope and results of this due diligence investigation.

Negotiation Process and Review by the Special Committee: The terms of the Merger Agreement were the result of active and intense negotiations conducted by the special committee, which is comprised entirely of independent and disinterested directors, with the assistance of independent legal advisors. The Alico Board delegated to the special committee the power and authority of the Alico Board to make a recommendation concerning, and evaluate, negotiate and document, if necessary, a proposed transaction with Silver Nip Citrus and alternatives to the proposed transaction, all to the extent the special committee determined that such actions were advisable to and in the best interests of Alico's shareholders. The resolutions establishing the special committee provided that the Alico Board would not approve the Merger without the prior recommendation of the special committee. The resolutions also provided the special committee with broad authority to retain independent advisors.

Minimal Contingencies to Completing the Transaction: The special committee and the Alico Board considered the likelihood that the Merger will be completed on a timely basis, including that:

- the Silver Nip Citrus equityholders executed a written consent approving and adopting the Merger Agreement. As a result, no further approval of the Silver Nip Citrus equityholders is necessary to approve the Merger; and
- completion of the Merger is not, to the knowledge of Alico and Silver Nip Citrus, subject to any regulatory approvals.

The special committee and the Alico Board also considered a variety of potential risks and other potentially negative factors relating to the Merger, including the following, but concluded that the anticipated benefits of the Merger substantially outweigh these considerations:

The shares issued by Alico in the Merger would reduce current Alico shareholders' percentage ownership in the combined company;

The number of shares to be issued by Alico to acquire all of the membership interests of Silver Nip Citrus;

The potential risk of diverting management focus and resources from operational matters and other strategic opportunities while working to implement the Merger;

The risk that the anticipated benefits of the Merger might not be realized on the expected timeframe or at all;

Table of Contents

The increase in the indebtedness of the combined company as a result of Alico's assumption of Silver Nip Citrus's outstanding indebtedness;

The costs to be incurred in connection with the Merger, including the costs of integrating the businesses of Alico and Silver Nip Citrus and the transaction expenses arising from the Merger;

The restrictions on the conduct of Alico's business between the date of the Merger Agreement and the date of the consummation of the proposed Merger; and

The need to obtain consents from Alico's and Silver Nip Citrus's respective lenders to allow Alico to assume Silver Nip Citrus's net indebtedness.

In addition, the special committee and the Alico Board were aware of and considered the interests that Alico's directors and executive officers have with respect to the Merger that differ from, or are in addition to, their interests as shareholders of Alico generally, as described in the section entitled "The Merger Interests of Alico's Directors and Executive Officers in the Merger."

The reasons set forth above are not intended to be exhaustive, but include material facts considered by the special committee in recommending that the Alico Board adopt, and the Alico Board in adopting, the Merger Agreement and the transactions contemplated thereby, including the Merger and the Stock Issuance. The special committee and the Alico Board each conducted an overall review of the factors described above, with the assistance of their outside legal advisors and Alico's management team (excluding Mr. Wilson). In view of the wide variety of factors considered in connection with their evaluation of the Merger and the complexity of these matters, neither the special committee nor the Alico Board found it useful or attempted to quantify or assign any relative or specific weights to the various factors that they considered in reaching their determinations with respect to the approval of the Merger Agreement, and its recommendation to shareholders to approve the Stock Issuance. In addition, individual members of the special committee and the Alico Board may have given differing weights to different factors.

Opinion of Houlihan Lokey to the Special Committee

On December 1, 2014, Houlihan Lokey verbally rendered its opinion to the special committee (which was subsequently confirmed in writing by delivery of Houlihan Lokey's written opinion addressed to the special committee dated December 1, 2014), as to the fairness from a financial point of view to Alico of the consideration to be paid by Alico in the Merger pursuant to the Merger Agreement.

For purposes of Houlihan Lokey's opinion, the "Consideration" was defined to mean:

a number of shares of Alico common stock issuable upon closing of the Merger equal to (x) 1,463,544, multiplied by \$37.58 divided by the Reference Quotient, minus (y) (i) the Closing Date Funded Debt, plus the Closing Date Cash, plus the TRB Amount, minus the Company Fees, divided by (ii) the Reference Quotient, and

a number of shares of Alico common stock issuable at the time set forth in Section 2.13 of the Merger Agreement equal to (x) the sum of the 2014-2015 Harvest Proceeds, minus the 2014-2015 Harvest Costs, plus the 2013-2014 Harvest Proceeds, divided by (y) the 180 Day Average as of the date that is thirty (30) days following the 2014-2015 Harvest End Date (which date we refer to as the Harvest End Date 180 Day Average).

The capitalized terms referred to above have the meanings provided for in the Merger Agreement. However, with the consent of the special committee, for purposes of its opinion and analysis, Houlihan Lokey utilized 922,940 shares of Alico common stock as an estimate of the number of shares constituting the Consideration. The share number was calculated by Houlihan Lokey using estimates of the 2014-2015 Harvest Proceeds and 2014-2015 Harvest Costs prepared by management of Alico,

Table of Contents

estimates of the 2013-2014 Harvest Proceeds provided by management of Alico, and estimates of the Closing Date Funded Debt, the Closing Date Cash, the TRB Amount and the Company Fees provided by management of Alico and using a Reference Quotient of \$37.58 and the average closing price of the Alico common stock over the 180 days before November 28, 2014 in lieu of the Harvest End Date 180 Day Average. The ultimate number of shares of Alico common stock actually issued in the Merger may be more or less than 922,940.

Houlihan Lokey's opinion was directed to the special committee (in its capacity as such) and only addressed the fairness from a financial point of view to Alico of the Consideration to be paid by Alico in the Merger pursuant to the Merger Agreement and did not address any other aspect or implication of the Merger or any other agreement, arrangement or understanding. The summary of Houlihan Lokey's opinion in this information statement is qualified in its entirety by reference to the full text of its written opinion, which is attached as Annex C to this information statement and describes the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in connection with the preparation of its opinion. However, neither Houlihan Lokey's opinion nor the summary of its opinion and the related analyses set forth in this information statement are intended to be, and do not constitute, advice or a recommendation to the special committee, the Alico Board, any security holder of Alico or any other person as to how to act or consent with respect to any matter relating to the Merger.

In arriving at its opinion, Houlihan Lokey, among other things:

1. reviewed a draft dated December 1, 2014 of the Merger Agreement;
2. reviewed certain publicly available business and financial information relating to Alico and Silver Nip Citrus that Houlihan Lokey deemed to be relevant with respect to the future financial performance of Alico and Silver Nip Citrus;
3. reviewed the audited consolidated financial statements for Silver Nip Citrus for the period ended, and as of, June 30, 2013, the unaudited consolidated financial statements for Silver Nip Citrus for its fiscal year ended, and as of, June 30, 2014, and an unaudited consolidated balance sheet of Silver Nip Citrus as of November 25, 2014;
4. reviewed certain information relating to the historical, current and future operations, financial condition and prospects of Silver Nip Citrus and Alico made available to Houlihan Lokey by Silver Nip Citrus and Alico, including:
 - a. financial projections (and adjustments thereto) relating to Alico for its fiscal years ended September 30, 2015 through September 30, 2017 reflecting Alico's Gator Grove acquisition, its then-pending acquisition of assets of Orange-Co, LP (also referred to as the Orange-Co Acquisition) and its lease to United States Sugar Corporation (also referred to as USSC) of certain acreage used for sugar cane production and its sale of certain acreage used for sugar cane production, and the related assignment of its lease to USSC, to an affiliate of Terra Land Company (also referred to as the Sugarcane Disposition, and collectively referred to, together with the acquisition of the Gator Grove and Orange-Co Acquisition, the "Other Transactions,") prepared by the management of Alico, or the "Alico Projections,"
 - b. financial projections relating to Silver Nip Citrus's Silver Nip Grove, or the "Silver Nip Grove," for Silver Nip Citrus's fiscal years ended June 30, 2015 through June 30, 2025 prepared by the management of Alico, or the "Silver Nip Grove Projections,"
 - c. financial projections relating to Silver Nip Citrus's TRB Grove, or the "TRB Grove," for Silver Nip Citrus's fiscal years ended June 30, 2015 through June 30, 2025 prepared by management of Alico, or the "TRB Grove Projections,"

Edgar Filing: ALICO INC - Form DEFM14C

Table of Contents

- d. certain forecasts and estimates of potential costs savings expected to result from the Merger, all as prepared by the management of Alico, or the "Synergies,"
 - e. estimates of the 2014-2015 harvest proceeds and the 2014-2015 harvest costs prepared by management of Alico and the 2013-2014 harvest proceeds provided by management of Alico, or the "Harvest Estimates," and
 - f. estimates of the Closing Date Funded Debt, Closing Date Cash, the TRB Amount and the Company Fees (all as defined in the Merger Agreement) provided by the management of Alico, or the "Closing Metric Estimates;"
5. reviewed a Real Estate Appraisal Report of the TRB Grove, effective date August 13, 2014, prepared by Agri-Property Consultants, Inc. and an evaluation of the Silver Nip Grove, dated August 4, 2014, prepared by Land South Group, these reports, together, the "Appraisals;"
 6. spoke with certain members of the special committee and members of the management of Alico and certain of their respective representatives and advisors regarding the businesses, operations, financial conditions and prospects of Alico and Silver Nip Citrus, the Merger, the Other Transactions and related matters;
 7. compared the financial and operating performance of Alico with that of other public companies that Houlihan Lokey deemed to be relevant;
 8. considered the publicly available financial terms of certain transactions that Houlihan Lokey deemed to be relevant;
 9. reviewed the current and historical market prices and trading volume for certain of Alico's publicly traded securities;
 10. compared the relative contributions of the Silver Nip Citrus and Alico to certain financial statistics of the combined company on a pro forma basis;
 11. reviewed a certificate addressed to Houlihan Lokey from the Chief Financial Officer of Alico, which contains, among other things, representations regarding the accuracy of the information, data and other materials (financial or otherwise) provided to, or discussed with, Houlihan Lokey by or on behalf of Alico; and
 12. conducted such other financial studies, analyses and inquiries and considered such other information and factors as Houlihan Lokey deemed appropriate.

Houlihan Lokey relied upon and assumed, without independent verification, the accuracy and completeness of all data, material and other information furnished, or otherwise made available, to Houlihan Lokey, discussed with or reviewed by Houlihan Lokey, or publicly available, and did not assume any responsibility with respect to such data, material and other information. In addition, management of Alico advised Houlihan Lokey, and with the consent of the special committee, Houlihan Lokey assumed, that the Alico Projections, the Silver Nip Grove Projections and the TRB Grove Projections reviewed by Houlihan Lokey were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of management of Alico as to the future financial results and condition of Alico, the Silver Nip Grove or the TRB Grove, as applicable, and Houlihan Lokey expressed no opinion with respect to those projections or the assumptions on which they were based. Furthermore, upon the advice of the management of Alico and with the consent of the special committee, Houlihan Lokey assumed that the estimated Synergies reviewed by Houlihan Lokey were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the management of Alico and that the Synergies would be realized in the amounts and the time periods indicated thereby, and Houlihan Lokey expressed no opinion with respect to those Synergies or the assumptions on which they were based. With respect to the Harvest Estimates

Table of Contents

and Closing Metric Estimates reviewed by Houlihan Lokey, management of Alico advised Houlihan Lokey, and with the consent of the special committee Houlihan Lokey assumed, that those estimates were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of management of Alico as to matters reflected therein, and, with the consent of the special committee, for purposes of Houlihan Lokey's opinion and its analyses, Houlihan Lokey calculated the number of shares constituting the Consideration (as defined in Houlihan Lokey's opinion), using the Harvest Estimates and the Closing Metric Estimates and using a Reference Quotient of \$37.58 and a 180 Day Average (as defined in the Merger Agreement) as of November 28, 2014 as the Harvest End Date 180 Day Average. Houlihan Lokey expressed no opinion with respect to those price assumptions or estimates or the assumptions on which such estimates were based. Houlihan Lokey relied upon and assumed, without independent verification, that there was no change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of Alico or Silver Nip Citrus since the respective dates of the most recent financial statements and other information, financial or otherwise, provided to Houlihan Lokey that would be material to its analyses or its opinion, and that there was no information or any facts that would make any of the information reviewed by Houlihan Lokey incomplete or misleading.

Houlihan Lokey relied upon and assumed, without independent verification, that (a) the representations and warranties of all parties to the Merger Agreement and all other related documents and instruments that were referred to therein were true and correct, (b) each party to the Merger Agreement and such other related documents and instruments would fully and timely perform all of the covenants and agreements required to be performed by such party, (c) all conditions to the consummation of the Merger would be satisfied without waiver thereof, (d) the Merger would be consummated in a timely manner in accordance with the terms described in the Merger Agreement and such other related documents and instruments, without any amendments or modifications thereto, and (e) the Other Transactions that had not yet been consummated would be consummated within the timeframe contemplated by the Alico Projections. Houlihan Lokey also assumed, with the consent of the special committee, that the Merger would qualify as a tax-free transaction. Houlihan Lokey relied upon and assumed, without independent verification, that (i) the Merger would be consummated in a manner that complied in all respects with all applicable federal and state statutes, rules and regulations, and (ii) all governmental, regulatory, and other consents and approvals necessary for the consummation of the Merger would be obtained and that no delay, limitations, restrictions or conditions would be imposed or amendments, modifications or waivers made that would result in the disposition of any assets of Alico or Silver Nip Citrus, or otherwise have an effect on the Merger, or Alico or Silver Nip Citrus or any expected benefits of the Merger that would be material to Houlihan Lokey's analyses or its opinion. Houlihan Lokey also relied upon and assumed, without independent verification, at the direction of the special committee, that any adjustments to the Consideration pursuant to the Merger Agreement will not be material to its analyses or its opinion. In addition, Houlihan Lokey relied upon and assumed, without independent verification, that the final form of the Merger Agreement would not differ in any respect from the draft of the Merger Agreement identified above.

Furthermore, in connection with its opinion, Houlihan Lokey was not requested to make, and did not make, any physical inspection or independent appraisal or evaluation of any of the assets, properties or liabilities (fixed, contingent, derivative, off-balance-sheet or otherwise) of Alico or Silver Nip Citrus or any other party, nor was Houlihan Lokey provided with any such appraisal or evaluation, except for the Appraisals. Houlihan Lokey did not estimate, and expressed no opinion regarding, the liquidation value of any entity or business. Houlihan Lokey did not undertake any independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which Alico or Silver Nip Citrus was or might be a party or was or might be subject, or of any governmental investigation of any possible unasserted claims or other contingent liabilities to which Alico or Silver Nip Citrus was or might be a party or was or might be subject.

Table of Contents

Houlihan Lokey was not requested to, and did not, (a) initiate or participate in any discussions or negotiations with, or solicit any indications of interest from, third parties with respect to Merger, the securities, assets, businesses or operations of Silver Nip Citrus or any other party, or any alternatives to the Merger, (b) negotiate the terms of the Merger, or (c) advise the special committee, the Alico Board or any other party with respect to alternatives to the Merger. Houlihan Lokey's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Houlihan Lokey as of, the date of its opinion. Houlihan Lokey did not undertake, and is under no obligation, to update, revise, reaffirm or withdraw its opinion, or otherwise comment on or consider events occurring or coming to its attention after the date of its opinion. Houlihan Lokey did not express any opinion as to what the value of the Alico common stock actually would be when issued pursuant to the Merger or the price or range of prices at which the Alico common stock might be purchased or sold, or otherwise be transferable, at any time.

Houlihan Lokey's opinion was furnished for the use of the special committee (in its capacity as such) in connection with its evaluation of the Merger and not for use for any other purpose without Houlihan Lokey's prior written consent. Houlihan Lokey's opinion should not be construed as creating any fiduciary duty on Houlihan Lokey's part to any party. Houlihan Lokey's opinion was not intended to be, and did not constitute, a recommendation to the special committee, the Alico Board, any security holder or any other party as to how to act or consent with respect to any matter relating to the Merger or otherwise.

Houlihan Lokey was not requested to opine as to, and its opinion did not express an opinion as to or otherwise address, among other things: (i) the underlying business decision of the special committee, the Alico Board, Alico, its security holders or any other party to proceed with or effect the Merger, (ii) the terms of any arrangements, understandings, agreements or documents related to, or the form, structure or any other portion or aspect of, the Merger or otherwise (other than the Consideration to the extent expressly specified herein), (iii) the fairness of any portion or aspect of the Merger to the holders of any class of securities, creditors or other constituencies of Alico, or to any other party, (iv) the relative merits of the Merger as compared to any alternative business strategies or transactions that might be available for Alico any other party, (v) the fairness of any portion or aspect of the Merger to any one class or group of Alico's or any other party's security holders or other constituents *vis-à-vis* any other class or group of Alico's or such other party's security holders or other constituents (including, without limitation, the allocation of any consideration amongst or within such classes or groups of security holders or other constituents), (vi) whether or not Silver Nip Citrus, Alico, their respective security holders or any other party is receiving or paying reasonably equivalent value in the Merger, (vii) the solvency, creditworthiness or fair value of Silver Nip Citrus, Alico or any other participant in the Merger, or any of their respective assets, under any applicable laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters, or (viii) the fairness, financial or otherwise, of the amount, nature or any other aspect of any compensation to or consideration payable to or received by any officers, directors or employees of any party to the Merger, any class of such persons or any other party, relative to the Consideration or otherwise. Furthermore, no opinion, counsel or interpretation was intended in matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice. It was assumed that such opinions, counsel or interpretations had been or would be obtained from the appropriate professional sources. Furthermore, Houlihan Lokey relied, with the consent of the special committee, on the assessments by the special committee, the Alico Board, Alico, Silver Nip Citrus and their respective advisors, as to all legal, regulatory, accounting, insurance and tax matters with respect to Alico, Silver Nip Citrus and the Merger or otherwise.

In preparing its opinion to the special committee, Houlihan Lokey performed a variety of analyses, including those described below. The summary of Houlihan Lokey's analyses is not a complete description of the analyses underlying Houlihan Lokey's opinion. The preparation of such an opinion is

Table of Contents

a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytical methods employed and the adaptation and application of these methods to the unique facts and circumstances presented. As a consequence, neither Houlihan Lokey's opinion nor its underlying analyses is readily susceptible to summary description. Houlihan Lokey arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, methodology or factor. While the results of each analysis were taken into account in reaching Houlihan Lokey's overall conclusion with respect to fairness, Houlihan Lokey did not make separate or quantifiable judgments regarding individual analyses. Accordingly, Houlihan Lokey believes that its analyses and the following summary must be considered as a whole and that selecting portions of its analyses, methodologies and factors, without considering all analyses, methodologies and factors, could create a misleading or incomplete view of the processes underlying Houlihan Lokey's analyses and opinion.

In performing its analyses, Houlihan Lokey considered general business, economic, industry and market conditions, financial and otherwise, and other matters as they existed on, and could be evaluated as of, the date of its opinion. No company, transaction or business used in Houlihan Lokey's analyses for comparative purposes is identical to Alico or the Merger and an evaluation of the results of those analyses is not entirely mathematical. The estimates contained in the forecasts prepared by the management of Alico and the implied reference range values indicated by Houlihan Lokey's analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond the control of our company. Much of the information used in, and accordingly the results of, Houlihan Lokey's analyses are inherently subject to substantial uncertainty.

Houlihan Lokey's opinion was only one of many factors considered by the special committee in evaluating the Merger. Neither Houlihan Lokey's opinion nor its analyses were determinative of the consideration or of the views of the special committee with respect to the Merger or the Consideration. The type and amount of consideration payable in the Merger were determined through negotiation between the special committee and Silver Nip Citrus, and the decision to enter into the agreement was solely that of the special committee and the Alico Board.

The following is a summary of the material financial analyses performed by Houlihan Lokey in connection with the preparation of its opinion and reviewed with the special committee on December 1, 2014. The order of the analyses does not represent relative importance or weight given to those analyses by Houlihan Lokey. The analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the analyses. Considering the data in the tables below without considering the full narrative description of the analyses, as well as the methodologies underlying, and the assumptions, qualifications and limitations affecting, each analysis, could create a misleading or incomplete view of Houlihan Lokey's analyses.

For purposes of its analyses, Houlihan Lokey reviewed a number of financial metrics, including:

Adjusted EBITDA Earnings before interest, taxes, depreciation and amortization, adjusted, where applicable, for certain non-recurring items.

EBIT generally, the amount of the relevant company's earnings before interest and taxes for a specified time period.

Enterprise Value generally, the Equity Value of the relevant company as of a specified date plus the amount of its net debt (the amount of its outstanding indebtedness, preferred stock, and non-controlling interests less the amount of cash and cash equivalents on its balance sheet).

Table of Contents

Equity Value calculated as the value of the relevant company's outstanding equity securities (taking into account outstanding options and other securities convertible, exercisable or exchangeable into or for equity securities of the company) based on the relevant company's closing stock price, or equity value, as of a specified date.

Unlevered free cash flows generally the amount of the relevant company's EBIT, less taxes on EBIT, plus depreciation and amortization, less capital expenditures (as adjusted for changes in net working capital) for a specified time period.

Unless the context indicates otherwise, enterprise values and equity values used in the selected companies analysis described below were calculated using the closing price of Alico's common stock and the common stock of the selected companies listed below as of November 28, 2014, transaction values for the selected company transactions analysis described below were calculated on an enterprise value basis based on the announced transaction equity price and other public information available at the time of the announcement. Transaction prices and other transaction information reviewed as part of the selected real estate transactions analysis described below were derived from publicly available information and information provided by Alico management. The estimates of the future financial performance of Alico, Silver Nip Grove and TRB Grove relied upon for the financial analyses described below were based on the Alico Projections, Silver Nip Grove Projections and the TRB Projections. The estimates of the future financial performance of the selected companies listed below were based on certain publicly available research analyst estimates for those companies.

Alico Discounted Cash Flow Analysis. Houlihan Lokey performed a discounted cash flow analysis of Alico by calculating the estimated net present value of the projected unlevered free cash flows of Alico based on the Alico Projections. Houlihan Lokey calculated terminal values for Alico by applying a range of terminal value Adjusted EBITDA multiples of 10.0x to 11.0x to the estimated 2017 Adjusted EBITDA for Alico as reflected in the Alico Projections. The present values of Alico's projected unlevered free cash flows and terminal values were then calculated using discount rates ranging from 10.50% to 11.50% to derive an implied enterprise value reference range for Alico. Houlihan Lokey added the amount of Alico's cash and subtracted the amount of Alico's debt, in each case as of November 30, 2014, as provided by Alico management, from this implied enterprise value reference range to derive an implied equity value reference range for Alico. This discounted cash flow analysis indicated an implied per share value reference range of \$32.54 to \$41.17 (with a midpoint of \$36.85) for the Alico common stock (derived by dividing the implied equity value reference range for Alico by the number of shares of Alico common stock outstanding as disclosed in Alico's public filings), as compared to the Alico share price on November 28, 2014, of \$35.75 and the assumed price per share of \$37.58 for the Alico common stock reflected in the Merger Agreement.

Houlihan Lokey multiplied the midpoint implied price of \$36.85 per share of Alico common stock, indicated by the foregoing analysis by 922,940, the estimated number of shares of Alico common stock used by Houlihan Lokey as the Consideration for purposes of its analysis, to derive an implied value for the Consideration of approximately \$34 million.

Alico Selected Companies Analysis. Houlihan Lokey reviewed certain data for selected companies, with publicly traded equity securities, that Houlihan Lokey deemed relevant.

The financial data reviewed included:

Enterprise value as a multiple of estimated Adjusted EBITDA for the four quarter period ended September 30, 2014, or the "LTM Period;"

Enterprise value as a multiple of estimated Adjusted EBITDA for the four quarter period ended September 30, 2015, or the "NFY;" and

Enterprise value as a multiple of estimated Adjusted EBITDA for the four quarter period ended September 30, 2016, or the "NFY+1."

Table of Contents

The selected companies included the following:

Adecoagro S.A.

AGT Food and Ingredients Inc.

Bunge Limited

Calavo Growers Inc.

Chiquita Brands International Inc.

Fresh Del Monte Produce Inc.

Limoneira Company

The resulting financial data for the selected companies was as follows:

**Enterprise Value as a Multiple of
Adjusted EBITDA for**

	LTM Period	NFY	NFY+1
Low	8.9x	9.1x	7.2x
High	25.9x	26.1x	21.2x
Median	12.3x	10.0x	8.0x
Mean	13.8x	13.0x	10.6x

Taking into account the results of the selected companies analysis, Houlihan Lokey applied selected multiple ranges of 9.0x to 10.0x to fiscal year 2015 estimated Adjusted EBITDA for Alico as reflected in the Alico Projections to derive an implied enterprise value reference range for Alico. Houlihan Lokey added the amount of Alico's cash and subtracted the amount of Alico's debt, in each case as of November 30, 2014, as provided by Alico management, from this implied enterprise value reference range to derive an implied equity value reference range for Alico. This selected companies analysis indicated an implied per share value reference range of \$31.72 to \$40.00 for the Alico common stock (derived by dividing the implied equity value reference range for Alico by the number of shares of Alico common stock outstanding as disclosed in Alico's public filings), as compared to the midpoint implied per share price of \$36.85 indicated by the discounted cash flow analysis described above, the Alico share price on November 28, 2014, of \$35.75 and the assumed price per share of \$37.58 for the Alico common stock reflected in the Merger Agreement.

Alico Selected Transactions Analysis. Houlihan Lokey considered certain financial terms of certain transactions involving target companies that Houlihan Lokey deemed relevant.

The financial data reviewed included:

Transaction value as a multiple of the Adjusted EBITDA for the last four completed quarters, or the "LTM period" prior to the announcement of the transaction; and

Transaction value as a multiple of revenue for the LTM period prior to the announcement of the transaction.

Edgar Filing: ALICO INC - Form DEFM14C

Table of Contents

The selected transactions included the following:

Date Announced	Target	Acquiror
8/11/14	Chiquita Brands International Inc.	Sucocitrico Cutrale Ltda; Banco Safra S.A., Investment Arm
5/29/14	The Hillshire Brands Company	Tyson Foods, Inc.
3/10/14	Fyffes plc	Chiquita Brands International Inc.
12/9/13	National Selection Foods, LLC	The WhiteWave Foods Company
10/18/13	Alico Inc.	Arlon Group LLC, 734 Agriculture LLC
6/11/13	Dole Food Company	DFC Holdings LLC
5/29/13	Smithfield Foods, Inc.	Henan Shineway Industry Group Co., Ltd.

The resulting financial data for the selected transactions was as follows:

	Transaction Value/Revenue	Transaction Value/Adjusted EBITDA
Low	0.34x	7.7x
High	2.74x	16.3x
Median	0.53x	10.4x
Mean	1.13x	11.0x

Taking into account the results of the selected transactions analysis, Houlihan Lokey applied selected multiple ranges of 9.5x to 10.5x to fiscal year 2015 estimated Adjusted EBITDA for Alico as reflected in the Alico Projections to derive an implied enterprise value reference range for Alico. Houlihan Lokey added the amount of Alico's cash and subtracted the amount of Alico's debt, in each case as of November 30, 2014, as provided by Alico management, from this implied enterprise value reference range to derive an implied equity value reference range for Alico. This selected transactions analysis indicated an implied per share value reference range of \$35.86 to \$44.15 for the Alico common stock (derived by dividing the implied equity value reference range for Alico by the number of shares of Alico common stock outstanding as disclosed in Alico's public filings), as compared to the midpoint implied per share price of \$36.85 indicated by the discounted cash flow analysis described above, the Alico share price on November 28, 2014, of \$35.75 and the assumed price per share of \$37.58 for the Alico common stock reflected in the Merger Agreement.

Silver Nip Grove Selected Real Estate Transactions Analysis. Houlihan Lokey considered certain financial terms of 74 real estate transactions from December 31, 2012 through September 23, 2014 involving Florida orange groves that Houlihan Lokey deemed relevant.

The financial data reviewed included:

Price as a multiple of total acres; and

Price as a multiple of tree acres.

The resulting financial data for the selected transactions was as follows:

	Price/Acre	Price/Tree Acre
Low	\$ 8,104	\$ 8,104
25 th Percentile	\$ 6,941	\$ 7,669
75 th Percentile	\$ 11,510	\$ 12,849
High	\$ 19,181	\$ 19,310
Median	\$ 10,407	\$ 11,394
Mean	\$ 11,180	\$ 11,838

Table of Contents

Taking into account the results of the selected real estate transactions analysis, Houlihan Lokey applied selected price/acre ranges of \$11,000 to \$13,000 to the number of acres constituting the Silver Nip Grove to derive an implied enterprise value reference range for Silver Nip Grove of \$52.0 million to \$61.4 million.

Silver Nip Grove Discounted Cash Flow Analysis. Houlihan Lokey performed a discounted cash flow analysis of the Silver Nip Grove by calculating the estimated net present value of the projected unlevered free cash flows expected to be generated from the Silver Nip Grove based on the Silver Nip Grove Projections. Houlihan Lokey calculated terminal values for the Silver Nip Grove by applying a range of perpetuity growth rates of 0.50% to 1.50% to the unlevered free cash flows expected to be generated from the Silver Nip Grove in 2025 as reflected in the Silver Nip Projections. The present values of Silver Nip Grove's projected unlevered free cash flows and terminal values were then calculated using discount rates ranging from 8.0% to 10.0%. The discounted cash flow analysis indicated an implied enterprise value reference range for the Silver Nip Grove of \$39.9 million to \$54.7 million.

TRB Grove Discounted Cash Flow Analysis. Houlihan Lokey performed a discounted cash flow analysis of the TRB Grove by calculating the estimated net present value of the projected unlevered free cash flows expected to be generated from the TRB Grove based on the TRB Grove Projections. Houlihan Lokey calculated terminal values for the TRB Grove by applying a range of perpetuity growth rates of 0.50% to 1.50% to the unlevered free cash flows expected to be generated from the TRB Grove in 2025 as reflected in the TRB Grove Projections. The present values of TRB Grove's projected unlevered free cash flows and terminal values were then calculated using discount rates ranging from 9.0% to 11.0%. The discounted cash flow analysis indicated an implied enterprise value reference range for the TRB Grove of \$15.2 million to \$18.9 million, with a midpoint of \$17.1 million.

Synergies Discounted Cash Flow Analysis. Houlihan Lokey performed a discounted cash flow analysis of the projected cost savings expected to be generated from the Merger as reflected in the Synergies. Based on Alico management's expectation that the cost savings reflected in the Synergies would continue in perpetuity, Houlihan Lokey applied a range of perpetuity growth rates of 2.50% to 3.50% to the annual cost savings expected to be generated from the Merger as reflected in the Synergies and discounted those cost savings to present value using discount rates ranging from 10.5% to 11.5% to derive an implied Synergies value reference range of \$6.8 million to \$8.9 million.

Implied Total Equity Value Ranges for Silver Nip Citrus

Houlihan Lokey calculated separate implied total equity value ranges for Silver Nip Citrus based on the Silver Nip Grove Selected Real Estate Transactions Analysis and the Silver Nip Grove Discounted Cash Flow Analysis.

Silver Nip Grove Selected Real Estate Transactions Analysis. Houlihan Lokey derived an implied total enterprise value reference range for Silver Nip Citrus by adding the following:

the implied enterprise reference range it derived for the Silver Nip Grove, as described above under " Silver Nip Grove Selected Real Estate Transactions Analysis,"

the amount of Silver Nip Citrus cash and cash equivalents as of September 25, 2014 as provided by Alico management, and

implied enterprise values for the TRB Grove ranging from \$17.1 million, the midpoint implied enterprise value indicated by the discounted cash flow analysis for the TRB Grove described above, to \$17.9 million, the TRB Amount, as provided by Alico management.

Houlihan Lokey subtracted from this implied total enterprise value reference range it derived for Silver Nip Citrus the debt of Silver Nip Citrus as of November 25, 2014 and an estimate of Silver Nip

Table of Contents

Citrus's transaction fees, each as provided by Alico management, to derive an implied total equity value reference range for Silver Nip Citrus (without synergies) of \$26.2 million to \$36.5 million.

Houlihan Lokey then applied the implied Synergies value range derived as described above to derive an implied total equity value reference range for Silver Nip Citrus (with synergies) of \$33.1 million to \$45.4 million. Houlihan Lokey compared these ranges to the implied value of approximately \$34.0 million it derived for the Consideration as described above under " Alico Discounted Cash Flow Analysis."

Silver Nip Grove Discounted Cash Flow Analysis. Houlihan Lokey also derived an implied total enterprise value reference range for Silver Nip Citrus by adding the following:

the implied enterprise reference range it derived for the Silver Nip Grove, as described above under " Silver Nip Grove Discounted Cash Flow Analysis,"

the amount of Silver Nip Citrus cash and cash equivalents as of September 25, 2014 as provided by Alico management,

Alico management's estimate of the net proceeds to be derived by Alico after closing from 2014-2015 Silver Nip Grove crop harvest and

implied enterprise values for the TRB Grove ranging from \$17.1 million, the midpoint implied enterprise value indicated by the discounted cash flow analysis for the TRB Grove described above, to \$17.9 million, the TRB Amount, as provided by Alico management.

Houlihan Lokey subtracted from this implied total enterprise value reference range it derived for Silver Nip Citrus the debt of Silver Nip Citrus as of November 25, 2014 and an estimate of Silver Nip Citrus' transaction fees, each as provided by Alico management, to derive an implied total equity value reference range for Silver Nip Citrus (without synergies) of \$18.8 million to \$34.4 million.

Houlihan Lokey then applied the implied Synergies value range derived as described above to derive an implied total equity value reference range for Silver Nip Citrus (with synergies) of \$25.6 million to \$43.3 million. Houlihan Lokey compared these ranges to the implied value approximately \$34.0 million it derived for the Consideration as described above under " Alico Discounted Cash Flow Analysis."

Contribution Analysis

Houlihan Lokey reviewed the number of shares of Alico common stock outstanding based on publicly available information as of November 25, 2014 and the number of shares estimated to be issued to the members of Silver Nip Citrus in the Merger as percentages of the number of shares of Alico common stock estimated to be outstanding after the Merger and compared these percentages to the percentage contributions of Alico stand-alone and Silver Nip Citrus to the combined company's:

implied equity value (based on the average of the value indications for Alico and Silver Nip Citrus referenced above),

overall production,

total acreage,

gross citrus acreage, and

net citrus acreage.

Table of Contents

Below are the results of the contribution analysis:

	Shares	
Alico	7.4	88.9%
Silver Nip Citrus	0.9	11.1%
Combined	8.3	100.0%

	Equity Value		Production (Boxes)		Total Acres		Gross Citrus Acres		Net Citrus Acres	
Alico	\$ 276.6	88.2%	3.4	70.2%	99.8	91.8%	17.4	66.2%	10.6	64.5%
Silver Nip Citrus	\$ 36.8	11.8%	1.5	29.8%	8.9	8.2%	8.9	33.8%	5.8	35.5%
Combined	\$ 313.5	100.0%	4.9	100.0%	108.7	100.0%	26.3	100.0%	16.4	100.0%

Other Matters

Houlihan Lokey was engaged by the special committee to provide an opinion to the special committee as to the fairness from a financial point of view to Alico of the Consideration to be paid by Alico in the Merger pursuant to the Merger Agreement. The special committee engaged Houlihan Lokey based on Houlihan Lokey's experience and reputation. Houlihan Lokey is regularly engaged to render financial opinions in connection with mergers, acquisitions, divestitures, leveraged buyouts, and for other purposes. Pursuant to its engagement by the special committee, Houlihan Lokey was entitled to a fee of \$400,000, \$175,000 of which became payable upon the execution of Houlihan Lokey's engagement letter with the special committee and the balance of which became payable upon the delivery of Houlihan Lokey's opinion. No portion of Houlihan Lokey's fee is contingent upon the successful completion of the transaction. Alico has also agreed to reimburse Houlihan Lokey for certain expenses and to indemnify Houlihan Lokey, its affiliates and certain related parties against certain liabilities and expenses, including certain liabilities under the federal securities laws, arising out of or relating to Houlihan Lokey's engagement.

In the ordinary course of business, certain of Houlihan Lokey's employees and affiliates, as well as investment funds in which they may have financial interests or with which they may co-invest, may acquire, hold or sell, long or short positions, or trade, in debt, equity, and other securities and financial instruments (including loans and other obligations) of, or investments in, Silver Nip Citrus, Alico, or any other party that may be involved in the Merger and their respective affiliates or any currency or commodity that may be involved in the Merger.

Houlihan Lokey and certain of its affiliates may provide investment banking, financial advisory and other financial services to Alico, Silver Nip Citrus, other participants in the Merger or certain of their respective affiliates in the future, for which Houlihan Lokey and such affiliates may receive compensation.

Third-Party Appraisal

Agri-Property Consultants, Inc. (also referred to as Agri-Property), a company that provides real estate analysis, valuation and consulting, specializing in agricultural, conservation and transitional properties, furnished to the special committee and the Alico Board summary findings, dated November 14, 2014, from its third-party appraisal of the Silver Nip Citrus groves, excluding the TRB Groves.

Table of Contents

Agri-Property's appraisal findings were directed to the special committee (in its capacity as such) and only addressed the market value of the fee simple interest in the Silver Nip Citrus groves, excluding the TRB Groves, and did not address any other aspect or implication of the Merger, the value of Silver Nip Citrus as a whole, or any other agreement, arrangement or understanding. The summary of Agri-Property's appraisal findings in this information statement is qualified in its entirety by reference to the full text of the summary appraisal findings, which is attached as Annex D to this information statement and describes the procedures followed, assumptions made and other matters considered by Agri-Property in connection with the preparation of its appraisal findings. However, neither Agri-Property's appraisal findings nor the summary of its appraisal findings and the related analyses set forth in this information statement are intended to be, and do not constitute, advice or a recommendation to the special committee, the Alico Board, any security holder of Alico or any other person as to how to act or consent with respect to any matter relating to the Merger.

You should be aware that the final appraisal report to be delivered to the Alico Board and the special committee will contain additional information that supplements, or is in addition to, the information contained in the summary appraisal findings attached as Annex D to this information statement. The final appraisal will be available for inspection and copying at Alico's principal executive offices during regular business hours by any interested shareholder or representative who has been so designated in writing.

Agri-Property's appraisers have significant experience in real estate appraisal of agricultural and rural properties. The appraisal was performed on behalf of Agri-Property by Clifford M. Bowen, Jr., a state-certified general real estate appraiser and a licensed real estate broker in the State of Florida. The special committee selected Agri-Property as the appraiser because of Mr. Bowen's experience in appraising Florida citrus properties. Agri-Property performed the appraisal in conformance with the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice. Alico imposed no limitations on the scope of the investigation by Agri-Property.

Subject Property

The Silver Nip Citrus groves (excluding the TRB Groves) consist of eight grove divisions located in six counties summarized as follows:

Division	Gross Acres	Net Tree Acres	Florida County
Ranch One	342.14	342.14	Collier
Lily	574.14	416.90	Hardee
Rawle	586.30	527.00	Highlands
Bonnet Lake	636.90	527.10	Highlands
Chancey Bay	674.00	552.65	Martin
Island Pond	1363.20	921.10	Osceola
Frostproof	904.95	847.25	Polk
Backbone	855.28	591.14	Polk
Totals	5936.91	4725.28	

The property is current used for citrus production. The appraisal states that there are a total of approximately 1,678.98 net acres of early and mid-season oranges, approximately 2,881.16 net acres of late season oranges (Valencia and Vernia) and approximately 165 acres of specialty fresh fruit varieties. All of the processed oranges except for those in the Ranch One grove are included in Silver Nip Citrus's fruit purchase contract with Tropicana commencing with the 2014-2015 citrus harvest season.

Table of Contents

Interest Valued

The purpose of the appraisal was to estimate the market value of the fee simple interest in the Silver Nip Citrus groves (excluding the TRB Groves), subject to easements, restrictions and reservations of record, existing as of November 14, 2014, and subject to a fruit contract with Tropicana commencing in the 2014-2015 crop year and running for 10 consecutive years.

Scope of Work

The scope of the appraisal included a personal comprehensive inspection of each of the subject properties. Agri-Property inspected the majority of the properties on October 7 and October 8, 2014 and inspected the Chancey Bay and Ranch One groves on November 14, 2014. Agri-Property was provided with a list of each of the divisions, including gross acreage and citrus acres, tree counts by ages, varieties and rootstocks and also provided with historical production beginning with the 2010-2011 crop year through the 2013-2014 crop year and projections for the 2014-2015 crop year. Agri-Property also reviewed previous work completed by Trigg, Catlett & Associates in 2012 and used by Prudential Agricultural Investments in evaluating the property as collateral for loan purposes.

After reviewing and assimilating the information, Agri-Property estimated a value for the property by the income approach using a discounted cash flow analysis. The income approach assumes a ten-year holding period with a potential sale of the property at the end of the holding period and estimates fruit pricing based on the terms of the existing contract with Tropicana. In addition, Agri-Property analyzed sales of citrus groves to find units of comparison to apply to Silver Nip Citrus's groves to develop an estimate of value by the sales comparison approach. Agri-Property determined that there were four comparable sales, including Silver Nip Citrus's purchase of the TRB Groves and Alico's acquisition of the Gator Grove in DeSoto County, Florida. Finally, Agri-Property reconciled the value conclusions by the two approaches used in this analysis and arrived at a final value conclusion. The cost approach to value was not used in this analysis as the subject property is an existing producing citrus grove that cannot be reproduced in its current state.

Assumptions and Limiting Conditions

Agri-Property utilized certain assumptions to determine the appraised value of the groves under the income approach and the sales comparison approach. The Appraisal reflects Agri-Property's valuation of the real estate as of November 14, 2014, in the context of the information available on such date and is subject to certain limiting conditions specified in the appraisal findings. Events occurring after the date of the appraisal and before the closing of the Merger could affect the properties or assumptions used in preparing the appraisal. Agri-Property has no obligation to update the appraisal on the basis of subsequent events.

Silver Nip Citrus has represented in the Merger Agreement that it and the Silver Nip equityholders, at Agri-Property's request, have provided to Agri-Property all information required to prepare a fair and reasonable assessment of the value of Silver Nip Citrus's groves, and that, since the date of the Merger Agreement, there has been no change, event, effect, development, circumstance or occurrence that has caused or would cause the appraiser to materially adversely revise the valuation of such groves.

Compensation and Material Relationships

Agri-Property was engaged to provide preliminary market analysis in July 2014 to the special committee and certain members of Alico's management appointed to structure the potential purchase of Silver Nip Citrus, but did not perform an appraisal at that time. Agri-Property was paid fees in the aggregate amount of \$4,025 in connection with the preliminary market analysis. In addition, Mr. Bowen previously advised the lenders to the current Silver Nip Citrus equityholders at the time of Silver Nip

Table of Contents

Citrus's acquisition of the groves from Latt Maxcy Corporation and its affiliates, and appraised the TRB Groves in connection with Silver Nip Citrus's acquisition of that property. Except as set forth above, no additional relationship existed between Alico, Silver Nip Citrus or their respective affiliates, on the one hand, and Mr. Bowen or Agri-Property, on the other hand, prior to the special committee engaging Agri-Property to appraise the Silver Nip Citrus groves.

Agri-Property has been paid fees in the aggregate amount of \$22,500 to prepare the appraisal. The fees for the appraisal were negotiated between the special committee and Agri-Property and payment thereof was not dependent upon the results of the appraisal or the completion of the Merger.

Market Value Estimate

Agri-Property concluded that the market value of the fee simple interest in the Silver Nip Citrus groves, excluding the TRB Groves, as of November 14, 2014, was \$52 million, without including any fruit on trees. The estimated real estate value does not consider any effects on value that may accrue by combining the Silver Nip Citrus groves or the Tropicana fruit contract with the other Alico assets.

NASDAQ Shareholder Approval Requirement; Written Consent of 734 Investors

Alico's common stock is listed on the NASDAQ. Pursuant to NASDAQ Listing Rules 5635(a) and (e)(4), the affirmative vote or written consent of a majority of the shares of Alico common stock, cast in person, by proxy or by written consent is required to issue shares to any director, officer or substantial shareholder (as defined by NASDAQ Listing Rule 5635(e)(3)) of Alico who has a 5% or greater interest (or such persons collectively have a 10% or greater interest), directly or indirectly, in Silver Nip Citrus or the shares of Alico common stock to be paid in the Merger, if the Stock Issuance could result in an increase in outstanding common shares or voting power of Alico by 5% or more. Accordingly, Alico's shareholders must approve the Stock Issuance.

On January 23, 2015, 734 Investors, which beneficially owned 3,725,457 shares of Alico common stock, or approximately 50.5% of Alico's issued and outstanding common stock on such date, delivered an executed written consent to Alico approving the Stock Issuance. Pursuant to 734 Investors' limited liability company agreement, 734 Investors approved the Stock Issuance at the direction of a majority of its disinterested members. The limited liability company agreement provides that 734 Agriculture, LLC, a Silver Nip Citrus equityholder, manages and generally controls the vote of the shares of Alico common stock owned by 734 Investors, except that in any transaction involving Alico, on the one hand, and 734 Agriculture or its affiliates, on the other hand, the shares of Alico common stock owned by 734 Investors are voted as directed by a majority in interest of the disinterested members of 734 Investors. These disinterested members have directed 734 Investors to approve the Stock Issuance. A copy of 734 Investors' limited liability company agreement is attached as Annex B to this information statement.

Written Consent of the Silver Nip Citrus Equityholders

On December 2, 2014, the Silver Nip Citrus equityholders unanimously executed a written consent approving and adopting the Merger Agreement and the transactions contemplated thereby, including the Merger. As a result, no further vote or action by the Silver Nip Citrus equityholders is required to approve the Merger Agreement and the transactions contemplated thereby, including the Merger.

Interests of Alico's Directors and Executive Officers in the Merger

In addition to their ownership interest in shares of Alico common stock, certain of Alico's directors and executive officers may have financial interests in the Merger that are different from, or in addition to, the interests of Alico's shareholders generally. The members of the special committee and of Alico's Board were aware of these interests, and considered these interests, among other matters, in

Table of Contents

evaluating, negotiating and adopting the Merger Agreement, and in recommending to the Alico shareholders that the Stock Issuance be approved.

Messrs. Brokaw and Trafelet are directors of Alico and may be deemed to beneficially own, in the aggregate, approximately 52% of the outstanding Alico common stock as a result of their position as the controlling persons of 734 Agriculture, which serves as the managing member of 734 Investors and generally has voting power over the shares of Alico common stock owned by 734 Investors. 734 Agriculture also owns 74.89% of the membership interests of Silver Nip Citrus. Messrs. Brokaw and Trafelet serve on the board of directors of Silver Nip Citrus. After the completion of the Merger, 734 Agriculture will own approximately 7.3% of the outstanding Alico common stock directly, assuming Alico issues approximately 800,502 shares of its common stock at the closing of the Merger. Through its management of 734 Investors, 734 Agriculture will be deemed to beneficially own an additional 45.6% of the outstanding Alico common stock at the closing of the Merger. In addition, 734 Agriculture will acquire additional shares of Alico common stock as a result of the Earnout Stock Issuance.

Mr. Wilson, Alico's Chief Executive Officer, owns 5% of the membership interests of Silver Nip Citrus directly and 20.11% of such membership interests indirectly through Rio Verde Ventures, LLC, an entity controlled by Mr. Wilson. Mr. Wilson also manages the day-to-day operations of Silver Nip Citrus and serves as a member of Silver Nip Citrus's board of directors. After the completion of the Merger, Mr. Wilson will own, directly and indirectly, approximately 2.5% of the outstanding Alico common stock. In addition, Mr. Wilson will acquire additional shares of Alico common stock as a result of the Earnout Stock Issuance.

Merger-Related Compensation

No merger-related compensation is expected to be payable to any of Alico's named executive officers in connection with the Merger, assuming that the Merger were consummated on January 16, 2015. As a result, the tabular disclosure required by Item 402(t) of Regulation S-K promulgated under the Securities Act has been omitted in this information statement.

Regulatory Approvals Required for the Merger

Alico believes that neither Alico nor Silver Nip Citrus are required to make filings or obtain approvals or clearances from any antitrust regulatory authorities in the United States or other countries to complete the transactions contemplated by the Merger Agreement. Alico must comply with applicable federal and state securities laws and the rules and regulations of the NASDAQ to issue shares of its common stock in the Merger and to file this information statement with the SEC.

Listing of the Alico Common Stock

Alico will apply to have its common stock issued and delivered as the merger consideration listed on the NASDAQ. Approval for this listing, subject to official notice of issuance, is a condition to the completion of the Merger.

Appraisal or Dissenters' Rights

No appraisal or dissenters' rights are available for Alico shareholders in connection with the Merger and the Stock Issuance.

Restrictions on Sales of Shares of Alico Common Stock Received in the Merger

The shares of the Alico common stock to be issued and delivered in connection with the Merger will not be registered under the Securities Act of 1933, as amended, and the rules and regulations

Table of Contents

promulgated thereunder, or the Securities Act. It is intended that such shares will be issued pursuant to a private placement exemption under Section 4(a)(2) of the Securities Act or other available exemptions, and they will only be able to be resold pursuant to a separate registration statement or an applicable exemption from registration (under both federal and state securities laws). This information statement does not cover resales of shares of the Alico common stock received by any person upon completion of the Merger, and no person is authorized to use this information statement in connection with any such resale.

Impact of Stock Issuance on Existing Shareholders

The Stock Issuance will dilute the ownership and voting interests of Alico's existing shareholders. It is currently expected that approximately 800,502 shares of Alico common stock, or approximately 9.8% of the Alico common stock giving effect to the Closing Stock Issuance, will be issued to the Silver Nip Citrus equityholders at closing. Additional shares of Alico common stock will be issued to such parties based on the 2014-2015 net harvest proceeds in the Earnout Stock Issuance. Therefore, the ownership and voting interests of Alico's existing shareholders will be proportionately reduced.

Accounting Treatment

Alico prepares its financial statements in accordance with GAAP. In accordance with these standards, the Merger will be accounted for as a purchase business combination whereby Alico will acquire 100% of the membership interests of Silver Nip Citrus. The assets and liabilities of Silver Nip Citrus will be consolidated with those of Alico.

Table of Contents

THE MERGER AGREEMENT

The following is a summary of the material provisions of the Merger Agreement. This summary is qualified in its entirety by reference to the Merger Agreement, a copy of which is attached as Annex A to this document and is incorporated into this information statement by reference. You should read the Merger Agreement in its entirety, as it is the legal document governing the Merger. You are also urged to read the other documents which are referred to in this information statement in order to fully understand the transactions contemplated by the Merger Agreement. See the section entitled "Where You Can Find More Information."

The Merger Agreement and this summary of its terms have been included with this document to provide you with information regarding the terms of the agreement and are not intended to modify or supplement any factual disclosures about Alico or the Merger in Alico's public reports filed with the SEC. In particular, the Merger Agreement and related summary are not intended to be, and should not be relied upon as, disclosures regarding any facts and circumstances relating to Alico or Silver Nip Citrus or their respective subsidiaries. The representations and warranties have been negotiated with the principal purpose of establishing the circumstances in which a party may have the right not to close the Merger if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and allocates risk between the parties, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from what might be viewed as material by shareholders.

Structure of the Merger

Subject to the terms and conditions of the Merger Agreement and in accordance with the FBCA, Merger Sub, a newly formed, wholly owned subsidiary of Alico, will be merged with and into Silver Nip Citrus, with Silver Nip Citrus as the surviving entity. This step is referred to as the Merger.

Upon the effectiveness of the Merger, Silver Nip Citrus will be a subsidiary of Alico. The separate corporate existence of Silver Nip Citrus will continue following the transaction, and the separate corporate existence of Merger Sub will cease.

Closing; Effective Time; Completion of the Merger

Under the terms of the Merger Agreement, the closing of the Merger will occur on the fifth business day after satisfaction or waiver of the conditions to closing (other than those conditions that by their terms are to be satisfied by actions taken at the closing, but subject to the fulfillment or waiver of those conditions), unless another date is agreed to in writing by the parties.

At the closing, Alico and Silver Nip Citrus will file a certificate of merger with the Secretary of State of the State of Florida to effect the Merger. The effective time of the Merger will be the time specified in the certificate of merger filed with the Secretary of State of the State of Florida, or at such later date as agreed upon by the parties and specified in the certificate of merger.

Alico and Silver Nip Citrus are working to complete the Merger as quickly as possible. However, because the Merger is subject to closing conditions (see the section entitled "The Merger Agreement - Conditions to Complete the Merger"), Alico and Silver Nip Citrus cannot give any assurance as to when, if ever, all the conditions to the Merger will be either satisfied or waived or that the Merger will occur and cannot predict the exact timing of the completion of the Merger. If the Merger is not completed by the end date and such end date has not been extended by mutual written consent, then either party may terminate the Merger Agreement, unless the failure to complete the transaction by such date is caused by the terminating party's breach of the Merger Agreement.

Table of Contents

Merger Consideration

At the time the Merger is effective, Alico will issue to the holders of membership interests in Silver Nip Citrus (also referred to herein as the Silver Nip Citrus equityholders) up to 1,463,544 shares of Alico common stock, adjusted as follows:

The number of shares issued will be (1) increased by the amount spent by Silver Nip Citrus to purchase groves specified in the Merger Agreement (also referred to as the TRB Groves), inclusive of any financing costs and accrued interest, (2) decreased by Silver Nip Citrus's net indebtedness at the closing of the Merger, and (3) decreased by the amount of transaction expenses Silver Nip Citrus incurs in connection with the Merger, excluding up to \$250,000 in out-of-pocket costs incurred in connection with facilitating Alico's due diligence of Silver Nip Citrus and preparing the financial statements in connection with this information statement.

The Alico common stock issued at the effective time of the Merger will be valued at \$37.58 per share for purposes of these calculations. This per share value is also referred to as the "Reference Quotient."

We currently estimate that Silver Nip Citrus's net indebtedness at the closing of the Merger will be approximately \$42.6 million and that Silver Nip Citrus will have spent approximately \$17.9 million in relation to the TRB Groves and approximately \$0.25 million in respect of transaction expenses that are subject to adjustment. Based on these estimates, we expect Alico to issue approximately 800,502 shares of its common stock to the Silver Nip Citrus equityholders at the effective time of the Merger.

The Merger will have no effect on the shares of Alico common stock owned by existing Alico shareholders.

Alico will not deliver fractional shares of its common stock in the Merger. As a result, a Silver Nip Citrus equityholder will receive cash for any fractional shares of Alico common stock that such Silver Nip Citrus equityholder would otherwise be entitled to receive in the Merger. In lieu of the issuance of any fractional share, Alico will pay to each former Silver Nip Citrus equityholder who otherwise would be entitled to receive such fractional share, an amount in cash (rounded to the nearest cent) determined by multiplying (a) \$37.58 by (b) the fraction of a share (after taking into account all membership interests held by such holder at the closing of the Merger) of Alico common stock to which such holder would otherwise be entitled.

Purchase Price Adjustment

As described above, the merger consideration will be adjusted at the closing based on (x) an estimate of Silver Nip Citrus's net indebtedness as of the closing of the Merger (referred to as the Silver Nip Citrus Net Indebtedness) calculated as (1) Silver Nip Citrus's closing date funded debt minus, (2) the aggregate of all cash amounts of Silver Nip Citrus or any of its subsidiaries outstanding as of the opening of business on the closing date closing minus (3) \$17,655,128.98 plus any interest, commitment fees and other expenses accrued or paid by Silver Nip Citrus on or prior to the closing date in connection with the TRB Groves acquisition, and (y) the estimated amount of financial, legal, accounting and other fees incurred by Silver Nip Citrus in connection with the Merger, excluding up to \$250,000 in specified transaction expenses (referred to as the Estimated Closing Adjustment Amount). The merger consideration delivered at the closing will equal the Estimated Closing Adjustment Amount (delivered to Alico at least ten (10) business days prior to closing, and subject to certain good-faith adjustments between the parties) divided by the Reference Quotient.

The Estimated Closing Adjustment Amount will then be recalculated with the actual figures to determine whether any correction is necessary. No later than ninety (90) days after the closing date, Alico will deliver to the Silver Nip Citrus equityholders (a) a statement of the Silver Nip Citrus Net Indebtedness as of the closing date (without giving effect to the Merger transaction), and (b) a

Table of Contents

statement of Silver Nip Citrus's actual financial, legal and other advisor's fees. The difference between Silver Nip Citrus's Estimated Closing Adjustment Amount and the finally determined closing adjustment amount (subject to certain good-faith adjustments between the parties), is referred to herein as the Post-Closing Adjustment.

If the Post-Closing Adjustment is a negative number, then the Silver Nip Citrus equityholders will within three (3) business days of the final determination of the closing adjustment amount deliver to Alico an amount of shares of the Alico common stock equal to (x) the absolute value of the Post-Closing Adjustment divided by (y) the Reference Quotient.

If the Post-Closing Adjustment is a positive number, then Alico will within three (3) business days of the final determination of the closing adjustment amount deliver to the Silver Nip Citrus equityholders an amount of shares of the Alico common stock, in aggregate, equal to (x) the Post-Closing Adjustment divided by (y) the Reference Quotient.

Earnout Proceeds

As additional consideration for the Silver Nip Citrus membership interests, thirty (30) days after the conclusion of Silver Nip Citrus's 2014-2015 citrus harvest season, Alico will also issue to the Silver Nip Citrus equityholders additional shares of Alico common stock based on the value of the proceeds (net of harvesting costs) received by Alico from the sale of citrus fruit harvested on Silver Nip Citrus's real property, excluding the recently acquired TRB Groves, during the 2013-2014 and 2014-2015 citrus harvest seasons. The earnout consideration will be (1) reduced by the amount of unpaid accounts payable of Silver Nip Citrus outstanding, or any other cost incurred by Silver Nip Citrus and not previously paid or capitalized, in each case on or after the opening of business on the closing date to the extent that arising out of the harvesting, picking, hauling, marketing and selling of crops growing on Silver Nip Citrus's real property (excluding the TRB groves) for the 2014-2015 citrus harvest season and (2) increased by any expenses for the 2015-2016 citrus harvest season which are prepaid on or prior to the closing date by Silver Nip Citrus.

The Merger Agreement defines the conclusion of the 2014-2015 citrus harvest season as the date at which all proceeds from the sale of citrus fruit during the 2014-2015 citrus harvest season have been paid, except that if all such proceeds have not yet been paid by March 31, 2015, that date shall be deemed the conclusion of the 2014-2015 citrus harvest season, and any proceeds received after such date will be paid out to the Silver Nip Citrus equityholders on the last date of each subsequent quarter until the parties reasonably concur that such proceeds have been paid in full.

The number of shares of Alico common stock issued in respect of the earnout consideration will be calculated as the net proceeds (adjusted as described above) divided by the average adjusted closing price per share (calculated to the nearest one-hundredth of one cent) of Alico common stock on the NASDAQ for the one hundred and eighty (180) calendar days ending on the date that is thirty (30) days after the conclusion of the 2014-2015 citrus harvest season. Alico will not issue fractional shares of its common stock in respect of this earnout consideration, and in lieu of any such fractional share, Alico will pay any such Silver Nip Citrus equityholder an amount in cash (rounded to the nearest cent) determined by multiplying (i) the one hundred and eighty (180)-day average described above and (ii) the fraction of a share (after taking into account all shares of Alico common stock to which such Silver Nip Citrus equityholder would be entitled pursuant to this paragraph) of Alico common stock to which such Silver Nip Citrus equityholder would otherwise be entitled to receive pursuant to this paragraph.

Treatment of Silver Nip Citrus Equity Awards

Each Silver Nip Citrus membership interest subject to restrictions on transfer and/or forfeiture granted under Silver Nip Citrus's limited liability company agreement or any Silver Nip Citrus benefit

Table of Contents

plan that is issued and outstanding immediately prior to the effective time, if any, will become fully vested and will be converted into the right to receive a number of shares of Alico common stock equal to the per interest merger consideration. At the effective time, all such Silver Nip Citrus interests will no longer be outstanding and will automatically be cancelled and retired and will cease to exist, and the holder or holders of such Silver Nip Citrus interests will cease to have any rights with respect thereto, except the right to receive the per interest merger consideration, without interest.

Fees and Expenses

Except with respect to costs and expenses of printing and mailing this information statement and all filing and other fees paid to the SEC in connection with the Merger, which Alico will bear, fees and expenses incurred in connection with the Merger Agreement and the transactions contemplated by the Merger Agreement will generally be paid by the party incurring such fees or expenses. However, if the closing of the Merger occurs, (i) Alico will pay any out-of-pocket, third-party fees and expenses incurred by Silver Nip Citrus or its subsidiaries in connection with the Merger, including fees and expenses of advisors, and reduce the amount of consideration issued in the Merger correspondingly (see "The Merger Agreement Purchase Price Adjustment") and (ii) Alico will also pay (without any purchase price adjustment) the lesser of (a) two hundred and fifty thousand dollars (\$250,000) and (b) all reasonably documented, out-of-pocket, third-party fees and expenses incurred by, or charged to, Silver Nip Citrus and its subsidiaries, whether paid or to be paid, in connection with (1) facilitating Alico's and its representatives' due diligence of Silver Nip Citrus and its subsidiaries and (2) preparing the financial statements in connection with this information statement.

Delivery of Consideration

The conversion of the membership interests of Silver Nip Citrus into the right to receive the merger consideration will occur automatically upon the consummation of the Merger. Immediately prior to the effective time of the Merger, Alico will deliver to the Silver Nip Citrus equityholders certificates accompanied by stock powers or other instruments of transfer duly executed in blank representing the aggregate merger consideration payable at the closing, and cash necessary to pay in lieu of fractional shares.

The merger consideration paid will be reduced by any applicable tax withholding.

Representations and Warranties

The Merger Agreement contains customary representations and warranties by Alico and Silver Nip Citrus relating to their respective businesses. With the exception of specified representations that must be true in all respects, or true and correct in all material respects, all other representations and warranties must be true and correct except for such failures to be true and correct that have not had and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect. The accuracy of each party's representations and warranties, subject to specified materiality and material adverse effect standards, is a condition to completing the Merger. See the section entitled "The Merger Agreement Conditions to Complete the Merger."

A material adverse effect with respect to Silver Nip Citrus means a change, event, effect, development, circumstance or occurrence that is materially adverse to the business or condition (financial or otherwise) of Silver Nip Citrus or any of its subsidiaries, taken as a whole. However, none of the following, and no change, event or development to the extent resulting from any of the following, will be deemed to be, or to contribute to, or be taken into account in determining whether there has been, or will be, a material adverse effect with respect to Silver Nip Citrus:

changes or developments in general economic, regulatory or political conditions (including changes in law), or in the securities, credit, foreign exchange or financial markets in general, in

Table of Contents

each case to the extent such changes do not adversely affect Silver Nip Citrus and its subsidiaries in a substantially disproportionate manner relative to other participants in the industries in which Silver Nip Citrus and its subsidiaries operate;

changes or developments in or affecting the industry in which Silver Nip Citrus and its subsidiaries operate, including changes in law, whether generally or in any particular jurisdiction, and including any adverse weather events or conditions, including storms and frosts, in each case to the extent such changes or developments do not adversely affect Silver Nip Citrus and its subsidiaries in a substantially disproportionate manner relative to other participants in the industries in which Silver Nip Citrus and its subsidiaries operate;

the failure of Silver Nip Citrus to meet projections or forecasts, provided that the underlying causes of such failure may be considered in determining whether there is a material adverse effect;

any national or international political event or occurrence, including acts of war or terrorism, to the extent such event does not adversely affect Silver Nip Citrus and its subsidiaries in a substantially disproportionate manner relative to other participants in the industries in which Silver Nip Citrus and its subsidiaries operate;

changes in GAAP or the interpretation thereof, to the extent such changes do not adversely affect Silver Nip Citrus and its subsidiaries in a substantially disproportionate manner relative to other participants in the industry in which Silver Nip Citrus and its subsidiaries operate; or

any materially adverse change in the ability of Silver Nip Citrus to consummate the transactions contemplated by the Merger Agreement.

A material adverse effect with respect to Alico means a change, event, effect, development, circumstance or occurrence that is materially adverse to the business or condition (financial or otherwise) of Alico or any of its subsidiaries, taken as a whole. However, none of the following, and no change, event or development to the extent resulting from any of the following, will be deemed to be, or to contribute to, or be taken into account in determining whether there has been or will be, a material adverse effect with respect to Alico:

changes or developments in general economic, regulatory or political conditions (including changes in law), or in the securities, credit, foreign exchange or financial markets in general, in each case to the extent such changes do not adversely affect Alico and its subsidiaries in a substantially disproportionate manner relative to other participants in the industries in which Alico and its subsidiaries operate;

changes or developments in or affecting the industry in which Alico and its subsidiaries operate, including changes in law, whether generally or in any particular jurisdiction, and including any adverse weather events or conditions, including storms and frosts, in each case to the extent such changes or developments do not adversely affect Alico and its subsidiaries in a substantially disproportionate manner relative to other participants in the industries in which Alico and its subsidiaries operate;

the failure of Alico to meet projections or forecasts, provided that the underlying causes of such failure may be considered in determining whether there is a material adverse effect;

any national or international political event or occurrence, including acts of war or terrorism, to the extent such event does not adversely affect Alico and its subsidiaries in a substantially disproportionate manner relative to other participants in the industries in which Alico and its subsidiaries operate;

Table of Contents

changes in GAAP or the interpretation thereof, to the extent such changes do not adversely affect Alico and its subsidiaries in a substantially disproportionate manner relative to other participants in the industry in which Alico and its subsidiaries operate; or

any materially adverse change in the ability of Alico to consummate the transactions contemplated by the Merger Agreement.

The representations and warranties of each of Alico, Silver Nip Citrus and the Silver Nip Citrus equityholders have been made solely for the benefit of the other party and such representations and warranties should not be relied on by any other person.

In addition, such representations and warranties:

are qualified by information set forth in confidential disclosure schedules exchanged by the parties in connection with signing the Merger Agreement the information contained in these schedules modifies, qualifies and creates exceptions to the representations and warranties in the Merger Agreement;

are qualified by information set forth in Alico's SEC reports, in the case of Alico the information contained in Alico's SEC reports qualifies, and, therefore, to the extent applicable creates exceptions to the representations and warranties in the Merger Agreement of Alico;

will not survive after the closing date, except that:

- certain fundamental representations relating to (i) Silver Nip Citrus's and Alico's organization, capitalization, and authority to enter into the Merger Agreement, (ii) Silver Nip Citrus's broker and advisor fees and (iii) the Silver Nip Citrus equityholders' organization, title to Silver Nip Citrus membership interests, authority and broker and advisor fees, will survive indefinitely or until the latest date permitted by applicable law;
- Silver Nip Citrus's representation and warranties with respect to environmental matters will survive until the three (3)-year anniversary of the closing date;
- representations and warranties with respect to taxes will survive until thirty (30) days after the expiration of the applicable statute of limitations; and
- claims specifically set forth in any claim for indemnity made by a party on or prior to the survival period termination date will survive until such claim is finally resolved;

may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties to the Merger Agreement if those statements turn out to be inaccurate; and

are subject to the materiality and material adverse effect standards described in the Merger Agreement, which may differ from what may be viewed as material by you.

Each of Alico and Silver Nip Citrus has made representations and warranties to the other regarding, among other things:

Edgar Filing: ALICO INC - Form DEFM14C

corporate organization and qualification to do business;

capital structure;

authority to execute and deliver the Merger Agreement;

financial statements;

absence of conflicts with, or violations of, organizational documents or other obligations as a result of entering into the Merger Agreement and completing the Merger;

governmental filings and consents necessary to complete the Merger;

Table of Contents

absence of litigation and investigations; and

the absence of certain changes.

In addition, Silver Nip Citrus has made other representations and warranties to Alico regarding, among other things:

absence of undisclosed liabilities;

specified contracts;

compliance with laws;

permits;

employee benefit plans;

environmental matters;

intellectual property;

labor matters;

insurance;

tax matters;

real property;

transactions with affiliates;

customers and suppliers;

appraisal; and

brokers' and advisors' fees related to the Merger.

In addition, each Silver Nip Citrus equityholder, severally and not jointly, made other representations and warranties to Alico regarding, among other things:

Edgar Filing: ALICO INC - Form DEFM14C

corporate organization and qualification to do business;

title to the Silver Nip Citrus membership interests;

authority to execute and deliver the Merger Agreement;

absence of conflicts with, or violations of, organizational documents or other obligations as a result of entering into the Merger Agreement and completing the Merger;

governmental filings and consents necessary to complete the Merger;

brokers' and advisors' fees related to the Merger;

allocation of the merger consideration; and

investment intent.

In addition, Alico has made other representations and warranties to Silver Nip Citrus and the Silver Nip Citrus equityholders regarding Alico's SEC filings, the absence of other business activity by Merger Sub and the special committee's receipt of Houlihan Lokey's fairness opinion.

Table of Contents

Conduct of Business Pending the Merger

Conduct of Business by Silver Nip Citrus

Silver Nip Citrus has agreed to customary covenants that place restrictions on it and its subsidiaries until the effective time of the Merger. Except as required by law, set forth in the Merger Agreement, or consented to in writing by Alico (which consent may not be unreasonably withheld or delayed), from the date of the Merger Agreement until the consummation of the Merger, Silver Nip Citrus has agreed to, and has agreed to cause each of its subsidiaries to (and the Silver Nip Citrus equityholders will cause each of them to):

conduct its business in the ordinary course consistent with past practice; and

use commercially reasonable efforts to preserve substantially intact its business organization and preserve its present commercial relationships with customers, suppliers, employees and other third parties.

Silver Nip Citrus further agrees that, except as required by law, set forth in the Merger Agreement (or Silver Nip Citrus's disclosure schedules thereto), or consented to in writing by Alico (which consent may not be unreasonably withheld or delayed), from the date of the Merger Agreement until the consummation of the Merger, Silver Nip Citrus will not, and has agreed to cause each of its subsidiaries not to (and the Silver Nip Citrus equityholders will cause each of them not to) do any of the following:

amend or otherwise change the governing documents of Silver Nip Citrus or any of its subsidiaries;

issue, sell or pledge, dispose of, encumber, deliver or authorize or propose the issuance, sale or pledge, disposition, encumbrance or delivery of any equity securities or other voting securities of any class of Silver Nip Citrus or any of its subsidiaries, or securities convertible into or exchangeable for any such shares, or any rights, warrants or options to acquire any such equity securities or other convertible securities of Silver Nip Citrus or any of its subsidiaries;

make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock or equity interests, except for dividends by any wholly owned subsidiary of Silver Nip Citrus to Silver Nip Citrus or any other wholly owned subsidiary of Silver Nip Citrus;

adjust, recapitalize, split, combine, subdivide, redeem, purchase, reclassify or otherwise acquire any equity securities of Silver Nip Citrus or any of its subsidiaries or other voting securities;

make or offer to make any acquisition, by means of a merger or otherwise, of any material business, assets or securities;

sell, lease, license, transfer or otherwise dispose of (by merger, consolidation or sale of equity or assets or otherwise) any corporation, partnership or other business organization or division or any of Silver Nip Citrus's material business, assets or securities, except pursuant to existing contracts or commitments for the sale or purchase of goods in the ordinary course of business consistent with past practice;

sell, lease or license any owned real property or amend, modify, terminate, surrender or renew any Silver Nip Citrus leases or enter into any new leases or licenses for any real property, except for terminations and renewals of leases in accordance with their terms;

create any lien (other than a permitted lien) on any material business, assets or securities;

adopt a plan to merge or consolidate with or into any other person, dissolve or liquidate, in a single transaction or a series of related transactions;

Edgar Filing: ALICO INC - Form DEFM14C

Table of Contents

incur or assume any indebtedness other than (a) borrowings under Silver Nip Citrus's existing agreements or credit facilities not exceeding \$2,000,000 in the aggregate, or (b) any loans, advances or capital contributions made to any other person (other than to a subsidiary) except pursuant to commitments for the sale or purchase of goods in the ordinary course of business consistent with past practice;

except as required under applicable law or the terms of any Silver Nip Citrus benefit plan existing as of the date of the Merger Agreement:

- establish, enter into, adopt, amend or terminate any Silver Nip Citrus benefit plan or other employee benefit plan, policy, agreement, arrangement or trust for the benefit or welfare of any current or former employee, officer, director or individual independent contractor of Silver Nip Citrus or any of its subsidiaries, other than amendments to any Silver Nip Citrus benefit plan in existence as of the date of the Merger Agreement in the ordinary course of business consistent with past practice that do not increase the cost to Silver Nip Citrus and its subsidiaries, in the aggregate, of maintaining such benefit plan;
- enter into any new, or amend any existing, employment, severance, retention or change of control agreement with any employee of Silver Nip Citrus or any of its subsidiaries;
- increase the compensation or benefits payable to or to become payable to any current or former employee, officer, director or individual independent contractor of Silver Nip Citrus or any of its subsidiaries (including the payment of any amounts to any such individual not otherwise due);
- grant to any of its directors, officers, employees or individual independent contractors any increase in severance or termination pay;
- pay or award, or commit to pay or award, any bonuses or incentive compensation;
- enter into any new, or amend any existing, collective bargaining agreement or similar agreement with respect to Silver Nip Citrus or any of its subsidiaries;
- take any action to accelerate any payment or benefit, or the funding of any payment or benefit, payable or to become payable to any of its directors, officers, employees or individual independent contractors;
- hire any individual having total annual compensation of \$100,000 or more; or
- terminate the employment of any individual having total annual compensation of \$100,000 or more, other than for cause;

directly or indirectly engage in any affiliate transaction (other than (a) solely among Silver Nip Citrus and its subsidiaries or (b) with respect to employment relationships and compensation, benefits, travel advances and employee loans in the ordinary course of business);

pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, contingent or otherwise), except in the ordinary course of business consistent with past practice and in accordance with their terms;

Edgar Filing: ALICO INC - Form DEFM14C

accelerate or delay collection of notes or accounts receivable in advance of or beyond their regular due dates or the dates when the same would have been collected in the ordinary course of business consistent with past practice;

delay or accelerate payment of any account payable in advance of its due date or the date such liability would have been paid in the ordinary course of business consistent with past practice;

make any change in any method of accounting other than those required by changes in accounting principles or by a governmental entity;

Table of Contents

amend, waive, fail to enforce, assign or terminate any Silver Nip Citrus material contract or enter into a written contract that would be a Silver Nip Citrus material contract if entered into prior to the Merger Agreement (except for certain contemplated financing agreements);

make any capital expenditures in excess of \$1,000,000;

enter into any new line of business outside of its existing business segment;

enter into any settlement or release with respect to any material claim relating to the business of Silver Nip Citrus;

take certain tax-related actions, including:

- making, changing or revoking any income tax election, or extending or waiving the period of limitations for the payment or assessment of any material tax of Silver Nip Citrus or any of its subsidiaries;
- settling or compromising any income tax claim, audit or dispute or any other material tax claim, audit or dispute;
- filing any amended income tax return;
- obtaining any ruling with respect to taxes or entering into any agreement with any taxing authority;
- making or surrendering any claim for a refund of taxes; or
- changing any method of reporting income or deductions for tax purposes;

take any action that would reasonably be expected to impair or materially delay Silver Nip Citrus's performance of its obligations under the Merger Agreement; or

authorize any, or commit or agree to take any, of the foregoing actions.

Conduct of Business by Alico

Alico has also agreed to customary covenants that place restrictions on it and its subsidiaries until the effective time of the Merger. Except as required by law, set forth in the Merger Agreement, or consented to in writing by Silver Nip Citrus (which consent may not be unreasonably withheld or delayed), from the date of the Merger Agreement until the consummation of the Merger, Alico has agreed to, and has agreed to cause each of its subsidiaries to:

conduct its business in the ordinary course consistent with past practice; and

use commercially reasonable efforts to preserve substantially intact its business organization and preserve its present commercial relationships with customers, suppliers, employees and other third parties.

Edgar Filing: ALICO INC - Form DEFM14C

Alico further agrees that, except as required by law, set forth in the Merger Agreement (or Alico's disclosure schedules thereto) or consented to in writing by Silver Nip Citrus (which consent may not be unreasonably withheld or delayed), from the date of the Merger Agreement until the consummation of the Merger, Alico will not, and will cause each of its subsidiaries not to do any of the following:

amend or otherwise change the governing documents of Alico or any of its subsidiaries in a manner that would adversely affect the economic benefits of the Merger to the Silver Nip Citrus equityholders or that would impede Alico's ability to consummate the transactions contemplated by the Merger Agreement;

take any action, or knowingly fail to take any action, which action or failure to act prevents or impedes, or could reasonably be expected to prevent or impede, the Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code;

take any action that would reasonably be expected to impair or materially delay Alico's performance of its obligations under the Merger Agreement; or

Table of Contents

authorize any, or commit or agree to take any, of the foregoing actions.

Efforts to Complete the Merger

Subject to the terms and conditions of the Merger Agreement, Alico and Silver Nip Citrus have agreed to use reasonable best efforts to promptly take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under the Merger Agreement and applicable laws to consummate and make effective as promptly as practicable after the date of the Merger Agreement the transactions contemplated by the Merger Agreement, including:

preparing as promptly as practicable all necessary applications, notices, petitions, filings, ruling requests and other documents and obtaining as promptly as practicable all consents, waivers, licenses, orders, registrations, approvals, permits, rulings, authorizations and clearances necessary or advisable to be obtained from any governmental entity or person in order to consummate the transactions contemplated by the Merger Agreement; and

taking all steps, as promptly as practicable, as may be necessary to obtain all such approvals.

Alico and Silver Nip Citrus also agreed to make all filings required by the Securities Act and the Exchange Act and any other applicable federal or state securities law. Each party will supply as promptly as practicable any additional information or documentation that may be requested pursuant to the securities laws.

Alico and its subsidiaries are not required, and Silver Nip Citrus and its subsidiaries are not permitted (without Alico's written consent in its sole discretion), (1) to take any action, or commit to take any action, or agree to any condition or restriction, involving Alico, Silver Nip Citrus or their respective subsidiaries in connection with obtaining any governmental approvals, that would have, or would be reasonably likely to have, individually or in the aggregate, a material adverse effect on Silver Nip Citrus, or Alico and its subsidiaries taken as a whole, in each case measured on a scale relative to Alico and its subsidiaries taken as a whole; or (2) to commit to pay any amount or incur any obligation in favor of or offer or grant any accommodation (financial or otherwise, regardless of any provision to the contrary in the underlying contract) to any person to obtain any third-party approval; provided, that, if requested by Alico, Silver Nip Citrus and its subsidiaries will commit to pay such amount, or incur such obligation in favor of or offer or grant such accommodation, so long as such commitment, obligation, or accommodation is binding on Silver Nip Citrus and its subsidiaries only if the closing occurs.

Other Covenants and Agreements

Public Announcements

Alico, on the one hand, and Silver Nip Citrus, on the other hand, will consult with one another and obtain one another's approval (such approval not to be unreasonably withheld or delayed) before issuing or permitting any agent or affiliate to issue any press release, or otherwise making or permitting any agent or affiliate to make any public statements, with respect to the transactions contemplated by the Merger Agreement, and will not issue any such press release or make any such public statement prior to such consultation and approval. However, each party may make any such announcement which it in good faith believes, based on advice of counsel, is necessary or advisable in connection with any requirement of law, it being understood and agreed that each party will provide the other parties with copies of any such announcement in advance of such issuance.

NASDAQ Listing

Alico will use reasonable best efforts to cause the shares of its common stock to be issued in the Merger to be approved for listing on the NASDAQ or such other primary stock exchange on which the Alico common stock is then listed, subject to official notice of issuance, prior to the effective time.

Table of Contents

Employee Benefit Matters

From and after the closing date, the employees of the Silver Nip Citrus and its subsidiaries who are employed by Silver Nip Citrus or any of its subsidiaries as of the closing date and who remain employed with Alico and its subsidiaries thereafter will be offered participation and coverage under Alico's and its subsidiaries' compensation and benefit plans that are provided to similarly situated employees of Alico and its subsidiaries from time to time. Alico may satisfy this obligation by continuing the participation and coverage of continuing Silver Nip Citrus employees under Silver Nip Citrus's benefit plans as in effect immediately prior to the closing date.

For purposes of vesting, eligibility to participate and accrual of benefits under Alico benefit plans providing benefits to any continuing Silver Nip Citrus employees after the closing date, each continuing Silver Nip Citrus employee will be credited with his or her years of service with Silver Nip Citrus and its subsidiaries before the closing date, to the same extent as that employee was entitled, before the closing date, to credit for such service under any similar Silver Nip Citrus benefit plan in which the employee participated or was eligible to participate immediately prior to the closing date, subject to certain limitations. In addition, to the extent legally permissible, Alico will use commercially reasonable efforts:

to cause each continuing Silver Nip Citrus employee to be immediately eligible to participate, without any waiting time, in any and all applicable Silver Nip Citrus benefit plans to the extent coverage under such plan is replacing comparable coverage under a Silver Nip Citrus benefit plan in which the employee participated immediately before the closing date;

for purposes of each applicable Silver Nip Citrus benefit plan providing medical, dental, pharmaceutical, life insurance and/or vision benefits to any continuing Silver Nip Citrus employee, to cause all pre-existing condition exclusions and actively-at-work requirements of such plan to be waived for such employee and his or her covered dependents, unless such conditions would not have been waived under the comparable Silver Nip Citrus benefit plan in which such employee participated immediately prior to the closing date; and

for purposes of each applicable Silver Nip Citrus benefit plan providing medical, dental, pharmaceutical, life insurance and/or vision benefits to any continuing Silver Nip Citrus employee, to cause any eligible expenses incurred by a continuing Silver Nip Citrus employee and his or her covered dependents during the portion of the plan year of an applicable Silver Nip Citrus benefit plan ending on the date such employee's participation in the corresponding Alico benefit plan begins to be taken into account under such plan for purposes of satisfying all deductible, coinsurance, maximum out-of-pocket and lifetime maximum limitations or requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with Alico benefit plan.

Alico has also agreed to honor all obligations under the Silver Nip Citrus benefit plans in accordance with their terms as in effect immediately before the closing date.

Manager and Officer Insurance

Alico has agreed that, until the six (6)-year anniversary date of the effective time, the surviving corporation's governing documents will contain provisions no less favorable with respect to indemnification of the current and former managers and officers of Silver Nip Citrus than are currently provided in Silver Nip Citrus's governing documents, which provisions will not be amended, repealed or otherwise modified in any manner that would adversely affect the rights thereunder of any such individuals until the expiration of the statutes of limitations applicable to such matters or unless such amendment, modification or repeal is required by applicable law.

Table of Contents

Without limiting the provisions of the above paragraph, until the six (6)-year anniversary date of the effective time, the surviving corporation will:

indemnify and hold harmless each current and former manager and officer of Silver Nip Citrus against and from any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any judgment, suit, litigation, arbitration, claim, action, complaint, injunction, order, dispute, inquiry or proceeding to the extent arising out of or pertaining to:

any action or omission or alleged action or omission in such manager's or officer's capacity as such; or

the Merger Agreement and any of the transactions contemplated by the Merger Agreement; and

pay in advance of the final disposition of any such judgment, suit, litigation, arbitration, claim, action, complaint, injunction, order, dispute, inquiry or proceeding, the expenses (including reasonable attorneys' fees) of any current or former manager or officer of Silver Nip Citrus upon receipt of an undertaking by or on behalf of such manager or officer to repay such amount if it is ultimately determined that such manager or officer is not entitled to be indemnified.

Neither Alico nor the surviving corporation will (and Alico will cause the surviving corporation not to) settle or compromise or consent to the entry of any judgment or otherwise terminate any judgment, suit, litigation, arbitration, claim, action, complaint, injunction, order, dispute, inquiry or proceeding of a current or former manager or officer of Silver Nip Citrus for which indemnification may be sought under this paragraph unless such settlement, compromise, consent or termination includes an unconditional release of such manager or officer from all liability arising out of such action.

Alico will use its reasonable best efforts (and Silver Nip Citrus will cooperate prior to the effective time in these efforts) to maintain in effect for a period of six (6) years after the effective time Silver Nip Citrus's existing directors' and officers' liability insurance policy (provided that Alico may substitute therefor policies of at least the same coverage and amounts containing terms and conditions which are substantially no less advantageous. However, Alico will not be obligated to make aggregate annual premium payments for such six (6)-year period in respect of such policy (or coverage replacing such policy) that exceed 200% of the annual premium payments on Silver Nip Citrus's current policy in effect as of the date of the Merger Agreement. If the amount of the premiums necessary to maintain or procure such insurance coverage exceeds the specified maximum amount, Alico will use its reasonable best efforts to maintain the most advantageous policies of directors' and officers' liability insurance obtainable for a premium equal to the specified maximum amount. In lieu of the foregoing, either Alico or Silver Nip Citrus may obtain, on or prior to the effective time, a prepaid tail policy. However, the cost of such policy must not exceed 200% of the specified maximum amount.

These indemnification provisions will survive the consummation of the Merger and are intended to benefit, and will be enforceable by, any person or entity referred to therein (whether or not parties to the Merger Agreement). The indemnification provided for will not be deemed exclusive of any other rights to which the indemnified party is entitled pursuant to law or any contract set forth in the Silver Nip Citrus disclosure schedules.

Tax Matters

Until the effective time of the Merger, Silver Nip Citrus is required, among other things, to file all material tax returns, pay all taxes due and payable, and accrue reserves for taxes payable but not yet due in accordance with past practice.

Following the closing, the Silver Nip Citrus equityholders will be required to indemnify Alico for certain taxes, including any taxes imposed on Silver Nip Citrus for any pre-closing period, any taxes of the Silver Nip Citrus equityholders or any of their affiliates for any period and any taxes imposed on the Silver Nip Citrus equityholders as a result of the Merger. The Silver Nip Citrus equityholders'

Table of Contents

obligation to indemnify Alico for such taxes will survive until the date that is thirty (30) days after the expiration of the applicable statute of limitations.

Alico will have the exclusive right to control any tax audit or proceeding. With respect to any such audit or proceeding for a pre-closing period which includes an issue for which Alico is entitled to indemnification, Alico will be required to keep the Silver Nip Citrus equityholders reasonably informed and to consult with the Silver Nip Citrus equityholders before taking any significant action and the Silver Nip Citrus equityholders will have the right to approve any settlement of such audit or proceeding.

Alico will pay and be responsible for 100% of all transfer taxes that may be imposed in connection with the transactions with respect to any of Silver Nip Citrus's real property.

Allocation Schedule

Silver Nip Citrus will provide Alico with a certificate signed by a duly authorized officer of Alico setting forth the calculation as of the closing date of the applicable per interest merger consideration.

Silver Nip Citrus Credit Facility

Silver Nip Citrus will use commercially reasonable efforts to obtain, on or before the closing date, the necessary consent of Prudential Mortgage Capital Company, LLC to (a) allow the Silver Nip Citrus credit facility to remain in effect after the effective time with no default or event of default thereunder resulting from the Merger or the consummation of the other transactions contemplated thereby and (b) terminate Silver Nip Citrus's and its subsidiaries' obligations under certain sections of the Silver Nip Citrus credit facility with no (i) reduction of the outstanding amounts or lending or other financing commitments thereunder or (ii) shortening of any maturity thereunder. However, Alico and its subsidiaries are not required, and Silver Nip Citrus and its subsidiaries are not permitted (without Alico's express written consent in its sole discretion) to accept any terms or conditions, commit to pay any amount, incur any obligation in favor of or offer or grant any accommodation (financial or otherwise, regardless of any provision to the contrary in the Silver Nip Citrus credit facility) to any person to obtain any such consent; provided, that, if requested by Alico, Silver Nip Citrus and its subsidiaries will accept such terms or conditions, commit to pay such amount or incur such obligation in favor of or offer or grant such accommodation, so long as such terms and conditions, commitment, obligation or accommodation are binding on Silver Nip Citrus and its subsidiaries only if the closing occurs. Silver Nip Citrus will deliver to Alico copies of all draft agreements to be provided to its lender in connection with obtaining the credit facility consents prior to the dissemination, and will keep Alico informed in all material respects of the status of Silver Nip Citrus's efforts to obtain the credit facility consents. Alico will cooperate with Silver Nip Citrus to obtain the credit facility consents to the extent reasonably requested by Silver Nip Citrus. To the extent required by Prudential Mortgage Capital Company, LLC, Silver Nip Citrus will use its reasonable best efforts to deliver to Alico, prior to closing, an estoppel certificate with respect to each Silver Nip Citrus lease.

Alico Credit Facility

Alico will use commercially reasonable efforts to obtain, on or before the closing date, the necessary consent of Rabo AgriFinance, Inc., to waive any requirement that Silver Nip Citrus and its subsidiaries guarantee, or incur any liens to secure, certain obligations (as defined in Alico credit facility), with no (a) reduction of the outstanding amounts or lending or other financing commitments thereunder or (b) shortening of any maturity thereunder; provided, that Alico may not accept any terms or conditions with respect to the credit facility that are not commercially reasonable. Silver Nip Citrus will cooperate with Alico to obtain the credit facility consents to the extent reasonably requested by Alico. To the extent required by Rabo AgriFinance, Inc., Silver Nip Citrus will use its reasonable best efforts to deliver to Alico, prior to closing, an estoppel certificate with respect to each Silver Nip Citrus lease.

Table of Contents

Alico Common Stock Dispositions

Each of the Silver Nip equityholders has agreed that any dispositions after the closing of the Merger of any shares of Alico common stock received as part of the Stock Issuance and owned or controlled by such Silver Nip equityholder will (a) comply with all applicable securities laws and any insider and restricted trading policies of Alico then applicable to such Silver Nip equityholder and (b) be executed following reasonable consultation with Alico in an effort to optimize the capital market effect of any such disposition, including to minimize to the extent reasonable possible any anticipated negative impact on the trading price of the Alico common stock.

General Indemnification

Subject to the terms and conditions of the Merger Agreement, Alico and the Silver Nip Citrus equityholders will indemnify, defend and hold each other and/or their respective officers, directors, employees, affiliates and/or agents harmless from any damages, losses, liabilities, obligations, taxes, claims of any kind, interest or expenses (including, without limitation, reasonable attorneys' fees and expenses) suffered or paid as a result of, in connection with, or arising out of (a) any breach of certain fundamental representations or warranties made by Alico or Silver Nip Citrus, as applicable (read without reference to materiality or material adverse effect) and (b) any breach by Alico, Silver Nip Citrus or Merger Sub, as applicable, of any of the covenants or agreements contained in the Merger Agreement.

The Merger Agreement also provides for the Silver Nip Citrus equityholders to indemnify, defend and hold Alico and/or their respective officers, directors, employees, affiliates and/or agents harmless from any damages, losses, liabilities, obligations, taxes, claims of any kind, interest or expenses (including, without limitation, reasonable attorneys' fees and expenses) suffered or paid as a result of, in connection with, or arising out of certain excluded taxes and retained liabilities specified in the Merger Agreement.

The indemnification by Alico or the Silver Nip Citrus equityholders will equal the amount of all losses net of any amounts recovered by the indemnified party under insurance policies or other collateral sources (including contractual indemnities of any person which are contained outside of the Merger Agreement). Alico's maximum indemnification obligation is capped at the value of the Alico common stock issued in the Closing Stock Issuance. Silver Nip Citrus equityholders will be severally liable for any indemnification claim, for which each Silver Nip Citrus equityholder's maximum liability will equal the shares of Alico common stock received by such Silver Nip Citrus equityholder in the Merger.

The limitations on indemnification described above will not apply to any losses arising out of fraud or knowing misrepresentation solely with respect to the party committing such fraud or knowing misrepresentation.

Subject to the terms of the Merger Agreement and the paragraphs above, Alico will make any applicable indemnification payment to the Silver Nip Citrus equityholder indemnitees by wire transfer of immediately available funds, and each Silver Nip Citrus equityholder will make any applicable indemnification payment to Alico either through wire transfer of immediately available funds or by delivery of shares of the Alico common stock, generally be valued at \$37.58 per share (however, if the average adjusted closing price per share (calculated to the nearest one-hundredth of one cent) of the Alico common stock on the NASDAQ for the one hundred and eighty (180) calendar days ending on such payment date is less than \$33.82 or exceeds \$41.34, then the Alico common stock will be valued at such 180 day average).

Table of Contents

Conditions to Complete the Merger

Each of Alico's and Silver Nip Citrus's obligations to complete the Merger is subject to the satisfaction at or prior to the effective time of the following conditions, which are referred to as the mutual conditions:

the Stock Issuance shall have been approved by a majority of the shares of Alico common stock cast in person, by proxy or by written consent with respect to the Stock Issuance and, if such approval is obtained through action by written consent, an information statement shall have been delivered to the Alico shareholders and twenty (20) days shall have elapsed from the date of delivery;

the shares of the Alico common stock to be issued in the Merger shall have been authorized for listing on the NASDAQ or such other primary stock exchange on which the Alico common stock is then listed, subject to official notice of issuance;

the requisite governmental approvals shall have been obtained and shall remain in full force and effect; and

the absence of any statute, rule, regulation, executive or other order enacted, issued, promulgated or enforced by any governmental entity; the absence of any temporary restraining order, or preliminary or permanent injunction or other judgment or order issued by any court of competent jurisdiction that prohibits or prevents the completion of the Merger.

The obligations of Alico and Merger Sub to complete the Merger is also subject to the satisfaction, or waiver by Alico, at or prior to the effective time, of the following conditions:

Silver Nip Citrus's representations and warranties condition:

- the accuracy, as of the date of the Merger Agreement and of the closing date (except to the extent such representations and warranties expressly relate to a specific date, in which case as of such date), of the representations and warranties of (i) Silver Nip Citrus relating to organization, capitalization, authority, brokers fees and commissions, transactions with affiliates and the absence of any Silver Nip Citrus material adverse effect, and (ii) the Silver Nip Citrus equityholders relating to organization, title to the Silver Nip Citrus membership interests, authority and brokers fees and commissions; and
- the accuracy (without giving effect to any qualifications or limitations as to "materiality" or "material adverse effect" set forth therein), as of the date of the Merger Agreement and as of the closing date, of all of Silver Nip Citrus's and the Silver Nip Citrus equityholders' other representations and warranties contained in the Merger Agreement, except for such failures to be true and correct as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Silver Nip Citrus;

Silver Nip Citrus, its subsidiaries and the Silver Nip Citrus equityholders shall have performed in all material respects all of the obligations required to be performed by each of them under the Merger Agreement at or prior to the effective time;

Alico shall have received a certificate signed on behalf of Silver Nip Citrus by the Chief Executive Officer or the Chief Financial Officer of Silver Nip Citrus to the effect that the closing conditions with respect to Silver Nip Citrus's representations and warranties and performance of all of the obligations under the Merger Agreement have been fulfilled;

Alico shall have received a certificate signed on behalf of each Silver Nip Citrus equityholder by an authorized officer of such Silver Nip Citrus equityholder to the effect that the closing conditions with respect to each such Silver Nip Citrus equityholder's representations and warranties and performance of all of the obligations under the Merger Agreement have

been fulfilled;

Table of Contents

the consents, waivers and approvals set forth in the Silver Nip Citrus disclosure schedules shall have been received and shall remain in full force and effect;

the special committee shall have received the final appraisal of the Silver Nip Citrus groves;

the audit of Silver Nip Citrus's 2014 consolidated financial statements, which shall include an unqualified audit opinion, shall have been completed and delivered to Alico;

Alico shall have received evidence of ownership for each of Silver Nip Citrus's subsidiaries; and

Alico shall have received resignations of each applicable member of Silver Nip Citrus and each of its subsidiaries' board of directors or managers, effective as of the closing of the Merger.

The obligation of Silver Nip Citrus to complete the Merger is also subject to the satisfaction, or waiver by Silver Nip Citrus, at or prior to the effective time, of the following conditions:

Alico's representations and warranties condition:

- the accuracy, as of the date of the Merger Agreement and of the closing date (except to the extent such representations and warranties expressly relate to a specific date, in which case as of such date), of the representations and warranties of Alico relating to organization, capitalization (other than *de minimis* inaccuracies), authority, and brokers fees and commissions; and
- the accuracy (without giving effect to any qualifications or limitations as to "materiality" or "material adverse effect" set forth therein), as of the date of the Merger Agreement and of the closing date, of all of Alico's other representations and warranties contained in the Merger Agreement, except for such failures to be true and correct as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Alico;

Alico and Merger Sub shall have performed in all material respects all of the obligations required to be performed by each of them under the Merger Agreement at or prior to the effective time; and

Silver Nip Citrus shall have received a certificate signed on behalf of Alico by the Chief Executive Officer or the Chief Financial Officer of Alico to the effect that the closing conditions with respect to Alico's representations and warranties and performance of all of the obligations under the Merger Agreement have been fulfilled.

No assurance can be provided as to when or if all of the conditions to the Merger can or will be satisfied or waived by the appropriate party. As of the date of this information statement, Alico and Silver Nip Citrus have no reason to believe that any of these conditions will not be satisfied.

Termination of the Merger Agreement

The Merger Agreement may be terminated and the transactions contemplated by the Merger Agreement may be abandoned at any time prior to the completion of the Merger by the mutual written consent of Alico and Silver Nip Citrus. Also, subject to specified qualifications and exceptions, either Alico or Silver Nip Citrus may terminate the Merger Agreement at any time prior to the completion of the Merger if:

Edgar Filing: ALICO INC - Form DEFM14C

a final, non-appealable order, decree or ruling permanently enjoining, restraining or prohibiting the Merger has been issued by a court or other governmental entity of competent jurisdiction, provided, that the terminating party will have used reasonable best efforts to remove such order, decree ruling or action;

any of the representations and warranties of the other party, subject to specified materiality thresholds and qualifiers included in the parties' disclosure schedules, fails to be true and correct, or if the other party breaches or fails to perform in any material respect any of its covenants, and such failure or breach will give rise to a failure of the closing conditions relating

Table of Contents

to the representations and covenants of such party, and such breach has not been cured by the earlier of (a) thirty (30) business days of receiving notice of such breach or (b) the end date; provided that the terminating party is not then in breach of any of its own representations, warranties, covenants or agreements that would give rise to a failure of the closing conditions relating to the representations and covenants of such terminating party; or

the Merger does not occur on or before April 30, 2015 (referred to as the end date) and the failure of the Merger to occur is not a proximate result of the terminating party's failure to perform any material covenant or obligation under the Merger Agreement.

Effect of Termination

In the event of the termination of the Merger Agreement pursuant to the termination section of the Merger Agreement, the entire Merger Agreement is void (and there will be no liability or obligation on the part of Alico or Silver Nip Citrus or their respective officers, directors or equityholders) with the exception of (a) the provisions relating to public announcement of the Merger, the termination effect provision itself, a certain confidentiality provision, and certain miscellaneous provisions and (b) any liability of any party for any willful breach of the Merger Agreement prior to such termination.

Governing Law; Specific Performance

The Merger Agreement is governed by and construed in accordance with the laws of the State of Florida, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Florida or any other jurisdiction) that would cause the application of the law of any jurisdiction other than the State of Florida.

Each party agrees that, in the event of any breach or threatened breach by any other party of any covenant or obligation contained in the Merger Agreement, the non-breaching party is entitled to seek and obtain an injunction, specific performance and other equitable relief to prevent any such breach or threatened breach and to enforce specifically the terms and provisions of the Merger Agreement, in addition to any other remedy to which they are entitled.

Amendment of the Merger Agreement; Extension and Waiver

The Merger Agreement may be amended or modified only by a written agreement executed and delivered by duly authorized officers of Alico and Silver Nip Citrus. The Merger Agreement may not be amended or modified except as provided in the immediately preceding sentence and any amendment by any party effected in a manner which does not comply with the Merger Agreement is void.

At any time prior to the closing, the parties may (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any inaccuracies in the representations and warranties of the other party contained in the Merger Agreement or in any documents delivered pursuant to the Merger Agreement on the part of the other party or (c) waive compliance by the other party with any of the agreements or conditions contained in the Merger Agreement on the part of the other party. Any agreement on the part of any party to any such extension or waiver is valid only if set forth in a written instrument signed on behalf of such party. The failure or delay on the part of any party to assert any of its rights hereunder will not constitute a waiver of such rights.

Table of Contents

THE COMPANIES

Alico, Inc.

Alico is a Florida agribusiness and land management company backed by a legacy of achievement and innovation in citrus, sugar, cattle and resource conservation. Alico owns approximately 113,600 acres of land in eight (8) Florida counties (Alachua, Charlotte, Collier, DeSoto, Glades, Hendry, Lee and Polk). Alico's principal lines of business are citrus groves, improved farmland including sugar cane, cattle ranching and conservation and related support operations. Alico also receives royalties from rock mining and oil production. Alico's mission is to create value for its customers, clients and shareholders by managing existing lands to their optimal current income and total returns, opportunistically acquiring new agricultural assets and producing high quality agricultural products while exercising responsible environmental stewardship.

For the fiscal year ended September 30, 2014, Alico had total revenues of approximately \$88.7 million and a net income of approximately \$8.1 million. Alico's consolidated assets as of September 30, 2014 were approximately \$203.6 million. Alico currently has approximately 281 full-time employees, including approximately 235 employees in its citrus groves' division. Alico is listed on the NASDAQ under the symbol "ALCO."

Alico is a Florida corporation originally founded in 1960. The principal executive office of Alico is located at 10070 Daniels Interstate Court, Suite 100, Fort Myers, FL 33913 and its telephone number is (239) 226-2000. Alico's internet website is <http://www.alicoinc.com>. The information provided on Alico's website is not part of this information statement and is not incorporated herein by reference.

734 Citrus Holdings, LLC

Silver Nip Citrus, is a Florida limited liability company that owns approximately 7,434 acres, consisting primarily of citrus groves in six (6) Florida counties (Polk, Hardee, Osceola, Martin, Highlands and Collier). Silver Nip Citrus harvests fruit and provides grove caretaking services to several growers. Silver Nip Citrus was organized for the purpose of acquiring citrus groves, and effective December 31, 2012, it purchased citrus groves, in addition to equipment and related assets, from the Latt Maxcy Corporation and its affiliates. Silver Nip Citrus currently has approximately 57 full-time employees.

The principal executive office of Silver Nip Citrus is located at 181 Highway 360 East, Frostproof, FL 33843 and its telephone number is (863) 635-3399.

734 Sub, LLC

734 Sub, LLC, which we refer to as Merger Sub, is a Florida limited liability company and wholly owned subsidiary of Alico, formed on October 2, 2014 for the sole purpose of effectuating the transaction. Merger Sub has not engaged in and will not engage in any activities other than activities incidental to its formation and in connection with or contemplated by the Merger. Merger Sub's principal executive office is located at 10070 Daniels Interstate Court, Suite 100, Fort Myers, FL 33913 and its telephone number is (239) 226-2000.

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF SILVER NIP CITRUS

Management's discussion and analysis, or MD&A, of the results of operations and financial condition, is provided as a supplement to the audited and unaudited financial statements and notes thereto included elsewhere in this information statement to help provide an understanding of Silver Nip Citrus's financial condition, changes in financial condition and results of operations. The information included in this MD&A should be read in conjunction with the financial statements included in this information statement. This discussion and analysis contains forward-looking statements that involve risks and uncertainties. See the section entitled "Cautionary Statement Regarding Forward-Looking Statements" included elsewhere in this information statement.

Cautionary Statement

Forward-looking statements regarding Silver Nip Citrus's financial condition and results of operations are based upon Silver Nip Citrus's financial statements, which have been prepared in accordance with GAAP, as well as projections for the future. The preparation of these financial statements requires Silver Nip Citrus's management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Silver Nip Citrus evaluates its estimates on an ongoing basis. Silver Nip Citrus estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The results of Silver Nip Citrus's estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Although Silver Nip Citrus believes the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements.

Overview

Silver Nip Citrus harvests fruit on approximately 4,700 net tree acres of citrus and provides grove caretaking services to several growers and increased its net tree acres by acquiring an additional 1,100 acres in September 2014.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. Management evaluates the estimates and assumptions on an on-going basis, based upon historical experience and various other factors and circumstances. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results may vary from these estimates and assumptions under different future circumstances. The following critical accounting policies have been identified that affect the more significant judgments and estimates used in the preparation of the consolidated financial statements.

Revenue Recognition

Revenue from citrus crops is recognized at the time the crop is harvested and delivered to the customer. Receivables from crops sold are recorded for the estimated proceeds to be received from the customer. Differences between the estimates and the final realization of revenues can be significant, and the differences between estimated and final results can be either positive or negative. During the periods presented in these financial statements, no material adjustments were made to the reported revenues from the sale of citrus crops.

Table of Contents

Caretaking and harvesting revenues of approximately \$123,000 and \$359,000 for the year ended June 30, 2014 and the period from October 19, 2012 (date of inception) through June 30, 2013, respectively, which are included in fruit and other revenues in the statement of income, are recognized as the services are provided. Caretaking revenues are primarily from citrus groves owned individually by related parties of the Silver Nip Citrus equityholders.

Accounts Receivable

Accounts receivable are customer obligations resulting from the sale of citrus fruit and grove caretaking services. Silver Nip Citrus provides for an allowance for doubtful accounts which is estimated based on the Silver Nip Citrus's historical losses, existing economic conditions within the industry and the financial stability of its customers.

Inventories

The costs of growing crops include production costs and certain allocable indirect costs, that are capitalized into inventory until the time of harvest. Such costs are expensed when the crops are harvested and are recorded in growing, caretaking, and other direct costs in the statements of operations. Inventories are stated at the lower of cost or net realizable value. The cost for unharvested citrus crops is based on accumulated production costs incurred during the period from January 1 through the balance sheet date.

Other inventories consist of fuel, spray oil, and palm trees and are valued at the lower of cost or market.

Land Held for Sale

Silver Nip Citrus classifies land as held for sale in the period in which all of the following criteria are met: a) management with the appropriate authority commits to a plan to sell the asset, b) the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets, c) an active program to locate a buyer and other actions required to complete the plan of sale have been initiated, d) the sale of the property or asset within one year is probable and will qualify for accounting purposes as a sale, e) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and f) actions required to complete the plan of sale indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Office equipment and furniture	5-7
Equipment, irrigation and vehicles	7-15
Buildings and improvements	10-20
Citrus trees	20

Costs of planting and developing citrus groves are capitalized until the groves become commercially productive, at which time Silver Nip Citrus ceases capitalization of costs and commences depreciation.

Table of Contents

Impairment of Long-Lived Assets

Long-lived assets are evaluated for impairment when events or circumstances indicate that the carrying amounts of the assets may not be recoverable. When any such impairment exists, the related assets will be written down to fair value. No impairment losses were recognized by Silver Nip Citrus for the year ended June 30, 2014 and the period from October 19, 2012 (date of inception) through June 30, 2013.

Contingent Consideration Arrangement

Silver Nip Citrus estimates the fair value of contingent consideration arrangements issued in business combinations using various valuation approaches, reflecting Silver Nip Citrus's assessment of the assumptions market participants would use to value the consideration. The fair value of the liability classified as a contingent consideration arrangement is re-measured at each reporting period, with any changes in the fair value recorded as income or expense.

Income Taxes

Silver Nip Citrus has elected to be treated as a Corporation for federal income tax purposes beginning October 1, 2013. Consequently, federal income taxes were not payable by Silver Nip Citrus up to September 30, 2013. The Silver Nip Citrus equityholders were taxed individually on their share of Silver Nip Citrus's earnings. Therefore, no provision or liability for federal income taxes has been included in the financial statements as of June 30, 2013.

Silver Nip Citrus identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the balance sheet. Silver Nip Citrus has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, Silver Nip Citrus would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. Silver Nip Citrus's open tax years subject to examination by the Internal Revenue Service and the Florida Department of Revenue generally remain open for three (3) years from the date of filing.

From October 1, 2013 and going forward, income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consists of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences to reflect the net tax effects between the basis of assets and liabilities for consolidated financial statement and income tax purposes. The differences relate primarily to depreciable assets, net operating losses, and differences in the method of account for fruit and other receivables, fruit inventory, prepaid expenses and other assets, accounts payable and accrued expenses. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

Fair Value of Financial Instruments

FASB ASC Topic 820 "Fair Value Measurements and Disclosure" establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Valuation based on quoted prices in active markets for identical assets or liabilities.

Level 2 Valuation based on quoted market prices for similar assets and liabilities in active markets.

Edgar Filing: ALICO INC - Form DEFM14C

Table of Contents

Level 3 Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair values.

Recent Accounting Pronouncements

Title	Prescribed Effective Date	Commentary
Update No. 2014-08 Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity	12/15/2015 (Q2 2016)	The Company is still evaluating the impact of the adoption of the standard will have on its results of operations and financial position.
Update No. 2014-09 Revenue from Contracts with Customers (Topic 606)	12/15/2016 (Q2 2017)	The Company is still evaluating the impact of the adoption of the standard will have on its results of operations and financial position.

Results of Operations

The following table sets forth a comparison of results of operations for the fiscal year ended June 30, 2014 and the period from October 19, 2012 (date of inception) through June 30, 2013 and the three (3) months ended September 30, 2014 and 2013:

	Year Ended June 30, 2014	Period from October 19, 2012 (date of inception) through June 30, 2013	Change		Three months ended September 30,		Change		
			\$	%	2014	2013	\$	%	
Operating revenues:									
Fruit and other revenues	\$ 15,617,151	\$ 14,380,459	\$ 1,236,692	8.6%	\$ 19,938	\$ 26,403	\$ (6,465)	24.5%	
Operating expenses:									
Growing, caretaking and other direct costs	10,106,726	3,074,974	7,031,752	228.7%	1,442	34,212	(32,770)	95.8%	
Harvesting costs	2,633,729	3,848,401	(1,214,672)	31.6%	66,757	163,553	(96,796)	59.2%	
Purchased fruit		5,750,931	(5,750,931)	100.0%					
Total operating expenses	12,740,455	12,674,306	66,149	0.5%	68,199	197,765	(129,566)	65.5%	
Gross profit	2,876,696	1,706,153	1,170,543	68.6%	(48,261)	(171,362)	123,101	71.8%	
General and administrative:									
General and administrative	1,479,688	1,060,763	418,925	39.5%	474,580	352,949	121,631	34.5%	
Depreciation	59,898	55,027	4,871	8.9%	8,069	3,413	4,656	136.4%	
Total general and administrative	1,539,586	1,115,790	423,796	38.0%	482,649	356,362	126,287	35.4%	
Income from operations	1,337,110	590,363	746,747	126.5%	(530,910)	(527,724)	(3,186)	-0.6%	
Other income (expense):									
Gain on bargain purchase of a business		1,485,799	(1,485,799)	100.0%					
Gain on settlement of contingent consideration arrangement	6,000,000		6,000,000						
Interest	(1,633,719)	(840,045)	(793,674)	-94.5%	(442,732)	(400,349)	(42,383)	-10.6%	
Gain (loss) on sale of assets	101,666	(28,523)	130,189	456.4%	2,926,553	(2,360)	2,928,913		
Other income	55,662	104,379	(48,717)	46.7%	3,151	9,173	(6,022)	65.6%	
Total other income, net	4,523,609	721,610	3,801,999	526.9%	2,486,972	(393,536)	2,880,508	732.0%	

Edgar Filing: ALICO INC - Form DEFM14C

Income before provision for income taxes	5,860,719	1,311,973	4,548,746	346.7%	1,956,062	(921,260)	2,877,322	312.3%
Provision for income taxes	6,156,305		6,156,305		(884,207)		(884,207)	
Net income (loss)	\$ (295,586)	\$ 1,311,973	\$ (1,607,559)	122.5%	1,071,855	\$ (921,260)	\$ 1,993,115	216.3%

A discussion of the results of operations follows.

Edgar Filing: ALICO INC - Form DEFM14C

The table below presents key operating measures for the fiscal year ended June 30, 2014 and the period from October 19, 2012 (date of inception) through June 30, 2013 and the three (3) months ended September 30, 2014 and 2013:

<i>(in thousands, except per box and per pound solid data)</i>	Fiscal Year Ended June 30, 2014	Period from October 19, 2012 (date of inception) through June 30, 2013	Change		Three months ended September 30,		Change		
			\$	%	2014	2013	\$	%	
Operating Revenues From:									
Early and Mid Season	\$ 5,880	\$ 4,279	\$ 1,601	37.4%	\$	\$	\$	0.0%	
Valencias	9,084	9,409	(325)	(3.4)%				0.0%	
Fresh Fruit	530	334	196	58.9%				0.0%	
Other	123	359	(236)	(65.7)%	20	26	(6)	(24.5)%	
Total	\$ 15,617	\$ 14,380	\$ 1,237	8.6%	\$ 20	\$ 26	\$ (6)	(24.5)%	
Boxes Harvested:									
Early and Mid Season	359,001	463,230	(104,229)	(22.5)%				0.0%	
Valencias	523,318	717,823	(194,505)	(27.1)%				0.0%	
Total Processed	882,319	1,181,053	(298,734)	(25.3)%				0.0%	
Fresh Fruit	46,155	36,986	9,169	24.8%				0.0%	
Total	928,474	1,218,039	(289,565)	(23.8)%				0.0%	
Pound Solids Produced:									
Early and Mid Season	2,104,989	2,700,879	(595,890)	(22.1)%				0.0%	
Valencias	3,371,491	4,559,052	(1,187,562)	(26.0)%				0.0%	
Total	5,476,479	7,259,931	(1,783,452)	(24.6)%				0.0%	
Pound Solids per Box:									
Early and Mid Season	5.86	5.83	0.03	0.6%				0.0%	
Valencias	6.44	6.35	0.09	1.4%				0.0%	
Price per Pound Solid:									
Early and Mid Season	\$ 2.79	\$ 1.58	\$ 1.21	76.3%	\$	\$	\$	0.0%	
Valencias	\$ 2.69	\$ 2.06	\$ 0.63	30.6%	\$	\$	\$	0.0%	
Price per Box:									
Fresh Fruit	\$ 11.48	\$ 9.02	\$ 2.46	27.3%	\$	\$	\$	0.0%	
Operating Expenses:									
Growing, caretaking and other direct costs	\$ 10,106	\$ 3,075	7,031	228.7%	\$ 1	\$ 34	(33)	(97.1)%	
Harvest Costs	2,634	3,848	(1,215)	(31.6)%	67	164	(97)	(59.1)%	
Purchased Fruit		5,751	(5,751)	(100.0)%				0.0%	
Total	\$ 12,740	\$ 12,674	\$ 65	0.5%	\$ 68	\$ 198	\$ (130)	(65.7)%	

Operating Revenues, Operating Expenses and Gross Margin

Edgar Filing: ALICO INC - Form DEFM14C

Silver Nip Citrus sells its Early and Mid-Season and Valencia oranges to processors that convert the majority of the citrus crop into orange juice. The revenues from the citrus harvest are seasonal in nature and generally typically occur between November and June. The processors generally buy their citrus on a pound solids basis, which is the measure of the soluble solids (sugars and acids) contained in one box of fruit. Fresh Fruit is generally sold to packing houses that purchase their citrus on a per box basis. Operating Expenses consist primarily of growing, caretaking and other direct costs as well as harvesting and hauling expenses. Growing, caretaking and other direct costs represent the cost of maintaining the citrus groves for the preceding calendar year and does not vary in relation to production. Harvesting and hauling represents the cost of bringing citrus product to processors and varies based upon the number of boxes produced.

The declines for fiscal year 2014 versus the period ended June 30, 2013 in boxes harvested and pound solids produced are being driven by growing season fluctuations in production which may be attributable to various factors, including changes in weather, horticultural practices and the effects of diseases and pests, including Citrus Greening. The industry and Silver Nip Citrus both experienced

Edgar Filing: ALICO INC - Form DEFM14C

higher than normal premature fruit drop in certain areas of Silver Nip Citrus's groves and smaller sized fruit that contributed to Silver Nip Citrus's 23.8% smaller box harvest than the prior year. Although Silver Nip Citrus's total pounds solid produced for fiscal year 2014 declined 27.0% versus the same period of the prior year, Silver Nip Citrus's total revenue increased 9.3% due to the significant increase in the price per pound solid for both the Early and Mid-Season and Valencia oranges.

For the three (3) months ended September 30, 2014 and 2013, there was no citrus harvest activity due to the seasonal nature of the citrus operations.

The statewide environmental and horticultural factors described above have negatively impacted Silver Nip Citrus's citrus crops and certain key operating measures presented above. The Florida orange crop declined by 29,000,000 boxes or approximately 22% versus the prior year, and therefore Silver Nip Citrus's decline in production was in line with the crop declines within the state of Florida.

The increase in gross profit for fiscal year 2014 versus the period ended June 30, 2013 relates primarily to the increased prices and revenue discussed above offset by an increase of 20.4% in growing costs for the 2013/2014 harvesting season crop to \$10,107,000 from \$8,826,000. Harvest and hauling costs decreased \$1,215,000 in fiscal year 2014 compared to the period ended June 30, 2013 primarily due to 290,000 fewer boxes harvested in fiscal year 2014.

Gross loss for the three (3) months ended September 30, 2013 was impacted by harvesting expenses of approximately \$90,000 that did not recur in the three (3) months ended September 30, 2014.

General and Administrative

The increase in general and administrative expenses of \$419,000 for fiscal year 2014 as compared to the period from October 19, 2012 (date of inception) through June 30, 2013 relates primarily to a full year of general and administrative costs incurred in 2014 as compared to 8.5 months for the period ended June 30, 2013.

The increase in general and administrative expenses of \$121,000 for the three (3) months ended September 30, 2014 as compared to the period ended September 30, 2013 relates primarily to an increase in legal and professional fees of approximately \$70,000 and additional labor costs of approximately \$36,000.

Other Income (Expense)

Gain on bargain purchase of a business

The acquisition of Silver Nip Citrus has been accounted for in accordance with FASB ASC Topic 805, "Business Combinations" and, accordingly, the assets acquired and liabilities assumed are recorded at estimated fair values as determined by management based on information available. The fair value of the identifiable assets acquired and liabilities assumed of \$12,423,644 exceeded the net cash paid for the business of \$10,937,845. As a result, Silver Nip Citrus reassessed the recognition and measurement of identifiable assets acquired and liabilities assumed and concluded that the valuation procedures and resulting measures were appropriate. Accordingly, the acquisition has been accounted for as a bargain purchase and, as a result, Silver Nip Citrus recognized a gain of \$1,485,799 associated with the acquisition in the 2013 consolidated statement of operations.

Gain on settlement of contingent consideration arrangement

The contingent consideration arrangement related to an asset purchase agreement. The contingent consideration was payable, up to \$6,000,000 to the extent cumulative EBITDA, as defined in the purchase agreement, exceeded \$10,000,000 through June 30, 2014. If less than \$6,000,000 was paid at

Edgar Filing: ALICO INC - Form DEFM14C

the end of fiscal year 2014, Silver Nip Citrus would pay to the seller up to an aggregate amount of \$6,000,000 to the extent cumulative EBITDA exceeded \$15,000,000 through June 30, 2015. Silver Nip Citrus determined that the fair value of the liability approximated the stated value of \$6,000,000 at June 30, 2013. In 2014, Silver Nip Citrus estimated that no portion of the liability was expected to be earned and paid out in the future. The write off of the liability was recorded as a gain on settlement of contingent consideration arrangement in the consolidated statements of operations for the fiscal year ended June 30, 2014.

Interest

The increase in interest expense of \$814,000 for fiscal year 2014 as compared to the period ended June 30, 2013 was due to the fact the debt facility was closed on December 31, 2012, and therefore interest expense was included in the consolidated statements of operations for six months and twelve months for the period ended June 30, 2013 and the fiscal year ended June 30, 2014, respectively.

Gain (loss) on sale of assets

Certain land with a cost of \$2,832,159 was classified as held for sale as of June 30, 2014. It was sold during the three (3) month period ended September 30, 2014 resulting in a gain on sale of assets of \$2,926,553.

Income Tax Expense

Silver Nip Citrus elected to be treated as a Corporation for federal income tax purposes beginning October 1, 2013. Consequently, federal income taxes were not payable by Silver Nip Citrus up to September 30, 2013. The Silver Nip Citrus equityholders were taxed individually on their share of Silver Nip Citrus's earnings. Therefore, no provision for federal income taxes was included in the consolidated statement of operations for the period ended June 30, 2013 and the three (3) months ended September 30, 2013, respectively.

From October 1, 2013 and going forward, income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consists of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences to reflect the net tax effects between the basis of assets and liabilities for consolidated financial statement and income tax purposes. The differences relate primarily to depreciable assets, net operating losses, and differences in the method of accounting for fruit and other receivables, fruit inventory, prepaid expenses and other assets, accounts payable and accrued expenses. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. Accordingly, a provision for income taxes of approximately \$6,200,000 and \$884,000 were recorded for the fiscal year ended June 30, 2014 and three (3) months ended September 30, 2014.

Liquidity and Capital Resources

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

<i>(in thousands)</i>	September 30,		June 30,		June 30,		Change
	2014	2014	2014	2014	2013	2013	
Cash and cash equivalents	\$ 351	\$ 241	\$ 110	\$ 241	\$ 2,655	\$ (2,414)	
Restricted cash	\$	\$	\$	\$	\$ 5,200	\$ (5,200)	
Total current assets	\$ 14,043	\$ 13,640	\$ 403	\$ 13,640	\$ 15,094	\$ (1,454)	
Total current liabilities	\$ 6,743	\$ 4,973	\$ 1,770	\$ 4,973	\$ 8,086	\$ (3,113)	
Working capital	\$ 7,299	\$ 8,666	\$ (1,367)	\$ 8,666	\$ 7,008	\$ 1,658	
Total assets	\$ 70,045	\$ 54,013	\$ 16,032	\$ 54,013	\$ 67,373	\$ (13,360)	
Term Debt and Revolving							
Line of Credit	\$ 42,769	\$ 30,802	\$ 11,967	\$ 30,802	\$ 29,503	\$ 1,299	
Current ratio	2.08 to 1	2.74 to 1		2.74 to 1	1.87 to 1		

The net decrease in cash and cash equivalents of \$2,414,000 at June 30, 2014 as compared to June 30, 2013 was primarily due to the following factors:

Cash used in operations of \$1,376,000,

Restricted proceeds from land sales held in escrow of \$6,862,000,

Member distributions of \$7,765,000

The net increase in cash and cash equivalents of \$110,000 at September 30, 2014 as compared to June 30, 2014 was primarily due to the following factors:

Cash used in operations of \$3,040,000,

Proceeds from sale of property and equipment of \$5,759,000,

Purchase of property and equipment of \$5,297,000,

Net proceeds on revolving note payable of \$2,840,000

Net Cash (Used In) Provided By Operating Activities

The following table details the items contributing to Net Cash (Used In) Provided by Operating Activities for fiscal year 2014 and the period ended June 30, 2013:

<i>(in thousands)</i>	Fiscal Year		October 19, 2012		Change
	Ended	Ended	(date of inception) through	through	
	June 30, 2014	June 30, 2013	June 30, 2013	June 30, 2013	
Net Income	\$ (296)	\$	1,312	\$ (1,608)	
Depreciation and Amortization	1,861		1,629	232	
Non-Cash (Income) Expenses	751		(1,110)	1,861	
Change in Working Capital	(3,692)		(172)	(3,520)	

Edgar Filing: ALICO INC - Form DEFM14C

Cash (used in) provided by operations	\$	(1,376)	\$	1,659	\$	(3,036)
---------------------------------------	----	---------	----	-------	----	---------

The factors contributing to the decrease in net income for the fiscal year ended 2014 as compared to the period ended June 30, 2013 are discussed in "Results of Operations." The Change in Working Capital for the fiscal year ended 2014 primarily relates to a \$3,736,000 increase in Accounts Receivable related to the timing of payment from the citrus harvested and sold in the fiscal year ended 2014. Subsequent to year end, the accounts receivable balance was collected in full.

Edgar Filing: ALICO INC - Form DEFM14C

The following table details the items contributing to Net Cash Used In Operating Activities for the three (3) months ended September 30, 2014 and 2013:

<i>(in thousands)</i>	Three months ended September 30,		
	2014	2013	Change
Net Income	\$ 1,072	\$ (921)	\$ 1,993
Depreciation and Amortization	\$ 528	\$ 464	64
Non-Cash (Income) Expenses	\$ (1,869)	\$ 174	(2,043)
Change in Working Capital	(2,771)	(1,666)	(1,105)
Cash used in operations	\$ (3,040)	\$ (1,949)	\$ (1,092)

The factors contributing to the decrease in net income for the three (3) months ended September 30, 2014 as compared to fiscal year ended 2014 as compared to the period ended June 30, 2013 are discussed in "Results of Operations."

Due to the seasonal nature of the business, working capital requirements are typically greater in the first and second quarters of the fiscal year coinciding with the harvest cycle. Cash flows from operating activities typically improve in the third and fourth fiscal quarters as Silver Nip Citrus harvests its crops.

Net Cash Provided By (Used In) Investing Activities

The following table details the items contributing to Net Cash Provided by (Used In) Investing Activities for fiscal year 2014 and the period ended June 30, 2013:

<i>(in thousands)</i>	Fiscal Year Ended	Period from October 19, 2012 (date of inception) through	Change
	June 30, 2014	June 30, 2013	
Purchases of property and equipment:	\$ (261)	\$ (698)	437
Proceeds from sale of property and equipment	960	5,331	(4,371)
Acquisition of a business		(10,938)	10,938
Increase in restricted cash		(5,200)	5,200
Restricted proceeds from land sales held in escrow	6,861	(6,862)	13,723
Other	(138)		(138)
Cash provided by (used in) investing activities	\$ 7,422	\$ (18,367)	\$ 25,352

For fiscal year 2014 versus the period ended June 30, 2013, Net Cash Provided By Investing Activities increased by \$25,352,000. The factors contributing to the increase for the fiscal year ended June 30, 2014 are related to several significant uses of cash for investing activities for the period ended June 30, 2013. Silver Nip Citrus used \$10,938,000 in the acquisition of citrus groves, increased restricted cash by \$5,200,000 under the terms of an asset purchase agreement and deposited \$6,862,000 from real estate sales into a pledge account under the terms of the loan agreement. As of June 30, 2014, all of the restricted proceeds from land sales were released from restriction and distributed to the Silver Nip Citrus equityholders.

Edgar Filing: ALICO INC - Form DEFM14C

The following table details the items contributing to Net Cash Provided By (Used In) Investing Activities for the three (3) months ended September 30, 2014 and 2013:

<i>(in thousands)</i>	Three months ended September 30,		
	2014	2013	Change
Purchases of property and equipment:	\$ 5,759	\$	5,759
Proceeds from sale of property and equipment	(5,297)	(42)	(5,255)
Increase in restricted cash		2,600	(2,600)
Restricted proceeds from land sales held in escrow		(2,600)	2,600
Other	250		250
 Cash provided by (used in) investing activities	 \$ 712	 \$ (42)	 \$ (5,005)

For the three (3) months ended September 30, 2014, Silver Nip Citrus purchased approximately 1,500 acres of citrus groves that included land, trees and fruit inventory as well as irrigation and other equipment. The purchase price was funded through cash of approximately \$5,300,000 plus additional financing of \$11,000,000. Additionally, certain land that was classified as held for sale as of June 30, 2014 was sold during the three (3) month period ended September 30, 2014 for approximately \$5,300,000.

Net Cash (Used In) Provided By Financing Activities

The following table details the items contributing to Net Cash Provided By (Used In) Financing Activities for fiscal year 2014 and the period ended June 30, 2013:

<i>(in thousands)</i>	Fiscal Year Ended	Period from October 19, 2012 (date of inception) through	Change
	June 30, 2014	June 30, 2013	
Principal payments on term debt	\$ (1,178)	\$ (290)	\$ (888)
Net proceeds on revolving note payable	1,110	2,050	(940)
Payment of loan costs		(432)	432
Capital lease payment	(21)	(10)	(11)
Member (distributions) contributions	(7,765)	17,439	(25,204)
Advance from member	(606)	606	(1,212)
 Cash (used in) provided by financing activities	 \$ (8,460)	 \$ 19,363	 \$ (27,823)

For fiscal year 2014 versus the period ended June 30, 2013, Net Cash Used By In Financing Activities increased by \$27,823,000. The primary change in financing activities relates to contributions by the Silver Nip Citrus equityholders. For the period ended June 30, 2013, the Silver Nip Citrus equityholders contributed \$17,439,000 primarily in connection with the acquisition of the business and received distributions of \$7,765,000 for the fiscal year ended June 30, 2014.

Edgar Filing: ALICO INC - Form DEFM14C

The following table details the items contributing to Net Cash Provided By (Used In) Financing Activities for the three (3) months ended September 30, 2014 and 2013:

<i>(in thousands)</i>	Three months ended September 30,		
	2014	2013	Change
Principal payments on term debt	\$ (290)	\$ (290)	
Net proceeds on revolving note payable	2,840	(71)	2,911
Payment of loan costs	(110)		(110)
Capital lease payment	(2)	(5)	3
Cash provided by (used in) financing activities	\$ 2,439	\$ (366)	\$ 2,805

For the three (3) months ended September 30, 2014, net proceeds on revolving note payable increased by approximately \$2,800,000. As previously noted, working capital requirements are typically greater in the first and second quarters of the fiscal year coinciding with the harvest cycle and these requirements were funded by the revolving note payable. For the three (3) months ended September 30, 2013, the working capital requirements were funded out of cash and cash equivalents.

Contractual Obligations and Off Balance Sheet Arrangements

Silver Nip Citrus has various contractual obligations which are recorded as liabilities in the consolidated financial statements. The following table presents the significant contractual obligations and commercial commitments on an undiscounted basis at September 30, 2014 and the future periods in which such obligations are expected to be settled in cash.

<i>(in thousands)</i>	Payments Due by Period				
	Total	<1 Year	1-3 Years	3-5 Years	5+ Years
Long-Term Debt and Capital Leases	\$ 38,350	\$ 1,581	\$ 3,254	\$ 3,200	\$ 30,315
Interest on Long-Term Debt	20,550	1,697	3,470	3,158	12,225
Note Payable	6,000			6,000	
Operating Leases	526	212	199	115	
Total	\$ 65,426	\$ 3,489	\$ 6,923	\$ 12,473	\$ 42,540

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table lists, as of January 16, 2015, the number of shares of Alico common stock owned by (i) each person or entity known to Alico to be the beneficial owner of more than 5% of the outstanding shares of Alico common stock; (ii) each of Alico's executive officers and directors; and (iii) all of Alico's executive officers and directors as a group. Information relating to beneficial ownership of the Alico common stock by Alico's principal shareholders and management is based upon information furnished by each person using "beneficial ownership" concepts under the rules of the SEC.

The percentages below are calculated based on 7,370,223 shares of Alico common stock issued and outstanding as of January 16, 2015.

Name and Address of Beneficial Owners	Shares Beneficially Owned ⁽¹⁾	
	Amount and Nature of Beneficial Ownership	Percent of Class
5% Shareholders		
734 Investors, LLC 410 Park Avenue, 17th Floor New York, NY 10022	3,725,457 ⁽²⁾	50.5%
734 Agriculture, LLC 410 Park Avenue, 17th Floor New York, NY 10022	3,725,457 ⁽²⁾	50.5%
Thomas E. Claugus 2100 Riveredge Parkway, Suite 840 Atlanta, GA 30328	596,581 ⁽³⁾	8.1%
GMT Capital Corp. 2100 Riveredge Parkway, Suite 840 Atlanta, GA 30328	577,481 ⁽³⁾	7.8%
Bruce S. Sherman c/o M4 Capital LLC 5150 Tamiami Trail N., Suite 505 Naples, FL 34103	514,046 ⁽⁴⁾	7.0%
Directors and Executive Officers⁽⁵⁾		
George R. Brokaw	3,806,282 ⁽²⁾⁽⁶⁾⁽⁷⁾	51.6%
Adam D. Compton	6,004 ⁽³⁾⁽⁷⁾	*
R. Greg Eisner	4,149 ⁽⁷⁾	*
Benjamin D. Fishman		*
W. Andrew Krusen, Jr.	4,891 ⁽⁷⁾⁽⁸⁾	*
Ramon A. Rodriguez	13,747 ⁽⁷⁾	*
Henry R. Slack	2,820 ⁽⁹⁾	*
Remy W. Trafelet	3,822,089 ⁽²⁾⁽⁷⁾⁽¹⁰⁾	51.9%
Clayton G. Wilson		*
JD Alexander	69,135 ⁽⁷⁾⁽¹¹⁾	*
Kenneth Smith, Ph.D.	5,586 ⁽¹²⁾	*
W. Mark Humphrey, CPA	4,134 ⁽¹²⁾	*
Steven C. Lewis, CPA	2,047 ⁽¹²⁾	*
All Executive Officers, directors and director nominees as a group (13 persons)	3,938,751	53.44%

*

Less than one percent.

Edgar Filing: ALICO INC - Form DEFM14C

Table of Contents

- (1) Beneficial ownership is determined in accordance with the rules of the SEC that deem shares to be beneficially owned by any person who has or shares voting and/or investment power with respect to such shares. There were no outstanding options for any of the parties included in the table above.
- (2) The beneficial ownership numbers for Messrs. Brokaw and Trafelet include 3,705,457 shares acquired by 734 Investors and 20,000 shares acquired by Mr. Brokaw in his capacity as 734 Investors' designee, as reported on the Schedule 13D filed November 29, 2013 by 734 Investors, 734 Agriculture and Messrs. Brokaw and Trafelet. Pursuant to the Designee Agreement, Mr. Brokaw agreed to vote the 20,000 shares acquired by him in the share purchase as directed by 734 Investors and not to transfer, sell or otherwise dispose of those shares except pro rata with 734 Investors' disposition of its shares of Alico common stock. Because of its position as the sole managing member of 734 Investors, 734 Agriculture may be deemed to be the beneficial owner of the 3,705,457 shares owned by 734 Investors and the 20,000 shares owned by Mr. Brokaw and subject to the Designee Agreement.
- (3) GMT Capital Corp.'s Schedule 13G/A filed on February 18, 2014 reflected 596,581 shares held as of December 31, 2013. This included 19,100 shares which Mr. Claugus, President of GMT Capital Corp., holds personally and for which he holds sole voting and dispositive powers. Mr. Compton currently serves as the Managing Director and Portfolio Manager with GMT Capital Corp. and has disclaimed beneficial ownership of the shares held by GMT Capital Corp.
- (4) The amount shown for Mr. Sherman is based on the number of shares reported on Mr. Sherman's Schedule 13D/A filed with the SEC on December 10, 2014.
- (5) Except as set forth in this table or the footnotes thereto, the business address of each Director and NEO listed is c/o Alico, Inc., 10070 Daniels Interstate Court, Suite 100, Fort Myers, FL 33913.
- (6) As one of the two controlling persons of 734 Agriculture, Mr. Brokaw may be considered to be the indirect beneficial owner of, and to have shared power to vote or to direct the vote and to dispose of or to direct the disposition of, 3,705,457 shares of Alico common stock held directly by 734 Investors. In addition, pursuant to the Designee Agreement, Mr. Brokaw may be deemed to have shared power with Mr. Trafelet to vote or to direct the vote and to dispose of or to direct the disposition of 20,000 shares held directly by Mr. Brokaw. Mr. Brokaw disclaims beneficial ownership of the 3,705,457 shares held by 734 Investors except to the extent of his pecuniary interest therein. The beneficial ownership numbers for Mr. Brokaw also include 76,676 shares held by Delta Offshore Master II, LTD, or the Fund, of which Mr. Brokaw may be considered to be the indirect beneficial owner by virtue of his position with Trafelet Brokaw Capital Management, L.P., or TBCM, which serves as investment manager to the Fund and, in such capacity, exercises voting and investment control over securities held for the accounts of the Fund. Mr. Brokaw disclaims beneficial ownership of the shares held by the Fund except to the extent of his pecuniary interest therein.
- (7) Consists of shares received under the 2013 Incentive Equity Plan and the Directors Stock Compensation Plan pursuant to such Director's election to receive shares in lieu of cash fees.
- (8) The beneficial ownership numbers for Mr. Krusen include 1,000 shares held by Dominion Strategic Resource Partners, or DSRP, of which Mr. Krusen may be considered to be the indirect beneficial owner by virtue of his position as President of Dominion Financial Group, Inc., or DFG, the managing general partner of DSRP which solely holds voting and dispositive powers. Mr. Krusen has investment authority over shares held by DFG pursuant to a consulting agreement between Mr. Krusen and DFG.
- (9) Two family trusts, or the Family Trusts, directly hold an aggregate of 1,000 shares of Alico common stock. Mr. Slack is not the trustee for the Family Trusts, but his immediate family members are

Table of Contents

beneficiaries of such trusts. Mr. Slack disclaims beneficial ownership of the shares held by such trust, and disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein. Montac Trust, a trust of which Mr. Slack is a beneficiary, also holds 1,820 shares of Alico common stock. Mr. Slack disclaims beneficial ownership of the shares held by such trust except to the extent of his pecuniary interest therein.

- (10) As one of the controlling persons of 734 Agriculture, Mr. Trafelet may be considered to be the indirect beneficial owner of, and to have shared power to vote or to direct the vote and to dispose of or to direct the disposition of, 3,725,457 shares of common stock beneficially owned by 734 Investors. Mr. Trafelet disclaims beneficial ownership of the 3,725,457 shares held by 734 Investors and Mr. Brokaw except to the extent of his pecuniary interest therein. The beneficial ownership numbers for Mr. Trafelet also include 76,676 shares held by Delta Offshore Master II, LTD, or the Fund, of which Mr. Trafelet may be considered to be the indirect beneficial owner by virtue of his position with TBCM, which serves as investment manager to the Fund and, in such capacity, exercises voting and investment control over securities held for the accounts of the Fund. Mr. Trafelet disclaims beneficial ownership of the shares held by the Fund except to the extent of his pecuniary interest therein. The beneficial ownership numbers for Mr. Trafelet also include 16,065 shares held in third party accounts managed by TBCM. Mr. Trafelet may be considered to be the indirect beneficial owner of shares held in such accounts by virtue of his position with TBCM. Mr. Trafelet disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.
- (11) Includes 4,926 shares indirectly owned by Mr. Alexander in a trust of which he is the sole trustee and sole current beneficiary.
- (12) The amounts shown for Messrs. Smith, Humphrey and Lewis represent shares received under Restricted Stock Award Agreements entered into in 2011.

Table of Contents

U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER

The following discussion summarizes certain material U.S. federal income tax consequences of the Merger that generally are applicable to Alico and its shareholders, assuming that the Merger is consummated as contemplated by the Merger Agreement. The following discussion does not address the tax consequences, if any, of transactions effectuated prior to or after the Merger (whether or not such transactions are in connection with the Merger) or to Silver Nip Citrus or the Silver Nip Citrus equityholders. This discussion is not a complete analysis of all potential U.S. federal income tax consequences and does not address any tax consequences arising under any state, local or foreign tax laws or U.S. federal estate or gift tax laws. This discussion is based upon the Code, U.S. Treasury Regulations promulgated thereunder, judicial decisions and published rulings and administrative pronouncements of the Internal Revenue Service, or the IRS, all as in effect on the date of this information statement. These authorities are subject to change, possibly retroactively, resulting in tax consequences different from those discussed below.

Shareholders are encouraged to consult their own tax advisors as to the specific U.S. federal income tax consequences to them of the Merger, as well as any tax consequences to them of the Merger and their ownership of Alico common stock arising under any state, local or foreign, or U.S. federal estate or gift, tax laws.

Neither Alico nor Silver Nip Citrus intends to seek or obtain a ruling from the IRS as to the tax consequences of the Merger and, as a result, there can be no assurance that the IRS will not take a different position concerning the tax consequences of the Merger, or that any such position would not be sustained by a court.

The parties intend that, for U.S. federal income tax purposes, the Merger will qualify as a tax-free reorganization within the meaning of Section 368(a) of the Code and have agreed to report the Merger consistently therewith.

Whether or not the Merger qualifies as a tax-free reorganization, the following U.S. federal income tax consequences generally will result:

no gain or loss will be recognized by Alico or its shareholders in connection with the Stock Issuance;

no gain or loss will be recognized by Alico or its shareholders in connection with the exchange of membership interests of Silver Nip Citrus for shares of Alico common stock in the Merger, or from any cash or other consideration, if any, paid (or deemed paid) by Alico in connection therewith; and

Alico's tax basis in the Silver Nip Citrus assets should be equal to Silver Nip Citrus's basis in such assets immediately before the Merger.

If the Merger does not qualify as a tax-free reorganization within the meaning of Section 368(a) of the Code, the U.S. federal income tax treatment to Alico shareholders should be unchanged, but Alico should be treated as acquiring the membership interests of Silver Nip Citrus pursuant to the Merger of Merger Sub with and into Silver Nip Citrus in a fully taxable transaction.

THE FOREGOING DISCUSSION OF U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES RELATING TO THE MERGER OR THE OWNERSHIP AND DISPOSITION OF ALICO COMMON STOCK AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR DISCUSSION OF ALL OF THE POTENTIAL TAX EFFECTS OF THE MERGER. TAX MATTERS ARE VERY COMPLICATED, AND THE TAX CONSEQUENCES OF THE MERGER AND THE OWNERSHIP AND DISPOSITION OF ALICO COMMON STOCK WILL DEPEND UPON THE FACTS OF EACH INDIVIDUAL'S PARTICULAR SITUATION.

Table of Contents

SHAREHOLDERS SHARING AN ADDRESS

Alico will deliver only one information statement to multiple shareholders sharing an address unless Alico has received contrary instructions from one or more of its shareholders. Alico undertakes to deliver promptly, upon written or oral request, a separate copy of this information statement to a shareholder at a shared address to which a single copy of this information statement is delivered. A shareholder can notify Alico that the shareholder wishes to receive a separate copy of this information statement, or a future information statement, by written request directed to:

Alico, Inc.
10070 Daniels Interstate Court
Suite 100
Fort Myers, FL 33913
Attention: A. Denise Plair, Corporate Secretary
(239) 226-2000

Likewise, shareholders sharing an address who are receiving multiple copies of this information statement and wish to receive a single copy of future information statements may notify Alico at the address and telephone number listed above.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

Alico files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document Alico files at the SEC's public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Alico's SEC filings are also available to the public at the SEC's website at <http://www.sec.gov>. You also may obtain free copies of the documents Alico files with the SEC, including this document, by going to the "SEC Filings" section of Alico's corporate website at <http://www.alicoinc.com>. Alico's website address is provided as an inactive textual reference only. The information provided on Alico's website is not part of this document, and is not incorporated herein by reference.

Statements contained in this document, or in any document incorporated by reference in this document regarding the contents of any contract or other document, are not necessarily complete and each such statement is qualified in its entirety by reference to that contract or other document filed as an exhibit with the SEC. The SEC allows Alico to "incorporate by reference" into this document other documents Alico files with the SEC. This means that Alico can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this document, and later information that Alico files with the SEC will update and supersede that information. Alico incorporates by reference the documents listed below and any documents filed by Alico pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this document and before the date on which the Merger is completed:

Annual Report on Form 10-K for the fiscal year ended September 30, 2014, filed on December 12, 2014;

Proxy Statement on Schedule 14A, filed on January 24, 2014.

Information furnished under items 2.02 and 7.01 of any Current Report on Form 8-K, including related exhibits, is not and will not be incorporated by reference into this document.

Any person, including any beneficial owner, to whom this document is delivered may request copies of any of the documents incorporated by reference in this document or other information concerning Alico, without charge, by visiting the SEC's website provided above, Alico's website at <http://www.alicoinc.com>, or requesting them in writing or by telephone using the following contact information:

Alico, Inc.
10070 Daniels Interstate Court
Suite 100
Fort Myers, FL 33913
Attention: A. Denise Plair, Corporate Secretary
(239) 226-2000

Documents incorporated by reference are available without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference into those documents.

No persons have been authorized to give any information or to make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorized by Alico or any other person. This document is dated January 27, 2015. You should not assume that the information contained in this document is accurate as of any date other than that date, and the mailing of this document to Alico shareholders will not create any implication to the contrary.

Table of Contents

INDEX TO FINANCIAL STATEMENTS

	Page(s)
734 Citrus Holdings, LLC	
<i>Unaudited Financial Statements:</i>	
<u>Consolidated Balance Sheets as of September 30, 2014 and June 30, 2014</u>	F-4 F-5
<u>Consolidated Statements of Operations for the three months ended September 30, 2014 and 2013</u>	F-6
<u>Consolidated Statements of Changes in Members' Equity</u>	F-7
<u>Consolidated Statements of Cash Flow for the three months ended September 30, 2014 and 2013</u>	F-8
<u>Notes to the Consolidated Financial Statements</u>	F-9 F-19
<i>Audited Financial Statements:</i>	
<u>Independent Auditor's Report</u>	
<u>Consolidated Balance Sheets as of June 30, 2014 and 2013</u>	F-22 F-23
<u>Consolidated Statements of Operations for the fiscal year ended June 30, 2014 and the Period from October 19, 2012 through June 30, 2013</u>	F-24 F-25
<u>Consolidated Statements of Changes in Members' Equity for the fiscal year ended June 30, 2014 and the Period from October 19, 2012 through June 30, 2013</u>	F-26
<u>Consolidated Statements of Cash Flows for the fiscal year ended June 30, 2014 and the Period from October 19, 2012 through June 30, 2013</u>	F-27
<u>Notes to the Consolidated Financial Statements</u>	F-28
Orange-Co, LP	F-29 F-41
<i>Audited Financial Statements:</i>	
<u>Independent Auditor's Report</u>	
<u>Consolidated Balance Sheets as of September 30, 2014, 2013 and 2012</u>	F-44
<u>Consolidated Statements of Income for the years ended September 30, 2014, 2013 and 2012</u>	F-45
<u>Consolidated Statements of Changes in Partners' Equity for the years ended September 30, 2014, 2013 and 2012</u>	F-46
<u>Consolidated Statements of Cash Flows for the years ended September 30, 2014, 2013 and 2012</u>	F-47
<u>Notes to the Consolidated Financial Statements</u>	F-48
	F-49 F-57

Table of Contents

**734 Citrus Holdings, LLC
and Subsidiaries
Consolidated Financial Statements
For the Three Months Ended September 30, 2014 and 2013**

F-2

Table of Contents

734 Citrus Holdings, Inc. and Subsidiaries

Table of Contents

	Page
Consolidated Financial Statements	
<u>Consolidated Balance Sheets</u>	<u>F-4</u> <u>F-5</u>
<u>Consolidated Statements of Operations</u>	<u>F-6</u>
<u>Consolidated Statements of Changes in Members' Equity</u>	<u>F-7</u>
<u>Consolidated Statements of Cash Flows</u>	<u>F-8</u>
<u>Notes to the Consolidated Financial Statements</u>	<u>F-9</u> <u>F-19</u>
	F-3

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Consolidated Balance Sheets

	September 30, 2014 (Unaudited)	June 30, 2014
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 351,370	\$ 241,429
Accounts receivable (Notes 2 and 15)	4,274,397	4,594,099
Other receivables	2,188	283,119
Inventories (Note 2)		
Unharvested citrus crops	8,893,338	5,197,483
Other	327,958	342,564
Prepaid expenses and other assets	194,275	148,840
Land held for sale (Note 2)		2,832,159
Total current assets	14,043,526	13,639,693
Property and equipment, net (Notes 2 and 6)	55,178,214	39,400,826
Other assets:		
Deferred loan costs, net (Note 7)	482,024	380,920
Investment in agricultural cooperatives (Notes 2 and 8)	333,826	333,826
Other	7,765	257,239
Total other assets	823,615	971,985
	\$ 70,045,355	\$ 54,012,504

F-4

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Consolidated Balance Sheets

	September 30, 2014 (Unaudited)	June 30, 2014
Liabilities and Members' Equity		
Current liabilities:		
Current maturities of term debt (Note 10)	\$ 1,581,111	\$ 1,196,111
Current maturity of capital lease obligation (Notes 10 and 12)		1,763
Current deferred tax liability (Note 11)	4,166,723	3,134,983
Accounts payable	542,158	323,545
Accrued expenses	452,796	316,902
Total current liabilities	6,742,788	4,973,304
Long-term liabilities:		
Note payable (Note 9)	6,000,000	3,159,620
Term debt, net of current maturities (Note 10)	36,769,167	26,444,167
Long-term deferred tax liability (Note 1)	2,873,789	3,021,322
Total long-term liabilities	45,642,956	32,625,109
Total liabilities	52,385,744	37,598,413
Commitments and contingencies (Note 16)		
Members' equity	17,659,611	16,414,091
	\$ 70,045,355	\$ 54,012,504

See notes to consolidated financial statements.

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Consolidated Statements of Operations

<i>Three Months Ended September 30,</i>	2014 (Unaudited)	2013 (Unaudited)
Operating revenues (Note 2):		
Fruit and other revenues	\$ 19,938	\$ 26,403
Operating expenses:		
Growing, caretaking and other direct costs	1,442	34,212
Harvesting costs	66,757	163,553
Total operating expenses	68,199	197,765
Gross loss	(48,261)	(171,362)
General and administrative:		
General and administrative (Note 14)	474,580	352,949
Depreciation (Notes 2 and 6)	8,069	3,413
Total general and administrative	482,649	356,362
Loss from operations	(530,910)	(527,724)
Other income (expense):		
Interest (Notes 9 and 10)	(442,732)	(400,349)
Gain (loss) on sale of assets (Note 6)	2,926,553	(2,360)
Other income	3,151	9,173
Total other income (expense), net	2,486,972	(393,536)
Income (loss) before provision for income taxes	1,956,062	(921,260)
Provision for income taxes (Note 11)	(884,207)	
Net income (loss)	\$ 1,071,855	\$ (921,260)

See notes to consolidated financial statements.

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Consolidated Statements of Changes in Members' Equity

	Members' Equity
Balance, June 30, 2014	\$ 16,414,091
Equity-based compensation (Note 14)	173,665
Net income	1,071,855
Balance, September 30, 2014 (Unaudited)	\$ 17,659,611

See notes to consolidated financial statements.

F-7

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Consolidated Statements of Cash Flow

<i>Three Months Ended September 30,</i>	2014 (Unaudited)	2013 (Unaudited)
Cash flows from operating activities:		
Net income (loss)	\$ 1,071,855	\$ (921,260)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	528,430	464,339
Equity based compensation	173,665	173,665
Gain on sale of fixed assets	(2,926,553)	
Deferred income taxes	884,207	
Changes in assets and liabilities		
Accounts receivable	319,702	488,497
Other receivables	280,931	72,638
Inventories	(3,681,249)	(2,391,576)
Prepaid expenses and other asset	(45,435)	72,951
Other assets	(526)	
Accounts payable	218,613	132,203
Accrued expenses	135,894	(40,852)
Net cash used in operating activities	(3,040,466)	(1,949,395)
Cash flows from investing activities:		
Proceeds from sale of land held for sale	5,758,712	
Purchases of property and equipment, net	(5,046,936)	(41,954)
Increase in restricted cash		2,599,810
Restricted proceeds from land sales held in escrow		(2,599,984)
Net cash provided by (used in) investing activities	711,776	(42,128)
Cash flows from financing activities:		
Net proceeds (payments) on revolving note payable	2,840,380	(71,000)
Payments on term debt	(290,000)	(290,000)
Payments on capital lease obligation	(1,763)	(4,864)
Payment of loan costs	(109,986)	
Net cash provided by (used in) financing activities	2,438,631	(365,864)
Net increase (decrease) in cash and cash equivalents	109,941	(2,357,387)
Cash and cash equivalents, beginning of period	241,429	2,655,104
Cash and cash equivalents, end of period	\$ 351,370	\$ 297,717

See notes to consolidated financial statements.

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements

1. Nature of Operations

734 Citrus Holdings, LLC, organized on October 19, 2012 and wholly owned subsidiaries, 734 Harvest, LLC, 734 Co-op Groves, LLC, 734 LMC Groves, LLC, and 734 BLP Groves, LLC (herein referred to as the "Company") are limited liability companies organized under the laws of the State of Florida. There is a single class of membership with each member having limited liability. The Company owns citrus groves located in Central and South Florida. The Company harvests fruit and provides grove caretaking services to several growers.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying financial statements have been prepared on a consolidated basis to include the accounts of 734 Citrus Holdings, LLC and all entities the Company controls. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Company maintains its cash and cash equivalents in financial institutions in the States of Florida and New York and, at times, balances may exceed Federal Deposit Insurance Corporation (FDIC) limits. All of the non-interest bearing cash balances are insured up to \$250,000 per depositor at each financial institution, and at September 30, 2014 and June 30, 2014, the Company had approximately \$120,000 and \$235,000 respectively, in excess of FDIC insured limits with the financial institutions. The Company has not experienced any losses on these accounts.

The Company markets citrus fruit and extends credit to processors in Central Florida under different arrangements including negotiated price and participation agreements. The Company extends credit to grove caretaking customers in Central and South Florida under various terms on an unsecured basis.

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements

Revenue Recognition

Revenue from citrus crops is recognized at the time the crop is harvested and delivered to the customer. Receivables from crops sold are recorded for the estimated proceeds to be received from the customer. Differences between the estimates and the final realization of revenues can be significant, and the differences between estimated and final results can be either positive or negative. During the periods presented in these financial statements, no material adjustments were made to the reported revenues from the sale of citrus crops.

Caretaking and harvesting revenues of approximately \$20,000 and \$19,000 for the three months ended September 30, 2014 and 2013, respectively, which are included in fruit and other revenues in the statements of operations, are recognized as the services are provided. Caretaking revenues are primarily from citrus groves owned individually by related parties of the members.

Accounts Receivable

Accounts receivable are customer obligations resulting from the sale of citrus fruit and grove caretaking services. The Company provides for an allowance for doubtful accounts which is estimated based on the Company's historical losses, existing economic conditions within the industry and the financial stability of its customers. Management believes no allowance for doubtful accounts is necessary at September 30, 2014 and June 30, 2014.

Inventories

The costs of growing crops include production costs and certain allocable indirect costs that are capitalized into inventory until the time of harvest. Such costs are expensed when the crops are harvested and are recorded in growing, caretaking, and other direct costs in the statements of operations. Inventories are stated at the lower of cost or net realizable value. The cost for unharvested citrus crops is based on accumulated production costs incurred during the period from January 1 through the balance sheet date.

Other inventories consist of fuel, spray oil, and palm trees and are valued at the lower of cost or market.

Land Held for Sale

The Company classifies land as held for sale in the period in which all of the following criteria are met: a) management with the appropriate authority commits to a plan to sell the asset, b) the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets, c) an active program to locate a buyer and other actions required to complete the plan of sale have been initiated, d) the sale of the property or asset within one year is probable and will qualify for accounting purposes as a sale, e) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and f) actions required to complete the plan of sale indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Table of Contents**734 Citrus Holdings, LLC and Subsidiaries****Notes to the Consolidated Financial Statements**Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Office equipment and furniture	5-7
Equipment, irrigation and vehicles	7-15
Buildings and improvements	10-20
Citrus trees	20

Costs of planting and developing citrus groves are capitalized until the groves become commercially productive, at which time the Company ceases capitalization of costs and commences depreciation.

Impairment of Long-Lived Assets

Long-lived assets are evaluated for impairment when events or circumstances indicate that the carrying amounts of the assets may not be recoverable. When any such impairment exists, the related assets will be written down to fair value. No impairment losses were recognized by the Company for the three months ended September 30, 2014 and 2013, respectively.

Investments in Agricultural Cooperatives

The Company has various investments in agricultural cooperatives which include per unit retains under base capital or revolving capital plans, patronage refunds and other allocated equities. Investments in agricultural cooperatives are not marketable, therefore, these investments are recorded at cost.

The Company evaluates, at least annually, whether events or circumstances have occurred that may have a significant adverse effect on the fair value of these investments. No impairment losses on these investments were recognized by the Company for the three months ended September 30, 2014 and 2013, respectively.

Income Taxes

The Company has elected to be treated as a Corporation for federal income tax purposes beginning October 1, 2013. Consequently, federal income taxes were not payable by the Company up to September 30, 2013. Members were taxed individually on their share of the Company's earnings. Therefore, no provision or liability for federal income taxes has been included in the financial statements as of September 30, 2013.

The Company identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the balance sheet. The Company has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements

operating expenses. The Company's open tax years subject to examination by the Internal Revenue Service and the Florida Department of Revenue generally remain open for three years from the date of filing.

From October 1, 2013 and going forward income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences to reflect the net tax effects between the basis of assets and liabilities for consolidated financial statement and income tax purposes. The differences relate primarily to depreciable assets, net operating losses, and differences in the method of account for fruit and other receivables, fruit inventory, prepaid expenses and other assets, accounts payable and accrued expenses. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

Fair Value of Financial Instruments

FASB ASC Topic 820 "Fair Value Measurements and Disclosure" establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Valuation based on quoted prices in active markets for identical assets or liabilities.

Level 2 Valuation based on quoted market prices for similar assets and liabilities in active markets.

Level 3 Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair values.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values due to the short-term nature of these instruments. These include cash and cash equivalents, accounts receivable, other receivables, accounts payable, and accrued expenses. The fair value of the Company's capital lease obligation, note payable and term debt approximate their carrying values based on current rates available to the Company.

3. Land Purchase

The Company purchased approximately 1,500 acres of citrus groves that included land, trees and fruit inventory as well as irrigation and other equipment on September 4, 2014. The purchase price was approximately \$17,600,000 which was funded through cash plus additional financing of \$11,000,000 in term debt (see Note 10).

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements

4. Cash Flow Information

The Company had non-cash investing and financing transactions as follows:

<i>For the three months ended,</i>	September 30, 2014 (unaudited)	September 30, 2013 (unaudited)
Escrow deposit in other assets applied to purchase of property and equipment	\$ 250,000	\$
Property and equipment purchased under notes	11,000,000	

Supplemental cash flow disclosures are as follows:

<i>For the three months ended,</i>	September 30, 2014 (unaudited)	September 30, 2013 (unaudited)
Cash paid for interest	\$ 377,399	\$ 393,413

5. Restricted Proceeds from Land Sales Held in Escrow

Under the terms of the loan agreement with Prudential Mortgage Capital Company, LLC (Prudential), the Company may deposit the proceeds from real estate sales into a pledge account for a period of up to 12 months which serves as replacement collateral. As of September 30, 2014 and June 30, 2014 all the proceeds were released from restrictions, based on the contract, and distributed to Members.

6. Property and Equipment

Property and equipment consist of the following:

<i>For the three months ended,</i>	September 30, 2014 (unaudited)	September 30, 2013 (unaudited)
Citrus trees	\$ 32,330,529	\$ 24,695,210
Land	17,554,652	11,633,532
Equipment, irrigation and vehicles	7,417,689	5,192,700
Building and improvements	1,577,298	1,061,789
Office equipment and furniture	107,234	107,234
	58,987,402	42,690,465
Less: accumulated depreciation	(3,809,188)	(3,289,639)
	\$ 55,178,214	\$ 39,400,826

Depreciation expense totaled \$519,548 and \$455,456 for the three months ended September 30, 2014 and 2013, respectively, of which \$511,479 and \$452,043 was capitalized in inventory. Certain land with a cost of \$2,832,159 has been classified as held for sale as of June 30, 2014. It was sold during the three month period ended September 30, 2014 resulting in a gain on sale of assets of \$2,926,553.

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements

7. Loan Costs

	September 30, 2014 (unaudited)	June 30, 2014
Loan costs	\$ 541,094	\$ 431,108
Less: accumulated amortization	(59,070)	(50,188)
	\$ 482,024	\$ 380,920

The loan costs are stated at cost and amortized using the straight-line method (which approximates the effective interest method) over the lives of the related loans. Amortization totaled \$8,882 for both periods ended September 30, 2014 and 2013, respectively, and has been capitalized in inventory.

A schedule of the estimated aggregate loan cost amortization for the next five succeeding fiscal years is as follows:

	Years
Office equipment and furniture	5-7
Equipment, irrigation and vehicles	7-15
Buildings and improvements	10-20
Citrus trees	20

Year Ended September 30,

2015	\$ 46,956
2016	46,956
2017	46,957
2018	40,857
2019	28,359
Thereafter	271,939
	\$ 482,024

8. Investments in Agricultural Cooperatives

The Company has various investments in agricultural cooperatives which include per unit retains under base capital or revolving capital plans, patronage refunds and other allocated equities. The investments in agricultural cooperatives are as follows:

	September 30, 2014 (unaudited)	June 30, 2014
Citrus Marketing Services	\$ 297,485	\$ 297,485
Waverly Growers Association	23,801	23,801
Dundee CGA	12,540	12,540
	\$ 333,826	\$ 333,826

Table of Contents**734 Citrus Holdings, LLC and Subsidiaries****Notes to the Consolidated Financial Statements****9. Note Payable**

The Company has entered into a revolving line of credit agreement in the amount of \$6,000,000 with a bank. Interest on advances is adjusted quarterly and is based on the three month London Interbank Offered Rate (LIBOR) plus 2.75% (2.98% at September 30, 2014) and is payable semi-annually beginning June 1, 2013. The agreement expires July 1, 2018 at which time all outstanding principal and interest is due. The note is secured by certain real estate. Advances outstanding under the revolving note were \$6,000,000 and \$3,159,620 at September 30, 2014 and June 30, 2014, respectively.

The note payable and term debt with financial institutions described in Note 10 include cross collateralization and cross default provisions.

10. Term Debt and Capital Lease Obligation

Term debt and capital lease obligation consist of the following:

	September 30, 2014	June 30, 2014
Note payable to a financial institution in quarterly installments of \$145,000 plus interest at 5.35% per annum. The note matures June, 2033. The note is secured by certain real property	\$ 13,630,000	\$ 13,775,000
Note payable to a financial institution in quarterly installments of \$145,000 plus interest at 5.35% per annum. The note matures June, 2033. The note is secured by certain real property	13,630,000	13,775,000
Note payable to a financial institution with quarterly interest payments at 3.85% per annum beginning December 1, 2014 and principal payments of \$55,000 beginning March 1, 2015. The note matures September 1, 2021 at which time all principal and accrued interest is due. The note is secured by certain real property.	5,500,000	
Note payable to a financial institution with quarterly interest payments at 3.45% per annum beginning December 1, 2014 and principal payments of \$55,000 beginning March 1, 2015. Beginning on September 1, 2019, and on each of September 1, 2024 and September 1, 2029, the financial institution has the right to adjust the interest rate to a new agreed upon interest rate, comparable to other terms at that time. The note matures September 1, 2039 at which time all principal and accrued interest is due. The note is secured by certain real property.	5,500,000	
Note payable to a financing corporation in semi annual installments of \$18,056 including interest. The note matures December 1, 2016 and is secured by certain equipment	90,278	90,278
Capital lease payable to a financing corporation in monthly installments of \$1,800 including interest at 10.96%. The lease matured August, 2014 and was secured by certain equipment		1,763
	38,350,278	27,642,041
Less: current maturities	(1,581,111)	(1,197,874)
	\$ 36,769,167	\$ 26,444,167

Table of Contents**734 Citrus Holdings, LLC and Subsidiaries****Notes to the Consolidated Financial Statements**

A schedule of maturities of the term debt and capital lease obligation is as follows:

<i>Year Ended September 30,</i>	
2015	\$ 1,581,111
2016	1,636,167
2017	1,618,000
2018	1,600,000
2019	1,600,000
Thereafter	30,315,000
	\$ 38,350,278

Interest costs incurred amounted to approximately \$443,000 and \$400,000, for the three months ending September 30, 2014 and 2013, respectively.

The Company is required to meet certain financial ratios on various notes payable related to current assets and liabilities.

The term debt with financial institutions and the note payable described in Note 9 include cross collateralization and cross default provisions.

11. Income Taxes

The provision for income taxes consists of the following:

<i>September 30,</i>	2014	2013
Current income tax provision:		
Federal	\$	\$
State		
Deferred income tax provision:		
Federal	(754,971)	
State	(129,236)	
	(884,207)	
Total	\$ (884,207)	\$

Table of Contents**734 Citrus Holdings, LLC and Subsidiaries****Notes to the Consolidated Financial Statements**

The tax effects of temporary differences that give rise to deferred tax assets and liabilities consist of the following:

	September 30, 2014 (Unaudited)	June 30, 2014
Deferred tax assets:		
Accounts payable and accrued expenses	\$ 374,335	\$ 240,617
Fixed assets	186,811	
Net operating loss	2,331,002	2,345,060
Total deferred tax assets	2,892,148	2,585,677
Deferred tax liabilities:		
Fruit Inventory, net of capitalized depreciation	2,969,871	1,420,497
Fruit and other receivables	1,684,893	1,805,020
Prepaid expenses	73,105	150,083
Depreciation	5,204,791	5,366,382
Total deferred tax liabilities	9,932,660	8,741,982
Net deferred tax liability	\$ (7,040,512)	\$ (6,156,305)

Deferred taxes are included in the accompanying balance sheet as follows:

	September 30, 2014 (Unaudited)	June 30, 2014
Deferred current tax liability:	\$ (4,166,723)	\$ (3,134,983)
Deferred non-current tax liability:	(2,873,789)	(3,021,322)
	\$ (7,040,512)	\$ (6,156,305)

The Company's net operating loss carryforwards, which may provide future tax benefits, expire in 2034. Since the fiscal year 2014 was the initial year for the Company as a taxable corporation, there are no net operating loss carryforwards from prior years.

12. Lease Arrangements and Rent ExpenseCapital Lease

The Company leases certain equipment under a non-cancellable capital lease. The equipment under the lease is included in the accompanying consolidated balance sheets as follows:

	September 30, 2014 (unaudited)	June 30, 2014
Equipment, irrigation and vehicles	\$ 147,101	\$ 147,101
Less: accumulated depreciation	(30,646)	(26,969)

\$	116,455	\$	120,132
----	---------	----	---------

F-17

Table of Contents**734 Citrus Holdings, LLC and Subsidiaries****Notes to the Consolidated Financial Statements**

Future minimum lease payments under the capital lease are included in the schedule of maturities of term debt (Note 10).

Operating Leases

The Company leases certain equipment under non-cancellable operating leases. The leases have original terms of 12 to 48 months. The leases provide for monthly rent payments and include various purchase options at the end of the lease terms. Rent expense totaled approximately \$54,914 and \$38,981, for the three months ended September 30, 2014 and 2013, respectively, for these non-cancellable operating leases, of which \$53,413 and \$37,541, respectively has been capitalized in inventory.

Future minimum payments under the leases are as follows:

<i>Year Ended September 30,</i>		
2015	\$	212,150
2016		198,649
2017		114,601
	\$	525,400

13. Retirement Plan

During 2013, the Company adopted a trustee qualified 401(k) plan for all eligible full-time employees. The Plan permits employees to make contributions up to the maximum limits allowed by the Internal Revenue Code. The Plan provides for mandatory safe-harbor matching contribution.

The Company's provision for matching contributions was approximately \$9,000 and \$8,000, for the three months ended September 30, 2014 and 2013, respectively.

14. Equity Based Compensation

The Company issued units valued at approximately \$1,389,000, equal to 5% of total member contributions on a fully diluted basis, in exchange for future services of one member and will vest ratably over a two year period that ends December 31, 2014. The pro rata amount of \$173,665 has been included in the general and administrative expenses in the statements of operations for the three months ended September 30, 2014 and 2013. The remaining balance of \$173,664 will be recognized ratably until its expiration date. Upon employment termination of the member without cause, the unvested portion becomes fully vested. If the member terminates employment, there is an option, as defined, to purchase a significant portion of income producing citrus groves that could impact the results of operations.

15. Major Customer

Receivables from one major customer aggregated 95% and 88% of the Company's receivables at September 30, 2014 and at June 30, 2014. Due to the seasonality of the industry there are no sales related to the sale of fruit for the three months ended September 30, 2014 and 2013. Management believes that there is a market for its fruit with other processors if there was a termination of the current purchase and supply agreement with this major customer.

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements

16. Commitments and Contingencies

The Company is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the Company's financial position or the results of the operations of the Company.

17. Subsequent Events

The Company has evaluated events and transactions occurring subsequent to September 30, 2014 as of January 13, 2015, which is the date the financial statements were available to be issued. Subsequent events occurring after January 13, 2015 have not been evaluated by management. No material events have occurred since September 30, 2014 that require recognition or disclosure in the financial statements, except as follows:

In October, 2014 the Company signed a letter of intent to enter into a purchase agreement and plan of merger with a publicly traded company. Substantially all of the proceeds will be paid with stock of the acquiring company. This transaction is expected to be completed during fiscal year end 2015.

Edgar Filing: ALICO INC - Form DEFM14C

**734 Citrus Holdings, LLC
and Subsidiaries
Consolidated Financial Statements
For the year ended June 30, 2014 and the period from
October 19, 2012 (date of inception) through June 30, 2013**

F-20

Table of Contents

734 Citrus Holdings, Inc. and Subsidiaries

Table of Contents

	Page
<u>Independent Auditors' Report</u>	<u>F-22</u> <u>F-23</u>
Consolidated Financial Statements	
<u>Consolidated Balance Sheets</u>	<u>F-24</u> <u>F-25</u>
<u>Consolidated Statements of Operations</u>	<u>F-26</u>
<u>Consolidated Statements of Changes in Members' Equity</u>	<u>F-27</u>
<u>Consolidated Statements of Cash Flows</u>	<u>F-28</u>
<u>Notes to the Consolidated Financial Statements</u>	<u>F-29</u> <u>F-41</u>
	F-21

Table of Contents

Independent Auditors' Report

Managing Members
734 Citrus Holdings, LLC and Subsidiaries
Frostproof, Florida

We have audited the accompanying consolidated financial statements of 734 Citrus Holdings, LLC and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations, changes in members' equity, and cash flows, for the year ended June 30, 2014 and the period from October 19, 2012 (date of inception) through June 30, 2013 and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2014 and 2013, and the results of its operations and its cash flows for the year ended June 30, 2014 and the period from October 19, 2012 (date of inception) through June 30, 2013 in accordance with accounting principles generally accepted in the United States of America.

114 N. Tennessee Avenue, Suite 200A • Lakeland, FL 33801 • (863) 937-9520 • Fax (863) 937-9778
Orlando • Tampa • Winter Haven
www.cfr CPA.com

Table of Contents

Emphasis of Matter

As discussed in Note 18 to the financial statements, the 2013 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

/s/ Cross, Fernandez & Riley, LLP

Certified Public Accountants

December 1, 2014
Lakeland, Florida

F-23

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Consolidated Balance Sheets

<i>June 30,</i>	2014	2013
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 241,429	\$ 2,655,104
Restricted cash (Note 2)		5,200,034
Accounts receivable (Notes 2 and 16)	4,594,099	858,251
Other receivables	283,119	152,215
Inventories (Note 2)		
Unharvested citrus crops	5,197,483	5,711,499
Other	342,564	265,907
Prepaid expenses and other assets	148,840	250,785
Land held for sale (Note 2)	2,832,159	
Total current assets	13,639,693	15,093,795
Property and equipment, net (Notes 2 and 6)	39,400,826	44,547,372
Other assets:		
Restricted proceeds from land sales held in escrow (Note 5)		6,861,747
Deferred loan costs, net (Note 7)	380,920	416,449
Investment in agricultural cooperatives (Notes 2 and 8)	333,826	446,199
Other	257,239	7,229
Total other assets	971,985	7,731,624
	\$ 54,012,504	\$ 67,372,791

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Consolidated Balance Sheets

<i>June 30,</i>	2014	2013
Liabilities and Members' Equity		
Current liabilities:		
Current maturities of term debt (Note 11)	\$ 1,196,111	\$ 1,256,666
Current maturity of capital lease obligation (Notes 11 and 13)	1,763	19,723
Current deferred tax liability (Note 12)	3,134,983	
Accounts payable	323,545	553,836
Escrow payable (Note 2)		5,200,034
Accrued expenses	316,902	450,455
Advance from member (Note 9)		605,485
Total current liabilities	4,973,304	8,086,199
Long-term liabilities:		
Note payable (Note 10)	3,159,620	2,050,000
Term debt, net of current maturities (Note 11)	26,444,167	27,453,334
Long-term deferred tax liability (Note 12)	3,021,322	
Capital lease obligation, net of current maturity (Notes 11 and 13)		3,439
Contingent consideration arrangement (Notes 2 and 3)		6,000,000
Total long-term liabilities	32,625,109	35,506,773
Total liabilities	37,598,413	43,592,972
Commitments and contingencies (Note 17)		
Members' equity	16,414,091	23,779,819
	\$ 54,012,504	\$ 67,372,791

See notes to consolidated financial statements.

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Consolidated Statements of Operations

	Year Ended June 30, 2014	Period from October 19, 2012 (date of inception) through June 30, 2013 Restated
Operating revenues (Notes 2 and 16):		
Fruit and other revenues	\$ 15,617,151	\$ 14,380,459
Operating expenses:		
Growing, caretaking and other direct costs	10,106,726	3,074,974
Harvesting costs	2,633,729	3,848,401
Purchased fruit (Note 18)		5,750,931
Total operating expenses	12,740,455	12,674,306
Gross profit	2,876,696	1,706,153
General and administrative:		
General and administrative (Note 15)	1,479,688	1,060,763
Depreciation (Notes 2 and 6)	59,898	55,027
Total general and administrative	1,539,586	1,115,790
Income from operations	1,337,110	590,363
Other income (expense):		
Gain on bargain purchase of a business (Note 3 and 18)		1,485,799
Gain on settlement of contingent consideration arrangement (Note 2)	6,000,000	
Interest (Notes 10 and 11)	(1,633,719)	(840,045)
Gain (loss) on sale of assets	101,666	(28,523)
Other income	55,662	104,379
Total other income, net	4,523,609	721,610
Income before provision for income taxes	5,860,719	1,311,973
Provision for income taxes (Note 12)	6,156,305	
Net income (loss)	\$ (295,586)	\$ 1,311,973

See notes to consolidated financial statements.

Table of Contents**734 Citrus Holdings, LLC and Subsidiaries****Consolidated Statements of Changes in Members' Equity**

Members' Equity	
Balance, October 19, 2012 (date of inception)	\$
Member contributions (Note 4)	22,467,846
Net income	1,311,973
Balance, June 30, 2013	23,779,819
Equity-based compensation (Note 15)	694,658
Member distributions (Note 5)	(7,764,800)
Net loss	(295,586)
Balance, June 30, 2014	\$ 16,414,091

See notes to consolidated financial statements.

F-27

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Consolidated Statements of Cash Flows

Year Ended June 30, 2014	Period from October 19, 2012 (date of inception) through June 30, 2013 Restated	
Cash flows from operating activities:		
Net income (loss)	\$ (295,586)	\$ 1,311,973
Adjustments to reconcile net income (loss) to net cash provided (used in) by operating activities:		
Depreciation and amortization	1,860,569	1,628,654
Equity-based compensation	694,658	347,329
(Gain) loss on sale of fixed assets	(100,452)	28,523
Deferred income taxes	6,156,305	
Gain on bargain purchase of a business		(1,485,799)
Gain on settlement of contingent consideration arrangement	(6,000,000)	
Changes in assets and liabilities		
Accounts receivable	(3,735,848)	(858,251)
Other receivables	(130,904)	(152,215)
Inventories	437,359	91,076
Prepaid expenses and other assets	101,945	(250,785)
Other	(10)	(7,229)
Accounts payable	(230,291)	553,836
Accrued expenses	(133,553)	450,455
Escrow payable		994
Net cash provided by (used in) operating activities	(1,375,808)	1,658,561
Cash flows from investing activities:		
Proceeds from sale of property and equipment	959,603	5,331,108
Purchases of property and equipment	(261,470)	(698,183)
Redemption of investment in agricultural cooperatives	112,373	
Increase in restricted cash		(5,200,034)
Restricted proceeds from land sales held in escrow	6,861,747	(6,861,747)
Escrow deposit for land purchase	(250,000)	
Acquisition of a business		(10,937,845)
Net cash provided by (used in) investing activities	7,422,253	(18,366,701)
Cash flows from financing activities:		
Net proceeds on revolving note payable	1,109,620	2,050,000
Payments on term debt	(1,178,056)	(290,000)
Payments on capital lease obligation	(21,399)	(9,597)
Payment of loan costs		(431,108)
Advance from member	(605,485)	605,485
Member distributions	(7,764,800)	
Member contributions		17,438,464
Net cash provided by (used in) financing activities	(8,460,120)	19,363,244
Net increase (decrease) in cash and cash equivalents	(2,413,675)	2,655,104
Cash and cash equivalents, beginning of year	2,655,104	

Edgar Filing: ALICO INC - Form DEFM14C

Cash and cash equivalents, end of year	\$	241,429	\$	2,655,104
----------------------------------------	----	---------	----	-----------

See notes to consolidated financial statements.

F-28

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements

1. Nature of Operations

734 Citrus Holdings, LLC, organized on October 19, 2012 (date of inception) and wholly owned subsidiaries, 734 Harvest, LLC, 734 Co-op Groves, LLC, 734 LMC Groves, LLC, and 734 BLP Groves, LLC (herein referred to as the "Company") are limited liability companies organized under the laws of the State of Florida. There is a single class of membership with each member having limited liability. The Company owns citrus groves located in Central and South Florida. The Company harvests fruit and provides grove caretaking services to several growers.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying financial statements have been prepared on a consolidated basis to include the accounts of 734 Citrus Holdings, LLC and all entities the Company controls. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash relates to an asset purchase agreement and is included in current assets based on the contractual terms of the agreement. An escrow payable is included in current liabilities for the balance of the restricted cash. On July 2, 2013, 50% of the balance, or approximately \$2,600,000, was disbursed based on the terms of the agreement. The remaining amount was disbursed on December 31, 2013.

Concentration of Credit Risk

The Company maintains its cash and restricted cash accounts in financial institutions in the States of Florida and New York and, at times, balances may exceed Federal Deposit Insurance Corporation (FDIC) limits. All of the non-interest-bearing cash balances are insured up to \$250,000 per depositor at each financial institution, and at June 30, 2014 and 2013, the Company had approximately \$235,000 and \$2,714,000, respectively, in excess of FDIC insured limits with the financial institutions. The Company has not experienced any losses on these accounts.

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements

The Company markets citrus fruit and extends credit to processors in Central Florida under different arrangements including negotiated price and participation agreements. The Company extends credit to grove caretaking customers in Central and South Florida under various terms on an unsecured basis.

Revenue Recognition

Revenue from citrus crops is recognized at the time the crop is harvested and delivered to the customer. Receivables from crops sold are recorded for the estimated proceeds to be received from the customer. Differences between the estimates and the final realization of revenues can be significant, and the differences between estimated and final results can be either positive or negative. During the periods presented in these financial statements, no material adjustments were made to the reported revenues from the sale of citrus crops.

Caretaking and harvesting revenues of approximately \$123,000 and \$359,000 for the year ended June 30, 2014 and the period from October 19, 2012 (date of inception) through June 30, 2013, respectively, which are included in fruit and other revenues in the statement of income, are recognized as the services are provided. Caretaking revenues are primarily from citrus groves owned individually by related parties of the members.

Accounts Receivable

Accounts receivable are customer obligations resulting from the sale of citrus fruit and grove caretaking services. The Company provides for an allowance for doubtful accounts which is estimated based on the Company's historical losses, existing economic conditions within the industry and the financial stability of its customers. Management believes no allowance for doubtful accounts is necessary at June 30, 2014 and 2013.

Inventories

The costs of growing crops include production costs and certain allocable indirect costs, that are capitalized into inventory until the time of harvest. Such costs are expensed when the crops are harvested and are recorded in growing, caretaking, and other direct costs in the statements of operations. Inventories are stated at the lower of cost or net realizable value. The cost for unharvested citrus crops is based on accumulated production costs incurred during the period from January 1 through the balance sheet date.

Other inventories consist of fuel, spray oil, and palm trees and are valued at the lower of cost or market.

Land Held for Sale

The Company classifies land as held for sale in the period in which all of the following criteria are met: a) management with the appropriate authority commits to a plan to sell the asset, b) the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets, c) an active program to locate a buyer and other actions required to complete the plan of sale have been initiated, d) the sale of the property or asset within one year is probable and will qualify for accounting purposes as a sale, e) the asset is being actively marketed for sale at a price that is

Table of Contents**734 Citrus Holdings, LLC and Subsidiaries****Notes to the Consolidated Financial Statements**

reasonable in relation to its current fair value, and f) actions required to complete the plan of sale indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Office equipment and furniture	5-7
Equipment, irrigation and vehicles	7-15
Buildings and improvements	10-20
Citrus trees	20

Costs of planting and developing citrus groves are capitalized until the groves become commercially productive, at which time the Company ceases capitalization of costs and commences depreciation.

Impairment of Long-Lived Assets

Long-lived assets are evaluated for impairment when events or circumstances indicate that the carrying amounts of the assets may not be recoverable. When any such impairment exists, the related assets will be written down to fair value. No impairment losses were recognized by the Company for the year ended June 30, 2014 and the period from October 19, 2012 (date of inception) through June 30, 2013.

Investments in Agricultural Cooperatives

The Company has various investments in agricultural cooperatives which include per unit retains under base capital or revolving capital plans, patronage refunds and other allocated equities. Investments in agricultural cooperatives are not marketable; therefore, these investments are recorded at cost.

The Company evaluates, at least annually, whether events or circumstances have occurred that may have a significant adverse effect on the fair value of these investments. No impairment losses on these investments were recognized by the Company for the year ended June 30, 2014 and the period from October 19, 2012 (date of inception) through June 30, 2013.

Contingent Consideration Arrangement

The Company estimates the fair value of contingent consideration arrangements issued in business combinations using various valuation approaches, reflecting the Company's assessment of the assumptions market participants would use to value the consideration. The fair value of the liability classified as a contingent consideration arrangement is re-measured at each reporting period, with any changes in the fair value recorded as income or expense.

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements

Income Taxes

The Company has elected to be treated as a Corporation for federal income tax purposes beginning October 1, 2013. Consequently, federal income taxes were not payable by the Company up to September 30, 2013. Members were taxed individually on their share of the Company's earnings. Therefore, no provision or liability for federal income taxes has been included in the financial statements as of June 30, 2013.

The Company identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the balance sheet. The Company has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company's open tax years subject to examination by the Internal Revenue Service and the Florida Department of Revenue generally remain open for three years from the date of filing.

From October 1, 2013 and going forward, income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consists of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences to reflect the net tax effects between the basis of assets and liabilities for consolidated financial statement and income tax purposes. The differences relate primarily to depreciable assets, net operating losses, and differences in the method of account for fruit and other receivables, fruit inventory, prepaid expenses and other assets, accounts payable and accrued expenses. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

Fair Value of Financial Instruments

FASB ASC Topic 820 "Fair Value Measurements and Disclosure" establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Valuation based on quoted prices in active markets for identical assets or liabilities.

Level 2 Valuation based on quoted market prices for similar assets and liabilities in active markets.

Level 3 Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair values.

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values due to the short-term nature of these instruments. These include cash and cash equivalents, restricted cash, accounts receivable, other receivables, accounts payable, escrow payable, accrued expenses, and advances from Members. The fair value of the Company's capital lease obligation, note payable and term debt approximate their carrying values based on current rates available to the Company.

The Company's Level 3 financial instruments consist of a contingent consideration arrangement liability of \$0 and \$6,000,000 as of June 30, 2014 and 2013, respectively. The contingent consideration arrangement relates to an asset purchase agreement and is included in the long-term liabilities based on the contractual terms of the purchase agreement. The contingent consideration is payable, up to \$6,000,000 to the extent cumulative EBITDA, as defined in the purchase agreement, exceeds \$10,000,000 through June 30, 2014. If less than \$6,000,000 is paid at the end of fiscal year 2014, the Company will pay to the seller up to an aggregate amount of \$6,000,000 to the extent cumulative EBITDA exceeds \$15,000,000 through June 30, 2015. The fair value of the liability at June 30, 2013 was estimated by management based on the present value of the expected payments over 24 months. The valuation method used to estimate the fair value of the contingent consideration arrangement included significant unobservable market inputs (Level 3), with key assumptions including the varying probability of achieving revenue targets, and the discount rate based on current lending rates applied to the amount based on the contractual agreement. Management has determined that the fair value of the liability approximates the stated value of \$6,000,000 at June 30, 2013. In 2014, the Company estimated that no portion of the liability was expected to be earned and paid out in the future. The write off of the liability was recorded as a gain on settlement of contingent consideration arrangement in the consolidated statements of operations.

The Company does not have any Level 1 or 2 financial instruments.

3. Business Combination

The Company was organized for the purpose of acquiring citrus groves, and effective December 31, 2012, the Company purchased approximately 5,000 acres of citrus groves as well as equipment and other assets from several closely held entities under common control.

The acquisition has been accounted for in accordance with FASB ASC Topic 805, "Business Combinations" and, accordingly, the assets acquired and liabilities assumed are recorded at estimated fair values as determined by management based on information available.

Table of Contents**734 Citrus Holdings, LLC and Subsidiaries****Notes to the Consolidated Financial Statements**

The final allocation of the purchase price is as follows:

	Restated
Citrus groves, machinery and equipment	\$ 46,140,762
Citrus crop on trees	5,835,721
Investment in agricultural cooperatives	446,199
Other inventory	232,761
Term debt	(29,000,000)
Escrow payable	(5,199,040)
Contingent consideration arrangement	(6,000,000)
Capital lease payable	(32,759)
Gain on bargain purchase of a business	(1,485,799)

Cash paid	\$ 10,937,845
-----------	---------------

The fair value of the identifiable assets acquired and liabilities assumed of \$12,423,644 exceeded the net cash paid for the business of \$10,937,845. As a result, the Company reassessed the recognition and measurement of identifiable assets acquired and liabilities assumed and concluded that the valuation procedures and resulting measures were appropriate. Accordingly, the acquisition has been accounted for as a bargain purchase and, as a result, the Company recognized a gain of \$1,485,799 associated with the acquisition. The gain is included in the line item "Gain on bargain purchase of a business" in the 2013 consolidated statement of operations and is the result of the difference between the estimated fair market value of the citrus groves as determined by management and the purchase price. (Note 18)

4. Cash Flow Information

The Company had non-cash investing and financing transactions as follows:

	Year Ended June 30, 2014	Period from October 19, 2012 (date of inception) through June 30, 2013
Contributed capital from members	\$	\$ 22,467,846
Contribution of grove at formation of LLC		4,682,053
Equipment purchased under note	108,334	
Total	\$ 108,334	\$ 27,149,899

Supplemental cash flow disclosures are as follows:

	Year Ended June 30, 2014	Period from October 19, 2012 (date of inception) through June 30, 2013
Cash paid for interest	\$ 1,601,280	\$ 709,653

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements

5. Restricted Proceeds from Land Sales Held in Escrow

Under the terms of the loan agreement with Prudential Mortgage Capital Company, LLC (Prudential), the Company may deposit the proceeds from real estate sales into a pledge account for a period of up to 12 months which serves as replacement collateral. As of June 30, 2014, all the proceeds were released from restrictions, based on contract and distributed to Members.

6. Property and Equipment

Property and equipment consist of the following:

<i>June 30,</i>	2014	2013
Citrus trees	\$ 24,695,210	\$ 25,109,120
Land	11,633,532	14,770,188
Equipment, irrigation and vehicles	5,192,700	5,011,065
Building and improvements	1,061,789	1,054,539
Office equipment and furniture	107,234	107,731
	42,690,465	46,052,643
Less: accumulated depreciation	3,289,639	1,505,271
Total	\$ 39,400,826	\$ 44,547,372

Depreciation expense totaled \$1,825,040 and \$1,613,995 for the year ended June 30, 2014 and the period from October 19, 2012 (date of inception) through June 30, 2013, respectively, of which \$1,765,142 and \$1,526,994, respectively, was capitalized in inventory. Certain land with a cost of \$2,832,159 has been classified as held for sale since it was sold subsequent to year end. See Note 19.

7. Loan Costs

Loan costs consist of the following:

<i>June 30,</i>	2014	2013
Loan costs	\$ 431,108	\$ 431,108
Less: accumulated amortization	(50,188)	(14,659)
Total	\$ 380,920	\$ 416,449

The loan costs are stated at cost and amortized using the straight-line method (which approximates the effective interest method) over the lives of the related loans. Amortization totaled \$35,529 and \$14,659 for the year ended June 30, 2014 and the period from October 19, 2012 (date of inception) through June 30, 2013, and has been capitalized in inventory.

Table of Contents**734 Citrus Holdings, LLC and Subsidiaries****Notes to the Consolidated Financial Statements**

A schedule of the estimated aggregate loan cost amortization for the next five succeeding fiscal years is as follows:

<i>Year Ended June 30,</i>		
2015	\$	35,500
2016		35,500
2017		35,500
2018		29,400
2019		16,900

8. Investments in Agricultural Cooperatives

The Company has various investments in agricultural cooperatives which include per unit retains under base capital or revolving capital plans, patronage refunds and other allocated equities. The investments in agricultural cooperatives are as follows:

<i>June 30,</i>		2014		2013
Citrus Marketing Services	\$	297,485	\$	408,158
Waverly Growers Association		23,801		23,801
Dundee CGA		12,540		12,540
Other				1,700
Total	\$	333,826	\$	446,199

9. Advance from Member

Advance from Member consists of a non-interest bearing advance from a member in relation to the purchase of the business. The advance was paid in its entirety during fiscal year 2014.

10. Note Payable

The Company has entered into a revolving line of credit agreement in the amount of \$6,000,000 with a bank. Interest on advances is adjusted quarterly and is based on the three-month London Interbank Offered Rate (LIBOR) plus 2.75% (2.98% at June 30, 2014) and is payable semi-annually beginning June 1, 2013. The agreement expires July 1, 2018 and is secured by certain real estate. Advances outstanding under the revolving note were \$3,159,620 and \$2,050,000 at June 30, 2014 and 2013.

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements

11. Term Debt and Capital Lease Obligation

Term debt and capital lease obligation consists of the following:

<i>June 30,</i>	2014	2013
Note payable to a financial institution in quarterly installments of \$145,000 plus interest at 5.35% per annum. The note matures June , 2033. The note is secured by certain real property.	\$ 13,775,000	\$ 14,355,000
Note payable to a financial institution in quarterly installments of \$145,000 plus interest at 5.35% per annum. The note matures June , 2033. The note is secured by certain real property.	13,775,000	14,355,000
Note payable to a financing corporation in semiannual installments of \$18,056 including interest. The note matures December 1, 2016 and is secured by certain equipment.	90,278	
Capital lease payable to a financing corporation in monthly installments of \$1,800 including interest at 10.96%. The lease matures August , 2014 and is secured by certain equipment.	1,763	23,162
	27,642,041	28,733,162
Less: current maturities	1,197,874	1,276,389
Total	\$ 26,444,167	\$ 27,456,773

A schedule of maturities of the term debt and capital lease obligation is as follows:

<i>Year Ended June 30,</i>	
2015	\$ 1,197,874
2016	1,196,000
2017	1,178,000
2018	1,160,000
2019	1,160,000
Thereafter	21,750,167
Total	\$ 27,642,041

Interest costs incurred amounted to approximately \$1,633,700 and \$840,000 for the period ending June 30, 2014 and during the period from October 19, 2012 (date of inception) through June 30, 2013.

The Company is required to meet certain financial ratios on various notes payable related to current assets and liabilities.

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements

12. Income Taxes

The provision for income taxes consists of the following:

<i>June 30,</i>	2014	2013
Current income tax provision:		
Federal	\$	\$
State		
Deferred income tax provision:		
Federal	5,256,500	
State	899,805	
	6,156,305	
Total	\$	6,156,305 \$

The tax effects of temporary differences that give rise to deferred tax assets and liabilities consists of the following:

<i>June 30,</i>	2014	2013
Deferred tax assets:		
Accounts payable and accrued expenses	\$	240,617 \$
Net operating loss		2,345,060
Total deferred tax assets		2,585,677
Deferred tax liabilities:		
Fruit Inventory, net of capitalized depreciation		1,420,497
Fruit and other receivables		1,805,020
Prepaid expenses		150,083
Depreciation		5,366,382
Total deferred tax liabilities		8,741,982
Net deferred tax liability	\$	(6,156,305) \$

Table of Contents**734 Citrus Holdings, LLC and Subsidiaries****Notes to the Consolidated Financial Statements**

Deferred taxes are included in the accompanying balance sheet as follows:

<i>June 30,</i>	2014	2013
Deferred current tax liability	\$ (3,134,983)	\$
Deferred non-current tax liability	(3,021,322)	
Total	\$ (6,156,305)	\$

The Company's fiscal year end for tax purposes is September 30. As of June 30, 2014, management expects that approximately \$6,200,000 of net operating loss carryforwards will be generated for federal and state tax purposes. The carryforwards, which may provide future tax benefits, expire in 2034. Since this is the initial year for the Company as a taxable corporation, there are no net operating loss carryforwards from prior years.

13. Lease Arrangements and Rent ExpenseCapital Lease

The Company leases certain equipment under a non-cancellable capital lease. The equipment under the lease is included in the accompanying consolidated balance sheets as follows:

<i>June 30,</i>	2014	2013
Equipment, irrigation and vehicles	\$ 147,101	\$ 147,101
Accumulated depreciation	(26,969)	(12,258)
Total	\$ 120,132	\$ 134,843

Future minimum lease payments under the capital lease are included in the schedule of maturities of term debt (Note 11).

Operating Leases

The Company leases certain equipment under non-cancellable operating leases. The leases have original terms of 12 to 48 months. The leases provide for monthly rent payments and include various purchase options at the end of the lease terms. Rent expense totaled approximately \$200,000 and \$49,000 for the year ended June 30, 2014 and the period from October 19, 2012 (date of inception) through June 30, 2013, respectively, for these non-cancellable operating leases, of which \$194,518 and \$29,157, respectively, has been capitalized in inventory.

Table of Contents**734 Citrus Holdings, LLC and Subsidiaries****Notes to the Consolidated Financial Statements**

Future minimum payments under the leases are as follows:

2015	\$	212,150
2016		198,649
2017		167,639
Total	\$	578,438

14. Retirement Plan

During 2013, the Company adopted a trustee qualified 401(k) plan for all eligible full-time employees. The Plan permits employees to make contributions up to the maximum limits allowed by the Internal Revenue Code. The Plan provides for mandatory safe-harbor matching contribution.

The Company's provision for matching contributions was approximately \$44,000 and \$12,000, for the year ended June 30, 2014 and during the period from October 19, 2012 (date of inception) through June 30, 2013, respectively.

15. Equity-Based Compensation

The Company issued units valued at approximately \$1,389,000, equal to 5% of total member contributions on a fully diluted basis, in exchange for future services of one member and will vest ratably over a two-year period that ends December 31, 2014. The pro rata amounts of \$694,658 and \$347,329 have been included in the general and administrative expenses in the statements of operations for the year ended June 30, 2014 and the period from October 19, 2013 (date of inception) to June 30, 2013, respectively. The remaining balance of \$347,329 will be recognized during the fiscal year ended June 30, 2015. Upon employment termination of the member without cause, the unvested portion becomes fully vested. If the member terminates employment, there is an option, as defined, to purchase a significant portion of income-producing citrus groves that could impact the results of operations.

16. Major Customer

Sales to one major customer aggregated 91% and 86%, of the Company's revenues for the year ended June 30, 2014 and the period from October 19, 2012 (date of inception) through June 30, 2013, respectively, and outstanding receivables for this major customer as of June 30, 2014 aggregated to 88%. There was no receivable from this customer as of June 30, 2013. Management believes that there is a market for its fruit with other processors if there is a termination of the current purchase and supply agreement with this major customer.

17. Commitments and Contingencies

The Company is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the Company's financial position or the results of the operations of the Company.

Table of Contents

734 Citrus Holdings, LLC and Subsidiaries

Notes to the Consolidated Financial Statements

18. Restatement

The Company's financial statements as of June 30, 2013 contained the following errors: (1) overstatement of purchased fruit by \$2,794,201 and (2) overstatement of gain on bargain purchase of a business by \$2,794,201. Had the errors not been made, gross profit for 2013 would have been increased by \$2,794,201 and total other income, net would have been decreased by \$2,794,201. There was no effect on total net income for 2013.

19. Subsequent Events

The Company has evaluated events and transactions occurring subsequent to June 30, 2014 as of December 1, 2013, which is the date the financial statements were available to be issued. Subsequent events occurring after December 1, 2014 have not been evaluated by management. No material events have occurred since June 30, 2014 that require recognition or disclosure in the financial statements, except as follows:

Additional land was sold on July 21, 2014, resulting in net proceeds of approximately \$5,800,000 and a gain of approximately \$2,900,000. Certain lots of land were also purchased on September 4, 2014 for approximately \$17,200,000. The funds for the land purchased were obtained through a loan from Prudential amounting to approximately \$11,110,000 and the proceeds from the sale of land. The loan is structured in two notes (E and F) both for \$5,500,000. Note E will bear interest at a rate of 3.85% and will be payable in quarterly principal installments of \$55,000 plus interest with a balloon payment of \$4,109,174, including interest. Note E matures on September 1, 2021. Note F will bear interest at a rate of 3.45% and will be payable in quarterly principal installments of \$55,000 plus interest with a balloon payment of \$110,949, including interest. Note F matures on September 1, 2039.

In October 2014, the Company signed a letter of intent to enter into a purchase agreement and plan of merger with a publicly traded company. Substantially all of the proceeds will be paid with stock of the acquiring company. This transaction is expected to be completed during fiscal year end 2015.

Table of Contents

**Orange-Co, LP
and Subsidiaries
Consolidated Financial Report
September 30, 2014**

F-42

Table of Contents

Contents

<u>Independent Auditor's Report</u>	<u>F-44</u>
Financial Statements	
<u>Consolidated Balance Sheets</u>	<u>F-45</u>
<u>Consolidated Statements of Income</u>	<u>F-46</u>
<u>Consolidated Statements of Changes in Partners' Equity</u>	<u>F-47</u>
<u>Consolidated Statements of Cash Flows</u>	<u>F-48</u>
<u>Notes to Consolidated Financial Statements</u>	<u>F-49</u> <u>F-57</u>
	F-43

Table of Contents

Independent Auditor's Report

To the Partners of
Orange-Co, LP and Subsidiaries
Arcadia, Florida

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Orange-Co, LP and its subsidiaries which comprise the consolidated balance sheets as of September 30, 2014, 2013 and 2012, and the related consolidated statements of income, changes in partners' equity, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Orange-Co, LP and its subsidiaries as of September 30, 2014, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Subsequent Events

As discussed in Note 15 to the consolidated financial statements, the Partnership sold substantially all of its assets effective December 1, 2014. Our opinion is not modified with respect to this matter.

/s/ McGladrey LLP
Orlando, Florida
January 15, 2015

Table of Contents**Orange-Co, LP and Subsidiaries****Consolidated Balance Sheets**

September 30, 2014, 2013 and 2012

	2014	2013	2012
Assets			
Current Assets			
Cash	\$ 446,686	\$ 792,991	\$ 183,067
Accounts receivable	917,383	398,834	913,774
Inventories	31,480,333	29,742,631	27,770,864
Prepaid expenses and other assets	304,058	258,640	317,827
Total current assets	33,148,460	31,193,096	29,185,532
Restricted Cash	184,950	52,847	52,725
Property and Equipment, Net	92,615,407	95,084,352	94,577,269
Equity Investments	1,987,186	509,797	499,349
Other Assets	712,317	810,530	908,444
	\$ 128,648,320	\$ 127,650,622	\$ 125,223,319
Liabilities and Partners' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 4,398,898	\$ 4,975,130	\$ 3,088,940
Current maturities of long-term debt	5,457,568	5,457,568	10,034,668
Line of credit	20,475,000		15,950,000
Total current liabilities	30,331,466	10,432,698	29,073,608
Long-Term Debt, Net of Current Maturities	87,278,240	92,735,808	93,379,159
Line of Credit		15,423,585	
Total liabilities	117,609,706	118,592,091	122,452,767
Commitments and Contingencies (Notes 8, 11, 13 and 15)			
Total Partners' Equity	11,038,614	9,058,531	2,770,552
	\$ 128,648,320	\$ 127,650,622	\$ 125,223,319

See Notes to Consolidated Financial Statements.

Table of Contents**Orange-Co, LP and Subsidiaries****Consolidated Statements of Income****Years Ended September 30, 2014, 2013 and 2012**

	2014	2013	2012
Sales	\$ 71,925,218	\$ 67,376,458	\$ 74,669,036
Cost of sales	42,781,841	44,309,130	41,057,292
Gross profit	29,143,377	23,067,328	33,611,744
Selling, general, and administrative expenses	3,853,782	6,746,134	3,696,435
Impairment loss on oak tree and sod inventory			735,186
Operating profit	25,289,595	16,321,194	29,180,123
Financial Income (Expense):			
Interest expense	(4,310,193)	(4,523,400)	(4,636,695)
Interest income	681	186	3,616
Total financial expense	(4,309,512)	(4,523,214)	(4,633,079)
Net income	\$ 20,980,083	\$ 11,797,980	\$ 24,547,044

See Notes to Consolidated Financial Statements.

Table of Contents**Orange-Co, LP and Subsidiaries****Consolidated Statements of Changes in Partners' Equity****Years Ended September 30, 2014, 2013 and 2012**

	General Partner	Limited Partner	Total
Balances, September 30, 2011	\$ (16,647,339)	\$ 15,870,847	\$ (776,492)
Distributions	(10,353,787)	(10,646,213)	(21,000,000)
Net income	12,102,613	12,444,431	24,547,044
Balances, September 30, 2012	\$ (14,898,513)	\$ 17,669,065	\$ 2,770,552
Distributions	(2,923,068)	(2,586,933)	(5,510,001)
Net income	6,258,855	5,539,125	11,797,980
Balances, September 30, 2013	(11,562,726)	20,621,257	9,058,531
Distributions	(9,499,726)	(9,500,274)	(19,000,000)
Net income	10,489,739	10,490,344	20,980,083
Balances, September 30, 2014	\$ (10,572,713)	\$ 21,611,327	\$ 11,038,614

See Notes to Consolidated Financial Statements.

Table of Contents**Orange-Co, LP and Subsidiaries****Consolidated Statements of Cash Flows****Years Ended September 30, 2014, 2013, 2012**

	2014	2013	2012
Cash Flows From Operating Activities			
Net income	\$ 20,980,083	\$ 11,797,980	\$ 24,547,044
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,680,088	4,456,188	4,305,628
Loss (gain) on equity investments	22,611	(10,445)	61,529
Impairment loss on oak tree and sod inventory			735,186
Loss (gain) on sale of equipment	3,597	(124,740)	(6,708)
Changes in operating assets and liabilities:			
Accounts receivable	(518,549)	514,940	(669,399)
Inventories	(1,737,702)	(1,971,767)	(3,186,669)
Prepaid expenses and other assets	(45,418)	59,187	(23,957)
Other assets			(74,877)
Accounts payable and accrued liabilities	(576,232)	1,886,190	(1,031,977)
Net cash provided by operating activities	22,808,478	16,607,533	24,655,800
Cash Flows From Investing Activities			
Proceeds from sale of equipment	51,681	286,862	102,424
Additions to property and equipment	(3,668,208)	(5,027,482)	(4,480,635)
Change in restricted cash	(132,103)	(122)	(2,725)
Net cash used in investing activities	(3,748,630)	(4,740,742)	(4,380,936)
Cash Flows From Financing Activities			
Principal payments on line of credit	(48,598,585)	(28,485,000)	(34,750,000)
Draws on line of credit	53,650,000	27,958,585	34,350,000
Principal payments on long-term debt	(5,457,568)	(5,220,451)	(4,123,168)
Proceeds from long-term debt			5,385,000
Distributions	(19,000,000)	(5,510,001)	(21,000,000)
Net cash used in financing activities	(19,406,153)	(11,256,867)	(20,138,168)
Net (decrease) increase in cash	(346,305)	609,924	136,696
Cash			
Beginning	792,991	183,067	46,371
Ending	\$ 446,686	\$ 792,991	\$ 183,067
Supplemental Disclosure of Cash Flow Information			
Cash paid for interest, net of amount capitalized	\$ 4,230,498	\$ 4,326,284	\$ 5,475,919
Transfer of land for equity investment in Citree Holdings 1, LLC	\$ 1,500,000	\$	\$

See Notes to Consolidated Financial Statements.

F-48

Table of Contents

Orange-Co, LP and Subsidiaries

Notes to the Consolidated Financial Statements

Note 1. Nature of Business, Principles of Consolidation, and Significant Accounting Policies

Nature of business and operations: Orange-Co, LP and its wholly owned subsidiaries, CI Groves, LLC and Bermont Reservoir, LLC, (collectively, the Partnership), are principally engaged in growing and marketing citrus fruit and grove caretaking in Southwest Florida.

Basis of presentation: The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Principles of consolidation: The consolidated financial statements include the financial statements of Orange-Co, LP and its wholly-owned subsidiaries: CI Groves, LLC and Bermont Reservoir, LLC. Significant intercompany balances and transactions have been eliminated in consolidation.

A summary of the Partnership's significant accounting policies follows:

Revenue recognition: Revenues are recognized at the time the crop is harvested and delivered to citrus processors or fresh fruit packers. Under the terms of certain fruit marketing agreements, the Partnership is eligible for additional income if certain market price based measures are met. This income is recognized when the Partnership has determined that the market price based measures have been met and collectibility is assured.

Accounts receivable: Credit is extended based on an evaluation of the customer's financial condition, collateral is not required. Credit losses are provided for as needed in the financial statements and consistently have been within management's expectations.

As of September 30, 2014, 2013, and 2012, in the opinion of management, all accounts were considered fully collectible and, accordingly, no allowance was deemed necessary.

Inventories: Unharvested fruit crop is stated at the lower of cost or market. The cost for unharvested fruit crop is based on the accumulated production costs during the growing cycle.

Inventories of parts and supplies are recorded at cost on a first-in first-out basis.

Income taxes: The partners of Orange-Co, LP and subsidiaries are taxed as a partnership and the stockholders of Orange-Co, LP and subsidiaries have elected to be taxed under Subchapter S of the Internal Revenue Code. Accordingly, the partners and stockholders will report their proportionate share of partnership and corporate income, loss and any specifically allocated income or deductions on their individual tax returns. Therefore, the Partnership will not incur federal income tax obligations and the financial statements do not include a provision for federal income taxes; however, the Partnership will continue to provide for appropriate state income taxes.

In addition, management has assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying combined financial statements.

Orange-Co, LP and Subsidiaries

Notes to the Consolidated Financial Statements

Property and equipment: Property and equipment are recorded at cost less accumulated depreciation. Depreciation is recognized using the straight-line method over the estimated useful lives of the applicable assets.

Costs pertaining to planting and caretaking of citrus trees are initially capitalized and then, after the trees reach commercially viable fruit-producing status (typically three years), depreciated over the estimated life of the trees. Interest is capitalized in connection with young trees planted prior to their productive stage. The capitalized interest is amortized over the related asset's useful life through depreciation.

Maintenance, repairs, and minor renewals are charged to expense as incurred while major renewals and improvements that extend useful lives are capitalized. The cost and related allowance for depreciation of assets sold or otherwise disposed of are removed from the related accounts, and the resulting gains or losses are reflected in the statement of income.

Impairment of long-lived assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows expected to be generated by the asset. If such are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets or asset group exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Deferred loan costs: Deferred loan costs are being amortized over the term of the related loan using the straight-line method, which closely approximates the effective interest method. Accumulated amortization of deferred loan costs amounted to approximately \$1,184,600, \$1,086,400 and \$988,400 as of September 30, 2014, 2013 and 2012, respectively. Amortization expense of deferred loan costs was approximately \$98,000, \$98,000 and \$117,000 for the years ended September 30, 2014, 2013 and 2012, respectively.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. These estimates also affect the reported revenues and expenses during the period. Actual results could differ from the estimated amounts.

Income taxes: The partners of Orange-Co, LP are taxed as a partnership under the Internal Revenue Code. Accordingly, the partners will report their proportionate share of partnership income, loss and any specifically allocated income or deductions on their individual tax returns. Therefore, the Partnership will not incur federal income tax obligations and the consolidated financial statements do not include a provision for federal income taxes.

In addition, management has assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying consolidated financial statements. The Partnership files income

Table of Contents

Orange-Co, LP and Subsidiaries

Notes to the Consolidated Financial Statements

tax returns in the U.S. federal jurisdiction and the State of Florida. The Partnership is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2011.

Financial instruments fair value, credit risks, and off-balance sheet risk: The carrying amounts reported in the consolidated balance sheets for accounts receivable and accounts payable and accrued liabilities approximate fair value due to the short-term maturity of these financial instruments. The carrying amount of the line of credit approximates fair value due to the variable interest rate of the debt.

Based on the borrowing rates currently available to the Partnership for bank loans with similar terms and average maturities, the fair value of long-term debt is approximately \$93,041,000, \$98,781,000, and \$104,329,000 as of September 30, 2014, 2013 and 2012, respectively.

Concentration of risks: The citrus industry is subject to various factors over which growers have limited or no control, including weather conditions, disease, pestilence, water supply, and market price fluctuations. Market prices are highly sensitive to aggregate domestic and foreign crop sizes, as well as other factors including, but not limited to, weather and competition from foreign countries.

The Partnership maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. However, the Partnership has not experienced any losses in such accounts.

Subsequent events: Management has evaluated and noted no subsequent events that require adjustment to or disclosure in the consolidated financial statements through January 15, 2015, which is the date the consolidated financial statements were available to be issued.

Recently issued accounting pronouncements: The Financial Accounting Standards Board (FASB) and other entities issued new or modifications to, or interpretations of, existing accounting guidance during the year ended September 30, 2014. The Partnership has considered the new pronouncements that altered accounting principles generally accepted in the United States of America and does not believe that any other new or modified principles will have a material impact on the Partnership's reported financial position or operations in the near term.

Note 2. Partnership Agreement

The following is a summary of the significant provisions of the Orange-Co, LP limited partnership agreement (the Agreement) made and entered on March 7, 2003. The general partner is Orange-Co, LLC which owns 1% and the limited partner is Orange-Co, Inc. which owns 99%.

Organization and nature of operations: The purpose of the Partnership is to engage in any and all activities permitted under law. The Partnership owns and operates an agricultural business, which focuses on the development of citrus groves in the state of Florida, as well as other agricultural operations such as harvesting and grove caretaking services.

Allocations and distributions: The limited partnership agreement provides that the partnership's profits and losses shall be allocated in proportion to the cash distributed to each Partner.

Table of Contents**Orange-Co, LP and Subsidiaries****Notes to the Consolidated Financial Statements**

Partnership distributions shall be made at such time and in such amounts as determined by the General Partner; provided, however, that in any event, the Partnership shall distribute to the Partners on or before April 1 of each year an amount sufficient to permit the Partners to pay their federal and state income tax on earnings of the Partnership for the immediately preceding fiscal year.

Note 3. Accounts Receivable

The major components of accounts receivable as of September 30 are summarized as follows:

	2014	2013	2012
Trade receivables, grove owners	\$ 573,235	\$ 184,657	\$ 173,335
Receivable from water management district		161,336	690,326
Other	344,148	52,841	50,113
	\$ 917,383	\$ 398,834	\$ 913,774

Note 4. Inventories

The major components of inventories as of September 30 are summarized as follows:

	2014	2013	2012
Fruit-on-tree inventory	\$ 29,629,810	\$ 27,511,698	\$ 26,538,554
Tree inventory	961,601	989,972	621,663
Parts and supplies	888,922	1,240,961	610,647
	\$ 31,480,333	\$ 29,742,631	\$ 27,770,864

During fiscal year 2012, the Partnership recorded impairment losses on oak tree and sod inventories of approximately \$735,200. The impairment lost resulted in the cost basis of the oak tree and sod inventories being reduced to zero as the Partnership estimated that there are no future cash flows that can be generated by the oak tree and sod inventories.

Note 5. Equity Investments

Equity Investments as of September 30 are summarized as follows:

Name	Principal Product/ Service	Ownership Percentage	2014	2013	2012
Investment in Citree Holdings 1, LLC	Citrus	49%	\$ 1,500,000	\$	\$
Investment in Graham Road Partners, LLC	Citrus	50%	487,186	509,797	499,349
			\$ 1,987,186	\$ 509,797	\$ 499,349

The Partnership's equity investments are accounted for using the equity method. The Partnership has elected to account for equity investments using the equity method because they have the ability to significantly influence the operations of each entity.

Table of Contents**Orange-Co, LP and Subsidiaries****Notes to the Consolidated Financial Statements**

The aggregate unaudited financial position of Citree Holdings 1, LLC and Graham Road Partners, LLC are summarized as follows:

	2014	2013	2012
Current assets	\$ 350,459	\$ 29,718	\$ 49,373
Current liabilities	(247,029)	(10,595)	(248)
Working capital	103,430	40,313	49,125
Noncurrent assets	6,033,044	931,447	944,124
Noncurrent liabilities	(500,000)		
	5,533,044	931,447	944,124
Partnerships' equity	\$ 5,636,474	\$ 971,760	\$ 993,249

Contribution to income (loss) for each investment for the years ended September 30, 2014, 2013, and 2012 is as follows:

	2014	2013	2012
Investment in Graham Road Partners, LLC	\$ (22,611)	\$ 10,448	\$ (61,529)
Investment in Citree Holdings 1, LLC			
	\$ (22,611)	\$ 10,448	\$ (61,529)

Note 6. Property and Equipment

The major components of property and equipment as of September 30 are summarized as follows:

	Estimated Useful Lives	2014	2013	2012
Citrus trees	25 years	\$ 94,130,728	\$ 91,912,985	\$ 89,411,696
Land and land improvements	5 - 20 years	28,714,619	29,385,060	28,221,010
Machinery and equipment	5 - 10 years	11,742,443	11,432,833	11,218,915
Buildings and improvements	40 years	3,768,762	3,755,029	3,735,299
Construction in progress	n/a	44,800	43,998	7,113
		138,401,352	136,529,905	132,594,033
Less accumulated depreciation		(45,785,945)	(41,445,553)	(38,016,764)
		\$ 92,615,407	\$ 95,084,352	\$ 94,577,269

Depreciation expense was approximately \$4,581,900, \$4,358,000, \$4,189,000 for the years ended September 30, 2014, 2013, and 2012, respectively.

Table of Contents**Orange-Co, LP and Subsidiaries****Notes to the Consolidated Financial Statements****Note 7. Accounts Payable and Accrued Liabilities**

The major components of accounts payable and accrued liabilities as of September 30 are summarized as follows:

	2014	2013	2012
Trade accounts payable	\$ 1,463,707	\$ 2,053,074	\$ 679,558
Property taxes	1,484,001	1,385,169	1,289,533
Interest	739,059	757,577	658,372
Management fees	282,489	282,489	
Net due purchaser of citrus processing operations	140,450	206,131	206,131
Payroll and payroll related expenses	98,680	84,914	83,537
Other	190,512	205,776	171,809
	\$ 4,398,898	\$ 4,975,130	\$ 3,088,940

Note 8. Line of Credit

During 2007, the Partnership entered into a revolving line of credit with a financial institution for an amount not to exceed \$30,000,000. The line of credit is used to finance seasonal working capital and for other corporate purposes and was renewed in August 2013 to expire on August 28, 2015. The line of credit is collateralized by accounts receivable, inventory (fruit crop), cash and cash equivalents and other current assets. The line of credit contains covenants requiring a minimum debt service coverage ratio and a minimum tangible net worth. The outstanding balance under this line of credit as of September 30, 2014, 2013 and 2012, was \$20,475,000, \$15,423,585, and \$15,950,000 respectively. Interest is due on a quarterly basis at LIBOR plus 1.75% (1.89% as of September 30, 2014) or at the Prime Rate of interest as chosen by the Partnership. The line of credit requires a facility fee of 0.5% on the unused balance of the line, which is due quarterly in arrears.

See further discussion regarding the Partnership's line of credit in Note 15 to these consolidated financial statements.

Table of Contents**Orange-Co, LP and Subsidiaries****Notes to the Consolidated Financial Statements****Note 9. Long-Term Debt**

Long-term debt as of September 30 consists of the following:

	2014	2013	2012
Mortgage note payable bearing interest at 4.25%, due in quarterly principal payments of \$964,250 plus accrued interest through November 2021, with the remaining balance due on February 5, 2022. The note is subject to financial and nonfinancial covenants including minimum tangible net worth and excess indebtedness requirements, and is collateralized by specific grove blocks	\$ 68,461,750	\$ 72,318,750	\$ 76,175,750
Mortgage note payable bearing interest at 4.25%, due in quarterly principal payments of \$223,250 plus accrued interest through November 2021, with the remaining balance due on February 5, 2022. The note is subject to financial and nonfinancial covenants including minimum tangible net worth and excess indebtedness requirements, and is collateralized by specific grove blocks	15,850,750	16,743,750	17,636,750
Mortgage note payable bearing interest at 4.00%, due in quarterly principal payments of \$60,225 plus accrued interest through January 1, 2023. The remaining balance is due on April 1, 2023. The note is subject to nonfinancial covenants and is collateralized by specific grove blocks	4,456,650	4,697,550	4,818,000
Mortgage note payable bearing interest at 6.9%, due in quarterly principal payments of \$116,667 plus accrued interest through January 1, 2017. The note is subject to nonfinancial covenants and is collateralized by specific grove blocks	3,966,658	4,433,326	4,783,327
	92,735,808	98,193,376	103,413,827
Less current portion	(5,457,568)	(5,457,568)	(10,034,668)
	\$ 87,278,240	\$ 92,735,808	\$ 93,379,159

Scheduled Principal payments for the years subsequent to 2014 are as follows:

Year Ending September 30,	Amount
2015	\$ 5,457,568
2016	5,457,568
2017	8,024,222
2018	4,990,900
2019	4,990,900
Thereafter	63,814,650
	\$ 92,735,808

Table of Contents**Orange-Co, LP and Subsidiaries****Notes to the Consolidated Financial Statements**

See further discussion of the Partnership's long-term debt in Note 15 to these consolidated financial statements.

Interest costs, exclusive of amortization of loan costs, incurred during the years ended September 30, 2014, 2013 and 2012 amounted to approximately \$4,444,100, \$4,725,400 and \$4,986,900, respectively. Interest capitalized on property and equipment during the years ended September 30, 2014, 2013 and 2012 was approximately \$232,100, \$299,900 and \$467,200, respectively.

Note 10. 401(k) Plan

The Partnership sponsors a defined contribution retirement plan that meets the qualifications under Section 401(k) of the Internal Revenue Code. Employees who have completed the required service (as defined) are eligible to make tax-deferred contributions and to participate in an employer matching contribution. For the years ended September 30, 2014, 2013 and 2012, the employer matching contribution amounted to approximately \$131,700, \$124,400, and \$167,900, respectively.

Note 11. Sale of Citrus Processing Operations

During the year ended September 30, 1999, a controlling interest in Orange-Co, Inc. was sold to certain investors. During the year ended September 30, 2001, the Partnership recorded a net liability of \$1,669,077 related to net cash collected on the behalf of the purchaser for potential self-insurance claims accrued before the sale and the final settlement of the sale of its citrus processing, packaging and other beverages business. The remaining amount of approximately \$50,000 escrowed in connection with this original liability is included in restricted cash in the accompanying consolidated balance sheets at September 30, 2014, 2013, and 2012. In addition, the Partnership was required to and has maintained a letter of credit with a financial institution in the amount of \$100,000 in connection with this liability as of September 30, 2014, 2013 and 2012.

Note 12. Concentrations

The Partnership's sales concentration for the years ended September 30 is as follows:

	2014		2013		2012	
	Sales	Percent of Sales	Sales	Percent of Sales	Sales	Percent of Sales
Customer A	\$ 55,732,499	77%	\$ 52,129,778	77%	\$ 58,884,521	79%
Customer B	\$ 8,724,622	12%	*	*	\$ 11,847,148	16%

Note 13. Commitments and Contingencies

The Partnership is subject to various claims, contract negotiations, and disputes in the normal course of business. The Partnership provides for losses, if any, in the year in which they can be reasonably estimated. In management's opinion, there are currently no such matters outstanding that would have a material adverse effect on the accompanying consolidated financial statements.

The Partnership has one long-term fruit sales contract with a major national juice brand marketer, Customer A above, to sell early-mid season and Valencia oranges. The contract has a five-year term,

Table of Contents

Orange-Co, LP and Subsidiaries

Notes to the Consolidated Financial Statements

expiring at the end of the 2015/2016 fruit processing season. The Partnership is required to deliver the production of fruit for specified grove blocks for a minimum "floor" price per pound of orange juice solids, plus a payment or "rise" should market prices exceed floor prices. The specified grove blocks under this contract compose approximately 85% of the Partnership's production acreage. The Partnership sells production from the remaining groves opportunistically via short-term contracts.

Note 14. Related Parties

During the years ended September 30, 2014, 2013, and 2012 the Partnership incurred approximately \$894,500, \$4,269,000, and \$1,426,000, respectively, in management fees to companies related through common ownership and management.

During the year ended September 30, 2013, the Partnership paid approximately \$14,000 to a company that is controlled substantially by the same owners and member of the Partnership to reimburse for insurance premiums paid on the Partnership's behalf.

During the year ended September 30, 2012, the Partnership received approximately \$35,000, for consulting services rendered to a company that is controlled substantially by the same owners and member of the Partnership, which is included in sales on the consolidated statements of income.

Note 15. Subsequent Event

On December 1, 2014, all of the Partnership's assets were sold for approximately \$275,294,000. The transaction was treated as a purchase and sale of the Partnership's assets for federal income tax purposes. A portion of the proceeds from the sale were used to pay off the Partnership's line of credit and long-term debt disclosed in Notes 8 and 9 of these consolidated financial statements.

AGREEMENT AND PLAN OF MERGER,

BY AND AMONG

ALICO, INC.,

734 SUB, LLC,

734 CITRUS HOLDINGS, LLC, and

THE HOLDERS PARTY HERETO
(for purposes of Articles II, IV, X and XI)

DECEMBER 2, 2014

TABLE OF CONTENTS

	PAGE
<u>ARTICLE 1 CERTAIN DEFINITIONS</u>	<u>A-2</u>
<u>Section 1.1</u> <u>Certain Definitions</u>	<u>A-2</u>
<u>Section 1.2</u> <u>Cross-Reference of Other Definitions</u>	<u>A-9</u>
<u>ARTICLE 2 THE MERGER</u>	
	<u>A-11</u>
<u>Section 2.1</u> <u>The Merger</u>	<u>A-11</u>
<u>Section 2.2</u> <u>Closing</u>	<u>A-11</u>
<u>Section 2.3</u> <u>Effective Time</u>	<u>A-11</u>
<u>Section 2.4</u> <u>Certificate of Formation and Limited Liability Company Agreement</u>	<u>A-11</u>
<u>Section 2.5</u> <u>Managers and Officers</u>	<u>A-12</u>
<u>Section 2.6</u> <u>Tax Consequences</u>	<u>A-12</u>
<u>Section 2.7</u> <u>Closing Adjustment</u>	<u>A-12</u>
<u>Section 2.8</u> <u>Conversion of Interests</u>	<u>A-12</u>
<u>Section 2.9</u> <u>Fractional Shares</u>	<u>A-13</u>
<u>Section 2.10</u> <u>Parent Deliverables</u>	<u>A-13</u>
<u>Section 2.11</u> <u>Company and Holder Deliverables</u>	<u>A-13</u>
<u>Section 2.12</u> <u>Post-Closing Adjustment</u>	<u>A-14</u>
<u>Section 2.13</u> <u>Payment of 2014-2015 Harvest Consideration</u>	<u>A-15</u>
<u>Section 2.14</u> <u>Withholding Rights</u>	<u>A-16</u>
<u>Section 2.15</u> <u>Adjustments</u>	<u>A-16</u>
<u>Section 2.16</u> <u>Legends</u>	<u>A-16</u>
<u>ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE COMPANY</u>	
	<u>A-17</u>
<u>Section 3.1</u> <u>Organization and Qualification</u>	<u>A-17</u>
<u>Section 3.2</u> <u>Capitalization of the Company</u>	<u>A-17</u>
<u>Section 3.3</u> <u>Authority</u>	<u>A-18</u>
<u>Section 3.4</u> <u>Financial Statements</u>	<u>A-19</u>
<u>Section 3.5</u> <u>No Undisclosed Liabilities</u>	<u>A-19</u>
<u>Section 3.6</u> <u>Consents and Approvals; No Violations</u>	<u>A-20</u>
<u>Section 3.7</u> <u>Material Contracts</u>	<u>A-20</u>
<u>Section 3.8</u> <u>Absence of Changes</u>	<u>A-21</u>
<u>Section 3.9</u> <u>Litigation</u>	<u>A-21</u>
<u>Section 3.10</u> <u>Compliance with Applicable Law; Permits</u>	<u>A-22</u>
<u>Section 3.11</u> <u>Employee Plans</u>	<u>A-22</u>
<u>Section 3.12</u> <u>Environmental Matters</u>	<u>A-23</u>
<u>Section 3.13</u> <u>Intellectual Property</u>	<u>A-24</u>
<u>Section 3.14</u> <u>Labor Matters</u>	<u>A-25</u>
<u>Section 3.15</u> <u>Insurance</u>	<u>A-25</u>
<u>Section 3.16</u> <u>Tax Matters</u>	<u>A-25</u>
<u>Section 3.17</u> <u>Fees and Commissions</u>	<u>A-27</u>
<u>Section 3.18</u> <u>Property</u>	<u>A-27</u>
<u>Section 3.19</u> <u>Transactions with Affiliates</u>	<u>A-28</u>
<u>Section 3.20</u> <u>Customers and Suppliers</u>	<u>A-28</u>
<u>Section 3.21</u> <u>Appraisal</u>	<u>A-29</u>
<u>ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE HOLDERS</u>	
	<u>A-29</u>
<u>Section 4.1</u> <u>Organization and Qualification</u>	<u>A-29</u>
<u>Section 4.2</u> <u>Title to Company Interests</u>	<u>A-29</u>
<u>Section 4.3</u> <u>Authority</u>	<u>A-30</u>

Edgar Filing: ALICO INC - Form DEFM14C

	PAGE
<u>Section 4.4</u> <u>Consents and Approvals; No Violations</u>	<u>A-30</u>
<u>Section 4.5</u> <u>Fees and Commissions</u>	<u>A-30</u>
<u>Section 4.6</u> <u>Allocation of Merger Consideration</u>	<u>A-30</u>
<u>Section 4.7</u> <u>Investment Intent</u>	<u>A-31</u>
<u>ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF PARENT</u>	
	<u>A-31</u>
<u>Section 5.1</u> <u>Organization and Qualification</u>	<u>A-31</u>
<u>Section 5.2</u> <u>Capitalization of Parent</u>	<u>A-32</u>
<u>Section 5.3</u> <u>Authority</u>	<u>A-32</u>
<u>Section 5.4</u> <u>Reports; Financial Statements; Liabilities</u>	<u>A-33</u>
<u>Section 5.5</u> <u>Consents and Approvals; No Violations</u>	<u>A-34</u>
<u>Section 5.6</u> <u>Absence of Changes</u>	<u>A-34</u>
<u>Section 5.7</u> <u>Litigation</u>	<u>A-34</u>
<u>Section 5.8</u> <u>Merger Sub</u>	<u>A-35</u>
<u>Section 5.9</u> <u>Fairness Opinion</u>	<u>A-35</u>
<u>ARTICLE 6 COVENANTS</u>	
	<u>A-35</u>
<u>Section 6.1</u> <u>Conduct of Business of the Company</u>	<u>A-35</u>
<u>Section 6.2</u> <u>Conduct of Business of the Company on the Closing Date</u>	<u>A-37</u>
<u>Section 6.3</u> <u>Conduct of Business of Parent</u>	<u>A-37</u>
<u>ARTICLE 7 ADDITIONAL AGREEMENTS</u>	
	<u>A-37</u>
<u>Section 7.1</u> <u>Access to Information</u>	<u>A-37</u>
<u>Section 7.2</u> <u>Efforts to Consummate</u>	<u>A-38</u>
<u>Section 7.3</u> <u>Public Announcements</u>	<u>A-38</u>
<u>Section 7.4</u> <u>Preparation of Disclosure Document</u>	<u>A-39</u>
<u>Section 7.5</u> <u>NASDAQ Listing</u>	<u>A-39</u>
<u>Section 7.6</u> <u>Employee Benefit Matters</u>	