U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10

General Form for Registration of Securities
Pursuant to Section 12(b) or 12(g)
of the Securities Exchange Act of 1934
or

Algodon Wines & Luxury Development Group, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**52-2158952**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

135 Fifth Avenue, Floor 10
New York, NY 10010
Phone: 212-739-7700
(Address and telephone number of Registrant's principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of Each Exchange On Which Registered:
None	**None**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Common Stock, par value $0.01

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☑

EXPLANATORY NOTE

Algodon Wines & Luxury Development Group, Inc. is filing this registration statement on Form 10 (the "Registration Statement") under the Securities Exchange Act of 1934, as amended (the "Exchange Act") on a voluntary basis to provide current public information to the investment community and to comply with applicable requirements for the quotation or listing of its securities on a national securities exchange or other public trading market. In this Registration Statement, the terms "Company," "AWLD," "we," "us," and "our" refer to Algodon Wines & Luxury Development Group, Inc. and its subsidiaries. We refer to our $.01 par value common stock as our common stock.

Once this Registration Statement is deemed effective, we will be subject to the requirements of Section 13(a) of the Exchange Act, including the rules and regulations promulgated thereunder, which will require us to file annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and we will be required to comply with all other obligations of the Exchange Act applicable to issuers filing registration statements pursuant to Section 12(g) of the Exchange Act.

Special Note—Forward-Looking Statements

This Registration Statement contains forward-looking statements that involve risks and uncertainties. These forward-looking statements relate to, among other things, the expected timetable for development of the Company's various projects and investments, growth strategy, and future financial performance, including operations, economic performance, financial condition, prospects, and other future events. AWLD and its management have attempted to identify forward-looking statements by using such words as "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "should," "will," or other similar expressions. These forward-looking statements are only predictions and are largely based on current expectations. These forward-looking statements appear in a number of places in this Registration Statement.

In addition, a number of known and unknown risks, uncertainties, and other factors could affect the accuracy of these statements, including the risks outlined under "Item 1A. Risk Factors" and elsewhere in this Registration Statement.

Important factors to consider in evaluating forward-looking statements include:

- the risks and additional expenses associated with international operations and operations in a country (Argentina) which has had significantly high inflation in the past and is reflected in recent reports as having substantial political risk factors;
- the risks associated with a start-up business that has never been profitable and has significant working capital needs;
- the possibility of external factors preventing or delaying the acquisition, development or expansion of real estate projects;
- changes in external market factors;
- changes in the industry's overall performance;
- changes in business strategies;
- possible inability to execute the Company's business strategies due to industry changes or general changes in the economy generally;
- changes in productivity and reliability of third parties, counterparties, joint venturers, suppliers or contractors; and
- the success of competitors and the emergence of new competitors.

Although AWLD currently believes that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or performance. AWLD does not expect to update any of the forward-looking statements after the date of this Registration Statement or to conform these statements to actual results, except as may be required by law. You should not place undue reliance on forward-looking statements contained in this Registration Statement.

Industry and Market Data

Information about market and industry statistics contained in this Registration Statement is included based on information available to AWLD that it believes is complete and accurate in all material respects. It is generally based on third-party publications that are not produced for purposes of securities offerings or economic analysis. AWLD has not reviewed all the available market and industry information, and cannot assure potential investors of the accuracy or completeness of the information included in this Registration Statement. Forecasts and other forward-looking information obtained from these sources, including estimates of future market size, revenue and market acceptance of projects, services and investment opportunities, are subject to the same qualifications and the additional uncertainties accompanying any forward-looking statements.

SUMMARY

The following summary contains basic information about this Registration Statement. It may not contain all the information that is important to an investor. For a more complete understanding of this Registration Statement, we encourage you to read this entire Registration Statement and the documents that are referred to in this Registration Statement, together with any accompanying supplements.

Company Structure and History

AWLD conducts most of its business operations and holds assets through various subsidiaries. To avoid confusion among the various entities referred to and described in this Registration Statement, unless otherwise indicated, the terms "AWLD," "Company," "we," "us," and "our" refer to Algodon Wines & Luxury Development Group, Inc. and its subsidiaries. The term "Parent" refers to the single entity, Algodon Wines & Luxury Development Group, Inc.

AWLD is a company whose primary focus is to create, develop, market and manage real estate assets in Argentina. Currently, AWLD invests in, develops, and operates a hotel, vineyard and producing winery, and a golf and tennis resort located in Argentina. AWLD is also active in acquiring additional real estate located near the resort and developing the property for residential development.

The Company's other operations are positioned to promote and enhance the **ALGODON®** brand and facilitate its real estate development operation. In addition to its real estate, resort development, and wine production businesses, AWLD owns a broker-dealer that is registered under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority ("FINRA") with a traditional retail commission-based business that specializes in offering private placement, venture capital-type opportunities in AWLD projects.

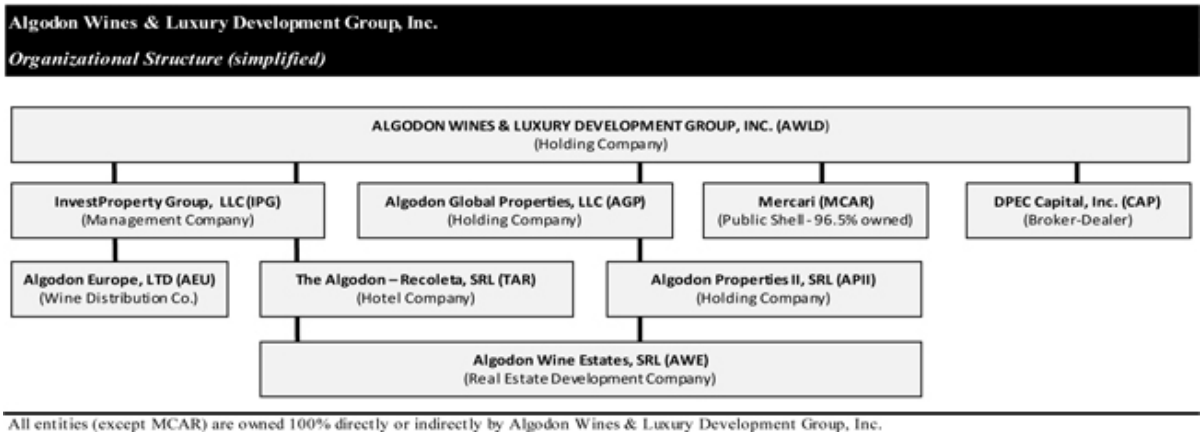
AWLD also holds as one of its assets, a public reporting shell corporation that is current in its reporting obligations under the Securities Exchange Act of 1934 and a ready target for merger or sale. The shell corporation is consolidated with AWLD and its assets and liabilities are de minimis.

The Parent is a Delaware corporation formed on April 5, 1999 under the name "Investprivate.com, Inc." and was originally conceived as an Internet-based brokerage firm, the mission of which was to provide entrepreneurial and institutional investment opportunities to qualified or accredited investors to whom such opportunities historically were largely unavailable. On February 9, 2001, the Parent changed its name to "InvestPrivate Holdings Corp." and created its broker dealer subsidiary and began to expand its business model in specific market sectors where it focused on creating and financing various operating businesses. On October 15, 2002, the Parent changed its name to "Diversified Biotech Holdings Corp."

On February 22, 2007, the Parent changed its name to "Diversified Private Equity Corp." in order to reflect AWLD's evolution from an Internet-based brokerage firm into a retail brokerage firm focusing on the marketing of private offerings and a developer of real estate projects in Argentina. AWLD has transitioned from a diversified private equity platform to a luxury real estate development company under the "Algodon" brand, and is now more widely recognized as "Algodon" than as DPEC. Thus, on October 1, 2012, the Parent changed its name to "Algodon Wines & Luxury Development Group, Inc." which better describes AWLD's current operating business and better reflects its trajectory. "Algodon" is the name that most of AWLD's investors and customers are familiar with.

From AWLD's inception, its goal to its investors has consistently been to provide entrepreneurial and institutional investment opportunities to qualified or accredited investors to whom such opportunities historically were unavailable. Under current SEC regulations, a large number of accredited investors in the United States can participate in the private equity products that AWLD offers, and management believes that the investment products it structures will be attractive to qualified investors.

The current corporate organizational structure of AWLD and how we have operated substantially for the past year appears below.



RISK FACTORS

An investment in our securities involves certain risks relating to our structure and investment objective. The risks set forth below are not the only risks we face, and we may face other risks that we have not yet identified, which we do not currently deem material or which are not yet predictable. In general, you take more risk when you invest in the securities of issuers in emerging markets such as Argentina than when you invest in the securities of issuers in the United States. If any of the following risks occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value and the price of our common stock could decline, and you may lose all or part of your investment.

In evaluating the Company, its business and any investment in the Company, readers should carefully consider the following factors:

Risks Relating to Argentina

Economic and Political Risks Specific to Argentina

The Argentinian economy has been characterized by frequent and occasionally extensive intervention by the Argentinian government and by unstable economic cycles. The Argentinian government has often changed monetary, taxation, credit, tariff and other policies to influence the course of Argentina's economy, and taken other actions which do, or are perceived to weaken the nation's economy especially as it relates to foreign investors and other overall investment climate. For example, in 2008, the Argentine government assumed control over approximately $30 billion held in private pension funds, which caused a significant temporary decline in the Argentine stock market, a decline in the Argentine peso and prompted Standard & Poor's to downgrade Argentina's credit rating. The Argentine peso has devalued significantly against the U.S. dollar, from about 6.1 Argentine pesos per dollar in December 2013 to about 8.0 pesos per dollar in May 2014. The Argentine government has also instituted foreign exchange controls which may make foreign investment into Argentina to be less attractive.

The overall state of Argentinian politics and the Argentina economy have resulted in numerous investment reports that warn about foreign investment in Argentina. Investors considering an investment in AWLD should be mindful of these potential political and financial risks.

Argentina's economy may not support foreign investment or our business.

The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high inflation and currency deflation. Currently there is significant inflation, labor unrest, and currency deflation. There has also been significant governmental intervention into the Argentine economy, including price controls and foreign currency restrictions. As a result, uncertainty remains as to whether economic growth in Argentina is sustainable and whether foreign investment will be successful.

Recent efforts by Argentina to nationalize businesses.

In April 2012, Argentine President Cristina Fernández announced her decision to nationalize YPF, the country's largest oil company, from its majority stakeholder, thus contributing to declining faith from foreign investors in the country and again resulting in a downgrade by Standard and Poor's of Argentina's economic and financial outlook to "negative". There have been other discussions in Argentina about the possibility of nationalizing other businesses and industries, and there is no assurance that any investment in AWLD will be safe from government control or nationalization.

Continuing inflation may have an adverse effect on the economy.

The devaluation of the Argentine peso in January 2002 created pressures on the domestic price system that generated high inflation throughout 2002, before inflation stabilized in 2003. According to the National Institute of Statistics and Census ("Instituto Nacional de Estadísticas y Censos" or the "INDEC"), inflation was nearly 26% in 2012 and has continued at accelerated rates 2013 – including monthly inflation at 10.9% in December 2013. According to news reports, inflation during 2014 is approaching 30% and has resulted in nationwide strikes, devaluation of the Argentine peso in January 2014, and a price control program. The uncertainty surrounding the Argentine economy and future inflation may impact the country's growth.

In the past, inflation has undermined the Argentine economy and the government's ability to create conditions conducive to growth. A return to a high inflation environment would adversely affect the availability of long-term credit and the real estate market and may also affect Argentina's foreign competitiveness by diluting the effects of the peso devaluation and negatively impacting the level of economic activity and employment.

Additionally, high inflation would also undermine Argentina's foreign competitiveness and adversely affect economic activity, employment, real salaries, consumption and interest rates. In addition, the dilution of the positive effects of the peso devaluation on the export-oriented sectors of the Argentine economy will decrease the level of economic activity in the country. In turn, a portion of the Argentine debt is adjusted by the Coefciente de Estabilización de Referencia, (the "Stabilization Coefficient Index, or "CER Index"), a currency index that is strongly tied to inflation. Therefore, any significant increase in inflation would cause an increase in Argentina's debt and, consequently, the country`s financial obligation.

If inflation remains high or continues to rise, Argentina's economy may be negatively impacted and our business could be adversely affected. Periods of higher inflation may slow the rate of growth of the Argentinian economy which in turn would likely increase the Company's costs and expenses, reduce its profitability and adversely affect its financial performance.

A highly inflationary economy is defined as an economy with a cumulative inflation rate of approximately 100 percent or more over a three-year period. If a country's economy is classified as highly inflationary, the functional currency of the foreign entity operating in that country must be remeasured to the functional currency of the reporting entity. The cumulative inflation rate for Argentina over the last three years approximated 64%.

Argentina's ability to obtain financing from international markets is limited, which may impair its ability to implement reforms and foster economic growth.

In 2005 and 2010, Argentina restructured over 91% of its sovereign debt that had been in default since the end of 2001. Some of the creditors who did not participate in the 2005 or 2010 exchange offers continued their pursuit of a legal action against Argentina for the recovery of debt.

In April 2010, a New York court granted an attachment over reserves of the Argentine Central Bank in the United States requested by creditors of Argentina on the basis that the Central Bank was its alter ego. In subsequent court rulings Argentina was ordered to pay $1.33 billion to hedge fund creditors who refused to participate in the debt restructuring along with those who did. In February 2014, Argentina filed an appeal to the U.S. Supreme Court seeking to reverse these lower court decisions. As of April 2014, the U.S. Supreme Court has not yet made a ruling.

As a result of Argentina's default and its aftermath of litigation, the government may not have the financial resources necessary to implement reforms and foster economic growth, which, in turn, could have a material adverse effect on the country's economy and, consequently, our businesses and results of operations. Furthermore, Argentina's inability to obtain credit in international markets could have a direct impact on our own ability to access international credit markets to finance our operations and growth.

The Argentine government has placed currency limitations on withdrawals of funds.

The Argentine government, led by populist president Cristina Fernández, has instituted economic controls that include limiting the ability recently of individuals and companies to exchange local currency (Argentine peso) into U.S. dollars and to transfer funds out of the country. Public reports state that government officials are micromanaging money flows by limiting dollar purchases and discouraging dividend payments and international wire transfers. As a result of these controls, Argentine companies currently have limited access to U.S. dollars through regular channels (e.g., banks) and consumers are facing difficulty withdrawing and exchanging invested funds. Given the Company's investment in Argentinian projects and developments, its ability to mobilize and access funds may be affected by the above-mentioned political actions.

The Argentine government may, in the future, impose additional controls on the foreign exchange market and on capital flows from and into Argentina, in response to capital flight or depreciation of the peso. These restrictions may have a negative effect on the economy and on our business if imposed in an economic environment where access to local capital is constrained.

The stability of the Argentine banking system is uncertain.

Adverse economic developments, even if not related to or attributable to the financial system, could result in deposits flowing out of the banks and into the foreign exchange market, as depositors seek to shield their financial assets from a new crisis. Any run on deposits could create liquidity or even solvency problems for financial institutions, resulting in a contraction of available credit.

In the event of a future shock, such as the failure of one or more banks or a crisis in depositor confidence, the Argentine government could impose further exchange controls or transfer restrictions and take other measures that could lead to renewed political and social tensions and undermine the Argentine government's public finances, which could adversely affect Argentina's economy and prospects for economic growth which could adversely affect our business.

Government measures to preempt or respond to social unrest may adversely affect the Argentine economy and our business.

The Argentine government has historically exercised significant influence over the country's economy. Additionally, the country's legal and regulatory frameworks have at times suffered radical changes, due to political influence and significant political uncertainties. In April 2014, there were nationwide strikes that paralyzed the Argentine economy, shutting down air, train and bus traffic, closing businesses and ports, emptying classrooms, shutting down non-emergency hospital attention and leaving trash uncollected. This is consistent with past periods of significant economic unrest and social and political turmoil.

Future government policies to preempt, or in response to, social unrest may include expropriation, nationalization, forced renegotiation or modification of existing contracts, suspension of the enforcement of creditors' rights, new taxation policies, including royalty and tax increases and retroactive tax claims, and changes in laws and policies affecting foreign trade and investment. Such policies could destabilize the country and adversely and materially affect the economy, and thereby our business.

The Argentine economy could be adversely affected by economic developments in other global markets.

Financial and securities markets in Argentina are influenced, to varying degrees, by economic and market conditions in other global markets. Although economic conditions vary from country to country, investors' perception of the events occurring in one country may substantially affect capital flows into other countries. Lower capital inflows and declining securities prices negatively affect the real economy of a country through higher interest rates or currency volatility.

In addition, Argentina is also affected by the economic conditions of major trade partners, such as Brazil and/or countries that have influence over world economic cycles, such as the United States. If interest rates rise significantly in developed economies, including the United States, Argentina and other emerging market economies could find it more difficult and expensive to borrow capital and refinance existing debt, which would negatively affect their economic growth. In addition, if these developing countries, which are also Argentina's trade partners, fall into a recession the Argentine economy would be affected by a decrease in exports. All of these factors would have a negative impact on us, our business, operations, financial condition and prospects.

The Argentine government may order salary increases to be paid to employees in the private sector, which would increase our operating costs.

There have been recent nationwide strikes in Argentina over wages and benefits paid to workers which workers believe to be inadequate in light of the high rate of inflation. In the past, the Argentine government has passed laws, regulations and decrees requiring companies in the private sector to maintain minimum wage levels and provide specified benefits to employees and may do so again in the future. In the aftermath of the Argentine economic crisis, employers both in the public and private sectors have experienced significant pressure from their employees and labor organizations to increase wages and to provide additional employee benefits. Due to the high levels of inflation, the employees and labor organizations have begun again demanding significant wage increases. It is possible that the Argentine government could adopt measures mandating salary increases and/or the provision of additional employee benefits in the future. Any such measures could have a material and adverse effect on our business, results of operations and financial condition.

Restrictions on the supply of energy could negatively affect Argentina's economy.

As a result of a prolonged recession, and the forced conversion into pesos and subsequent freeze of gas and electricity tariffs in Argentina, there has been a lack of investment in gas and electricity supply and transport capacity in Argentina in recent years. At the same time, demand for natural gas and electricity has increased substantially, driven by a recovery in economic conditions and price constraints, which has prompted the government to adopt a series of measures that have resulted in industry shortages and/or cost increases.

The federal government has been taking a number of measures to alleviate the short-term impact of energy shortages on residential and industrial users. If these measures prove to be insufficient, or if the investment that is required to increase natural gas production and transportation capacity and energy generation and transportation capacity over the medium-and long-term fails to materialize on a timely basis, economic activity in Argentina could be limited, which could have a significant adverse effect on our business.

Real Estate Considerations and Risks Associated with the International Projects that AWLD Operates

The Real Estate Industry and International Investing

Investments in real estate are subject to numerous risks, including the following:

- Increased expenses and uncertainties related to international operations;
- Risks associated with Argentina's past political uncertainties, economic crises, and high inflation;
- Risks associated with currency, exchange, and import/export controls;
- Adverse changes in national or international economic conditions;
- Adverse local market conditions;
- Construction and renovation costs exceeding original estimates;
- Price increases in basic raw materials used in construction;
- Delays in construction and renovation projects;
- Changes in availability of debt financing;
- Risks due to dependence on cash flow;
- Changes in interest rates, real estate taxes and other operating expenses;
- Changes in the financial condition of tenants, buyers and sellers of properties;
- Competition with others for suitable properties;
- Changes in environmental laws and regulations, zoning laws and other governmental rules and fiscal policies;
- Changes in energy prices;
- Changes in the relative popularity of properties;
- Risks related to the potential use of leverage;
- Costs associated with the need to periodically repair, renovate and re-lease space;
- Increases in operating costs including real estate taxes;
- Risks and operating problems arising out of the presence of certain construction materials;
- Environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems or as to which inadequate reserves had been established;
- Uninsurable losses and acts of terrorism;
- Acts of God; and
- Other factors beyond the control of the Company.

Investment in Argentine real property is subject to economic and political risks.

Investment in foreign real estate requires consideration of certain risks typically not associated with investing in the United States. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the United States or foreign governments, United States and foreign withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations or changes in laws which affect foreign investors. Any one of these risks has the potential to reduce the value of our real estate holdings in Argentina and have a material adverse effect on the Company's financial condition.

The real estate market is highly competitive in Argentina.

Due to a scarcity of properties in sought-after locations and the increasing number of local and international competitors, the real estate market in Argentina is highly competitive. Furthermore, the Argentinian real estate industry is generally fragmented and does not have high-entry barriers restricting new competitors from entering the market. The main competitive factors in the real estate development business include availability and location of land, price, funding, design, quality, reputation and partnerships with developers. A number of residential and commercial developers and real estate services companies will compete with the Company in seeking land for acquisition, financial resources for development and prospective purchasers. Other companies, including joint ventures of foreign companies and local companies have become increasingly active in the real estate business in Argentina, further increasing this competition. To the extent that one or more of the Company's competitors are able to acquire and develop desirable properties, as a result of greater financial resources or otherwise, the Company's business could be materially and adversely affected. If the Company is not able to respond to such pressures as promptly as its competitors, or should the level of competition increase, its financial position and results of operations could be adversely affected.

There are limitations on the ability of foreign persons to own Argentinian real property.

In December 2011, the Argentine Congress passed Law 26.737 (Regime for Protection of National Domain over Ownership, Possession or Tenure of Rural Land) limiting foreign ownership of rural land, even when not in border areas, to a maximum of 15 percent of all national, provincial or departmental productive land. Every non-Argentine national must request permission from the National Land Registry of Argentina in order to acquire non-urban real property.

As approved, the law has been in effect since February 28, 2012 but is not retroactive. Furthermore, the general limit of 15 percent ownership by non-nationals must be reached before the law is applicable and each provincial government may establish its own maximum area of ownership per non-national.

In the Mendoza province, the maximum area allowed per type of production and activity per non-national is as follows: Mining—25,000 hectares (6,1776 acres), cattle ranching—18,000 hectares (44,479 acres), cultivation of fruit or vines—15,000 hectares (37,066 acres), horticulture—7,000 hectares (17,297 acres), private lot—200 hectares (494 acres), and other—1,000 hectares (2,471 acres). A hectare is a unit of area in the metric system equal to approximately 2.471 acres. However, these maximums will only be considered if the total 15 percent is reached. Although currently, the area under foreign ownership in Mendoza is approximately 8.6 percent, this law may apply to the Company in the future, and could affect the Company's ability to acquire additional real property in Argentina.

There may be a lack of liquidity in the underlying real estate.

Because a substantial part of the assets managed by the Company will be invested in illiquid real estate, there is a risk that the Company will be unable to realize its investment objectives through the sale or other disposition of properties at attractive prices or to do so at a desirable time. This could hamper the Company's ability to complete any exit strategy with regard to investments it has structured or participated in.

There is limited public information about real estate in Argentina.

There is generally limited publicly available information about real estate in Argentina, and the Company will be conducting its own due diligence on future transactions. Moreover, it is common in Argentinian real estate transactions that the purchaser bears the burden of any undiscovered conditions or defects and has limited recourse against the seller of the property. Should the pre-acquisition evaluation of the physical condition of any future investments have failed to detect certain defects or necessary repairs, the total investment cost could be significantly higher than expected. Furthermore, should estimates of the costs of developing, improving, repositioning or redeveloping an acquired property prove too low or estimates of the market demand or the time required to achieve occupancy prove too optimistic, the profitability of the investment may be adversely affected.

Our construction projects may be subject to delays in completion.

Algodon Mansion and Algodon Wine Estates have each required significant redevelopment construction (including potentially building residential units for Algodon Wine Estates). The quality of the construction and the timely completion of these projects are factors affecting operations and significant delays or cost overruns could materially adversely affect the Company's operations. Delays in construction or defects in materials and/or workmanship have occurred and may continue to occur. Defects could delay completion of one or all of the projects or, if such defects are discovered after completion, expose the Company to liability. In addition, construction projects may also encounter delays due to adverse weather conditions, natural disasters, fires, delays in the provision of materials or labor, accidents, labor disputes, unforeseen engineering, environmental or geological problems, disputes with contractors and subcontractors, or other events. If any of these materialize, there may be a delay in the commencement of cash flow and/or an increase in costs that may adversely affect the Company.

The Company may be subject to certain losses that are not covered by insurance.

AWLD, its affiliates and/or subsidiaries currently maintain insurance coverage against liability to third parties and property damage as is customary for similarly situated businesses, however the Company does not hold any country-risk insurance. There can be no assurance, however, that insurance will continue to be available or sufficient to cover any such risks. Insurance against certain risks, such as earthquakes, floods or terrorism may be unavailable, available in amounts that are less than the full market value or replacement cost of the properties or subject to a large deductible. In addition, there can be no assurance the particular risks which are currently insurable will continue to be insurable on an economic basis.

The Company often enters into joint ventures to develop its projects in which the Company does not have complete control.

The Company or one or more of its affiliates may acquire, develop or redevelop projects through joint ventures with third parties. Joint venturers often share control over the operation of the joint venture assets. Joint venture partners might have economic or business objectives that are inconsistent with the Company's objectives. Joint venture partners could go bankrupt, leaving the Company or one of its affiliates liable for their share of joint venture liabilities. Although the Company will generally seek to maintain sufficient control of any joint venture to permit its objectives to be achieved, it might not be able to take action without the approval of the joint venture partners. In addition, the Company's joint venture partners could take actions binding on the joint venture without the Company's consent. Any potential dispute with a joint venture partner would likely be subject to foreign jurisdiction in which the Company, its affiliate or the Company would be the non-local party and would likely result in significant costs and disruption of management attention. Accordingly, the use of joint ventures could present additional risk to the business model.

Boutique Hotel

In addition to the risks that apply to all real estate investments, hotel and hospitality investments are subject to additional risks which include:

- Competition for guests from other hotels based upon brand affiliations, room rates offered including those via internet wholesalers and distributors, customer service, location and the condition and upkeep of each hotel in general and in relation to other hotels in their local market;
- Specific competition from well-established operators of "boutique" or "lifestyle" hotel brands which have greater financial resources and economies of scale;
- Adverse effects of general and local political and/or economic conditions;
- Dependence on demand from business and leisure travelers, which may fluctuate and be seasonal;
- Increases in energy costs, airline fares and other expenses related to travel, which may deter travel;
- Impact of financial difficulties of the airline industry and potential reduction in demand on hotel rooms;
- Increases in operating costs attributable to inflation and other factors;
- Overbuilding in the hotel industry, especially in individual markets; and
- Disruption in business and leisure travel patterns relating to perceived fears of terrorism or political unrest.

The boutique hotel market is highly competitive.

The Company competes in the boutique hotel segment, which is highly competitive, is closely linked to economic conditions and may be more susceptible to changes in economic conditions than other segments of the hospitality industry. Competition within the boutique hotel segment is also likely to continue to increase in the future. Competitive factors include name recognition, quality of service, convenience of location, quality of the property, pricing, and range and quality of dining, services and amenities offered. Additionally, success in the boutique hotel market depends, largely, on an ability to shape and stimulate consumer tastes and demands by producing and maintaining innovative, attractive, and exciting properties and services. The Company competes in this segment against many well-known companies that have established brand recognition and significantly greater financial resources. If it is unable to achieve and maintain consumer recognition for its brand and otherwise compete with well-established competitors, the Company's business and operations will be negatively impacted. There can be no assurance that the Company will be able to compete successfully in this market or that the Company will be able to anticipate and react to changing consumer tastes and demands in a timely manner.

Currently, the Company's hotel incurs overhead costs higher than the total gross margin.

The overhead costs for the Algodon Mansion hotel currently exceed its total gross margin. There can be no assurance that the Company will be able to increase revenues and lower the hotel's overhead cost in the future.

The profitability of the Company's hotels will depend on the performance of hotel management.

The profitability of the Company's hotel and hospitality investments will depend largely upon the ability of any management company or general manager that it employs to generate revenues that exceed operating expenses. The failure of hotel management to manage the hotels effectively would adversely affect the cash flow received from hotel and hospitality operations.

Algodon Wine Estates and Land Development

The tourism industry is highly competitive and may affect the success of the Company's projects.

The success of the tourism and real estate development projects underway at Algodon Wine Estates depends primarily on recreational and secondarily on business tourists and the extent to which the Company can attract tourists to the region and to its properties. The Company is in competition with other hotels and developers based upon brand affiliations, room rates, customer service, location, facilities, and the condition and upkeep of the lodging in general, and in relation to other lodges/hotels/investment opportunities in the local market. Algodon Wine Estates operates as a multi-functional resort and winery and serves a niche market, which may be difficult to target. Algodon Wine Estates may also be disadvantaged because of its geographical location in the greater Mendoza region. While the San Rafael area continues to increase in popularity as a tourist destination, it is currently less traveled than other regions of Mendoza, where tourism is more established.

The profitability of Algodon Wine Estates will depend on consumer demand for leisure and entertainment.

Algodon Wine Estates is dependent on demand from leisure and business travelers, which may be seasonal and fluctuate based on numerous factors. Demand may decrease with increases in energy costs, airline fares and other expenses related to travel, which may deter travel. Business and leisure travel patterns may be disrupted due to perceived fears of local unrest or terrorism both abroad and in Argentina. General and local economic conditions and their effects on travel may adversely affect Algodon Wine Estates.

Development of the Company's projects will proceed in phases and is subject to unpredictability in costs and expenses.

It is contemplated that the expansion and development plans of Algodon Wine Estates will be completed in phases and each phase will present different types and degrees of risk. Algodon Wine Estates may be unable to acquire the property it needs for further expansion or be unable to raise the property to the standards anticipated for the **ALGODON®** brand. This may be due to difficulties associated with obtaining required future financing, purchasing additional parcels of land, or receiving the requisite zoning approvals. Algodon Wine Estates may have problems with local laws and customs that cannot be predicted or controlled. Development costs may also increase due to inflation or other economic factors.

The ability of the Company to operate its businesses may be adversely affected by U.S. and Argentine government regulations.

Many aspects of the Company's businesses face substantial government regulation and oversight. For example, hotel properties are subject to numerous laws, including those relating to the preparation and sale of food and beverages, including alcohol and those governing relationships with employees such as minimum wage and maximum working hours, overtime, working conditions, hiring and firing employees and work permits. Additionally, hotel properties may be subject to various laws relating to the environment and fire and safety. Compliance with these laws may be time consuming and costly and may adversely affect hotel operations.

Another example is the wine industry which is subject to extensive regulation by local and foreign governmental agencies concerning such matters as licensing, trade and pricing practices, permitted and required labeling, advertising and relations with wholesalers and retailers. New or revised regulations in Argentina, or other foreign countries, could have a material adverse effect on Algodon Wine Estates' financial condition or operations.

Finally, because many of the Company's properties are located in Argentina, they are subject to its laws and to the laws of various local districts that affect ownership and operational matters. Compliance with applicable rules and regulations requires significant management attention and any failure to comply could jeopardize the Company's ability to operate or sell a particular property and could subject the Company to monetary penalties, additional costs required to achieve compliance, and potential liability to third parties. Regulations governing the Argentinian real estate industry as well as environmental laws have tended to become more restrictive over time. The Company cannot assure that new and stricter standards will not be adopted or become applicable to the Company, or that stricter interpretations of existing laws and regulations will not be implemented.

Algodon Wine Estates—Vineyard and Wine Production

Competition within the wine industry could have a material adverse effect on the profitability of wine sales.

The operation of a winery is a highly competitive business and the dollar amount and unit volume of wine sales through the **ALGODON®** label could be negatively affected by a variety of competitive factors. Many other local and foreign producers of wine have significantly greater financial, technical, marketing and public relations resources and wine producing expertise than the Company, and many have more refined, developed and established brands. The wine industry is characterized by fickle demand and success in this industry relies heavily on successful branding. Thus, the **ALGODON®** brand concept may not appeal to a large segment of the market, preventing the Company from successfully competing against other Argentinian and foreign brands. Wholesaler, retailer and consumer purchasing decisions are also influenced by the quality, pricing and branding of the product, as compared to competitive products. Unit volume and dollar sales could be adversely affected by pricing, purchasing, financing, operational, advertising or promotional decisions made by competitors, which could affect the supply of, or consumer demand for, product produced under the **ALGODON®** brand.

Algodon Wine Estates is subject to import and export rules and taxes which may change.

Algodon Wine Estates primarily exports its products to the United States through Jomada Imports and to Europe through Algodon Europe Ltd., a wholly-owned subsidiary. In these countries and others in which Algodon Wine Estates intends to export, Algodon Wine Estates will be subject to excise and other taxes on wine products in varying amounts, which are subject to change. Significant increases in excise or other taxes could have a material adverse effect on Algodon Wine Estates' financial condition or operations. Political and economic instabilities of foreign countries may also disrupt or adversely affect Algodon Wine Estates' ability to export or make profitable sales in that country. Moreover, exporting costs are subject to macro-economic forces that affect the price of transporting goods (e.g., the cost of oil and its impact on transportation systems), and this could have an adverse impact on operations.

The Company's business would be adversely affected by natural disasters.

Natural disasters, floods, hurricanes, fires, earthquakes, hailstorms or other environmental disasters could damage the vineyard, its inventory, or other physical assets of the Algodon Wine Estates' resort, including the golf course. If all or a portion of the vineyard or inventory were to be lost prior to sale or distribution as a result of any adverse environmental activity, or if the golf course and facilities were damaged, Algodon Wine Estates would become significantly less attractive as a destination resort and therefore lose a substantial portion of its anticipated profits and cash flow. Such a loss would seriously harm the business and reduce overall sales and profits. Moderate, but irregular weather conditions may adversely affect the grapes, making any one season less profitable than expected. In addition to weather conditions, many other factors, such as pruning methods, plant diseases, pests, the number of vines producing grapes, and machine failure could also affect the quantity and quality of grapes. Any of these conditions could cause an increase in the price of production or a reduction in the amount of wine Algodon Wine Estates is able to produce and a resulting reduction in business sales and profits.

Loss of one or more of the Company's key employees could adversely affect the Company's businesses.

The production of wine depends on the services and expertise of highly skilled individuals in all facets of the growth and production process. Although arrangements have been made with additional winemaking talent to assist in the process, the loss of service of any of Algodon Wine Estates' significant employees (Anthony Foster, Master of Wine; Mauro Nosenzo, winemaker; and Marcelo Pelleriti, Senior Wine Advisor of AWE) could have a material adverse effect on the Company. Further, as the manager of the property, the profitability of Algodon Wine Estates will depend largely upon Algodon Wine Estates to generate revenues that exceed operating expenses. Any failure to manage the vineyard, winery and resort effectively, or up to the caliber of the **ALGODON®** brand, would adversely affect Algodon Wine Estates' cash flow received from operations and consequently the Company's investment. Problems with local labor could also have a material adverse effect on Algodon Wine Estates.

Risks Associated with DPEC Capital's Business

DPEC, as a broker-dealer, is subject to extensive regulation.

The securities industry in the United States is subject to extensive regulation under both federal and state laws. Broker-dealers are subject to regulations covering all aspects of the securities business, including: (1) sales methods; (2) trade practices among broker-dealers; (3) use and safekeeping of customers' funds and securities; (4) capital structure; (5) record keeping; (6) conduct of directors, officers, and employees; and (7) supervision of employees, particularly those in branch offices. The principal purpose of regulation and discipline of broker-dealers is the protection of customers and the securities markets, rather than protection of creditors and stockholders of broker-dealers.

Uncertainty regarding the application of these laws and other regulations to DPEC Capital's business may adversely affect the viability and profitability of the business. The SEC, FINRA, other self-regulatory organizations and state securities commissions can censure, fine, issue cease-and-desist orders, or suspend or expel a broker-dealer or any of its officers or employees. DPEC Capital's ability to comply with all applicable laws and rules is largely dependent on its establishment and maintenance of a compliance system to ensure such compliance, as well as its ability to attract and retain qualified compliance personnel. DPEC Capital could be subject to disciplinary or other actions due to claimed noncompliance in the future, and the imposition of any material penalties or orders could have a material adverse effect on the business, operating results and financial condition. In addition, it is possible that noncompliance could subject DPEC Capital to future civil lawsuits, the outcome of which could harm the business.

In addition, the mode of operation and profitability may be directly affected by: (1) additional legislation; (2) changes in rules promulgated by the SEC, state regulators, FINRA, and other regulatory and self-regulatory organizations; and (3) changes in the interpretation or enforcement of existing laws and rules.

DPEC Capital and certain of its principals have a significant number of disclosure events publicly reported at www.finra.org.

As a broker-dealer registered with the SEC and a member of FINRA, DPEC Capital must make its compliance with the rules of the SEC and FINRA and various state agencies publicly available. These reports are available for DPEC Capital at Broker Check, available at www.finra.org. The report for DPEC Capital includes eight disclosure items, including four regulatory sanctions and four awards or judgments. In addition, several registered representatives of DPEC Capital, including principals Scott L. Mathis and Keith T. Fasano also have personal disclosure events reported to FINRA. See Item 8—Legal Proceedings for more information.

The Chairman and CEO of AWLD is currently subject to a regulatory matter.

Scott Mathis, Chairman of the Board of Directors of AWLD and Chief Executive Officer of AWLD, is a registered representative associated with DPEC Capital. The publicly-available FINRA disclosure report for Mr. Mathis reflects a number of disclosure events, including one ongoing regulatory matter (discussed in the following paragraph). A description of certain of the matters underlying these disclosures is set forth below. See Item 8 - Legal Proceedings.

In 2007, Scott Mathis was found by FINRA to have willfully failed to make, or timely make, certain disclosures on his Form U-4 in connection with certain tax liens. Mr. Mathis has consistently disputed the willfulness finding, and has challenged that finding on appeal to the SEC and the U.S. Court of Appeals. However, both of those appeals were unsuccessful. Under applicable FINRA rules, the finding that Mr. Mathis acted willfully subjects him to a "statutory disqualification," which could prevent him from working in the securities industry. In accordance with FINRA rules, Mr. Mathis in September 2012 formally requested that he be permitted to continue working in the securities industry notwithstanding the fact that he is subject to a statutory disqualification. While a denial of that application would not preclude Mr. Mathis from continuing to perform his duties for non-securities related entities, including Algodon Wines & Luxury Development Group, Inc., InvestProperty Group, LLC, and all of the Company's Argentina subsidiaries, it would preclude him from continuing to work at the Company's broker-dealer (DPEC Capital). See Item 8—Legal Proceedings for more information.

Potential misconduct by DPEC employees would have a material adverse effect on its business.

There have been a number of highly publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years, and DPEC Capital runs the risk that employee misconduct could occur. Misconduct by employees could include binding DPEC Capital to transactions that exceed authorized limits or present unacceptable risks, or hiding unauthorized or unsuccessful activities. In either case, this type of conduct could result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use of confidential information, which could result in regulatory sanctions and serious reputational harm. It is not always possible to deter employee misconduct, and the precautions DPEC Capital takes to prevent and detect this activity may not be effective in all cases.

DPEC Capital is subject to the SEC's Net Capital Rule which at times it may not be able to meet.

The SEC, FINRA and various other regulatory agencies have stringent rules with respect to the maintenance of specific levels of net capital by securities brokers, including the SEC's Uniform Net Capital Rule. Failure to maintain the required net capital may subject a firm to suspension or revocation of registration by the SEC and suspension or expulsion by FINRA and other regulatory bodies and ultimately could require the firm's liquidation. A significant operating loss or any unusually large charge against net capital could adversely affect the ability of DPEC Capital to operate and/or expand, which could have a material adverse effect on its business, financial condition and operating results.

At least ten years ago, DPEC Capital had a negative net capital, which is a violation of SEC rules. Upon realization of this situation, DPEC Capital took action to immediately re-establish full compliance with net capital requirements. Thus, while DPEC Capital believes that it is presently in compliance with net capital requirements, there can be no assurance that it will not fall below minimum net capital requirements in the future.

DPEC is subject to risks in meeting customer margin requirements.

The brokerage business is subject to risks related to defaults by customers in paying for securities they have agreed to purchase or failure to deliver securities they have agreed to sell. DPEC Capital's clearing firm may make margin loans to its customers in connection with their purchase of securities. DPEC Capital is required by contract to indemnify its clearing firm for, among other things, any loss or expense incurred due to defaults by its customers in failing to repay margin loans or maintain adequate collateral for those loans. DPEC Capital is therefore subject to risks inherent in extending credit, especially during periods of rapidly declining markets or in connection with the purchase of highly volatile stocks which could lead to a higher risk of customer defaults. Such defaults could lead to significant liabilities for DPEC Capital.

Major declines in the public markets may adversely affect DPEC's profitability.

Future revenues are likely to be lower during periods of declining securities prices or securities market inactivity in the sectors in which DPEC Capital focuses. The public markets have historically experienced significant volatility not only in the number and size of share offerings, but also in the secondary market trading volume and prices of newly issued securities. Activity in the private equity markets frequently reflects prevailing trends in the public markets. As a result, revenues from brokerage activities may also be adversely affected during periods of declining prices or inactivity in the public markets.

For example, investments that are traded on exchanges or over-the-counter and the risks associated therewith will vary in response to a wide array of events that affect such markets and that are beyond the control of DPEC Capital. Market disruptions such as those that occurred during October 1987, September 2001, and 2008-09, could result in substantial losses to DPEC Capital.

From time to time, DPEC may be subject to certain legal proceedings.

There is a risk of litigation inherent in conducting a securities brokerage business, both from the investor/customer side and from the company/issuer side. These risks include potential liability for violations under federal and state securities and other laws for allegedly false or misleading statements made in connection with securities offerings or other financial transactions. DPEC Capital also faces the possibility that customers or counterparties will claim that it improperly failed to apprised them of applicable risks or that they were not authorized or permitted under applicable corporate or regulatory requirements to enter into transactions with DPEC Capital and that their obligations to DPEC Capital are not enforceable.

These risks are often difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. DPEC Capital may incur significant legal expenses in defending against litigation or in a regulatory proceeding. Substantial legal liability or the imposition of regulatory sanctions against DPEC Capital could have a material adverse effect on DPEC Capital.

General Corporate Business Considerations

Insiders continue to have substantial control over the Company.

As of April 30, 2014, the Company's directors and executive officers hold the current right to vote approximately 14.97% of the Company's outstanding voting stock (common and preferred as-converted). Of this total, 93.46% is owned or controlled, directly or indirectly by Company CEO Scott Mathis. In addition, the Company's directors and executive officers have the right to acquire additional shares which could increase their voting percentage significantly. As a result, Mr. Mathis acting alone, and/or many of these individuals acting together, may have the ability to exert significant control over the Company's decisions and control the management and affairs of the Company, and also to determine the outcome of matters submitted to stockholders for approval, including the election and removal of a director, the removal of any officer and any merger, consolidation or sale of all or substantially all of the Company's assets. Accordingly, this concentration of ownership may harm a future market price of the Shares by:

- Delaying, deferring or preventing a change in control of the Company;
- Impeding a merger, consolidation, takeover or other business combination involving the Company; or
- Discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company.

The Company may not be able to continue as a going concern.

Our independent auditors note that our recurring losses from operations and negative operating cash flows raise substantial doubt about our ability to continue as a going concern. This may hinder our future ability to obtain financing, or may force us to obtain financing on less favorable terms than would otherwise be available.

Revenues are currently insufficient to pay operating expenses and costs which may result in the inability to execute the Company's business concept.

The Company's operations have to date generated significant operating losses, as reflected in the financial information included in this Registration Statement. Management's expectations in the past regarding when operations would become profitable have been not been realized, and this has continued to put a strain on working capital. Business and prospects must be considered in light of the risks, expenses, and difficulties frequently encountered by companies in the early stages of operations. If the Company is not successful in addressing these risks, its business and financial condition will be adversely affected. In light of the uncertain nature of the markets in which the Company operates, it is impossible to predict future results of operations.

The Chief Executive Officer and the Chief Financial Officer of AWLD are also involved in outside businesses which may affect their ability to fully devote their time to the Company.

Scott Mathis, Chairman of the Board of Directors of AWLD, Chief Executive Officer, President and Treasurer of AWLD is also the Chairman and Chief Executive Officer of Hollywood Burger Holdings, Inc., a private company he founded which is developing Hollywood-themed American fast food restaurants in Argentina and the United Arab Emirates. His duties as CEO of Hollywood Burger Holdings, Inc. consume approximately 15-25% of his time, which may interfere with Mr. Mathis' duties as the CEO of AWLD. In addition, Tim Holderbaum, Executive Vice President, Chief Financial Officer and Secretary of AWLD is also the Chief Financial Officer of Hollywood Burger Holdings, Inc. His duties as CFO of Hollywood Burger Holdings, Inc. consume approximately 10% of his time, which may interfere with Mr. Holderbaum's duties as the CFO of AWLD. Mark Downey, who will replace Mr. Holderbaum as CFO and Chief Operating Officer of AWLD, will also serve as CFO of Hollywood Burger Holdings Inc. and devote approximately the same amount of time, possibly interfering with his duties as CFO and COO of AWLD.

We may incur losses and liabilities in the course of business which could prove costly to defend or resolve.

Companies that operate in one or more of the businesses that we operate face significant legal risks. There is a risk that we could become involved in litigation wherein an adverse result could have a material adverse effect on our business and our financial condition. There is a risk of litigation generally in conducting a commercial business. These risks often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. We may incur significant legal expenses in defending against litigation.

The Company will face significant regulation by the SEC and state securities administrators.

The holders of shares of AWLD's common stock and preferred stock may not offer or sell the shares in private transactions or (should a public market develop, of which there can be no assurance) public transactions without compliance with regulations imposed by the SEC and various state securities administrators. To the extent that any holder desires to offer or sell any such shares, the holder must prove to the reasonable satisfaction of AWLD that he has complied with all applicable securities regulations, and AWLD may require an opinion of the holder's legal counsel to that effect. Thus, there can be no assurance that the holder will be able to resell the shares or any interest therein when the holder desires to do so.

The Company is dependent upon additional financing which it may not be able to secure in the future.

As it has in the past, the Company will likely continue to require financing to address its working capital needs, continue its development efforts, support business operations, fund possible continuing operating losses, and respond to unanticipated capital requirements. For example, the continuing development of the Algodon Wine Estates project requires significant ongoing capital expenditures. There can be no assurance that additional financing or capital will be available and, if available, upon acceptable terms and conditions. To the extent that any required additional financing is not available on acceptable terms, the Company's ability to continue in business may be jeopardized.

Additionally, if the Company's debt holders do not agree to convert their notes into equity or extend the maturity dates of their notes, the Company may need to curtail its operations and implement a plan to extend payables and reduce overhead until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful. Such a plan could have a material adverse effect on the Company's business, financial condition and results of operations, and ultimately the Company could be forced to discontinue its operations, liquidate and/or seek reorganization in bankruptcy.

The Company's officers and directors are exculpated and indemnified against certain conduct that may prove costly to defend.

The Company may have to spend significant resources indemnifying its officers and directors or paying for damages caused by their conduct. The Company's Amended and Restated Certificate of Incorporation exculpates the Board of Directors and its affiliates from liability, and the Company has procured directors' and officers' liability insurance to reduce the potential exposure to the Company in the event damages result from certain types of potential misconduct. Furthermore, the General Corporation Law of Delaware provides for broad indemnification by corporations of their officers and directors, and the Company's bylaws implement this indemnification to the fullest extent permitted under applicable law as it currently exists or as it may be amended in the future. Consequently, subject to the applicable provisions of the General Corporation Law of Delaware and to certain limited exceptions in the Company's Amended and Restated Certificate of Incorporation, the Company's officers and directors will not be liable to the Company or to its stockholders for monetary damages resulting from their conduct as an officer or director.

The Company has not paid dividends to date.

Neither AWLD nor any of its constituent companies has ever paid any dividends or made any distributions to their stockholders or members. The Company plans to pay dividends to the Series A convertible preferred stockholders as of the effective date of this Registration Statement as set forth in the Company's Amended and Restated Certificate of Designation. The Company does not contemplate or anticipate declaring or paying any dividends on its common stock in the foreseeable future. It is anticipated that earnings, if any, will be used to finance the development and expansion of the Company's business.

Former stakeholders of certain of AWLD's subsidiaries holding assets in Argentina may challenge the transactions acquiring AGP and IPG.

On September 30, 2010, AWLD and IPG entered into an Exchange Agreement, whereby all members of IPG, including The WOW Group, LLC exchanged their membership units for shares of AWLD common stock (the "IPG Exchange Transaction"). Consequently all former IPG members became stockholders of AWLD and AWLD became the sole member of IPG.

When it was acquired by AWLD in 2010, IPG had substantial ownership interests in, and developed and managed, two primary projects in Argentina: (1) the Algodon Mansion, a luxury boutique hotel located in the Recoleta district of Buenos Aires; and (2) the Algodon Wine Estates, located in San Rafael, in the Mendoza region of Argentina. The ownership interests in these projects not owned by IPG were subsequently acquired by AWLD in June 2012 when AWLD and Algodon Global Properties, LLC ("AGP") entered into an Exchange Agreement, and all members of AGP exchanged their membership units for shares of AWLD common stock (the "AGP Exchange Transaction"). Consequently all former AGP members became stockholders of AWLD and AWLD became the sole member of AGP. As a result of that transaction, AWLD now owns 100% of the Argentina projects which IPG has been developing since 2007.

The IPG Exchange Transaction and the AGP Exchange Transaction were approved by a majority vote of the combining stakeholders, however it is possible that AWLD stockholders or former members of the combined entities could challenge these transactions. To date, AWLD has not received any such notice.

ITEM 1. BUSINESS.

Business and Overview of AWLD

Through its wholly-owned subsidiaries, AWLD invests in, develops and operates real estate projects in Argentina. AWLD operates a hotel, golf and tennis resort, vineyard and producing winery in addition to developing residential lots located near the resort. The activities in Argentina are conducted through its operating entities: InvestProperty Group, LLC, Algodon Global Properties, LLC, The Algodon – Recoleta S.R.L, Algodon Properties II S.R.L., and Algodon Wine Estates S.R.L. AWLD distributes its wines in Europe through its United Kingdom entity, Algodon Europe, LTD.

Another wholly-owned subsidiary, DPEC Capital, Inc. is a traditional retail securities brokerage firm which offers various non-public investment opportunities in AWLD projects and Hollywood Burger Holdings, Inc. (a private company founded by Scott Mathis which is developing Hollywood-themed American fast food restaurants in Argentina and the United Arab Emirates) to qualified investors. DPEC Capital, Inc. is a registered broker-dealer and member of FINRA (Financial Industry Regulatory Authority), SIPC (Securities Investor Protection Corporation), and SIFMA (Securities Industry and Financial Markets Association). Since approximately 2004, DPEC Capital has concentrated its efforts on raising money for investment vehicles that were formed by its corporate affiliates, many of which were in the biotech sector, for corporate affiliates that were raising capital to invest in the various projects being developed in Argentina, or for other operating businesses under common control with AWLD.

In the U.S., AWLD currently employs approximately 12 full time employees, including seven who are registered representatives of DPEC Capital, Inc. and are compensated in part on a commission basis. None of these employees is covered by a collective bargaining agreement and management believes it has good relations with its employees. Including the operating subsidiaries in Argentina, the Company has approximately 110 full-time and 15 part-time employees.

AWLD also holds as one of its assets, a shell corporation that is current in its reporting obligations under the Securities Exchange Act of 1934 and a ready target for merger or sale.

The below table provides an overview of AWLD's operating entities.

Entity Name	Abbreviation	Jurisdiction & Date of Formation	Ownership	Business
InvestProperty Group, LLC ("InvestProperty Group")	IPG	Delaware, October 27, 2005	100% by AWLD	Real estate acquisition and management in Argentina
Algodon Global Properties, LLC	AGP	Delaware, March 17, 2008	100% by AWLD	Holding company
DPEC Capital, Inc. ("DPEC Capital")	CAP	Delaware, February 9, 2001	100% by AWLD	Registered broker-dealer and FINRA member offering private placement and venture capital type opportunities
Mercari Communications Group, Ltd. ("Mercari")	MCAR	Colorado, August 31, 2001	96.5% by AWLD	Public shell company—no currently active business operations
The Algódon – Recoleta S.R.L.	TAR	Argentina, September 29, 2006	100% by AWLD through IPG, AGP and APII	Hotel owner and operating entity in Buenos Aires
Algodon Europe, LTD	AEU	United Kingdom, September 23, 2009	100% by IPG	Algodon Wines distribution company
Algodon Properties II S.R.L.	APII	Argentina, March 13, 2008	100% by AWLD through IPG and AGP	Holding company in Argentina
Algodon Wine Estates S.R.L.	AWE	Argentina, July 16, 1998	100% by AWLD through IPG, AGP, APII and TAR	Resort complex including real estate development and wine making in Argentina; owns vineyard, hotel, restaurant, golf and tennis resort in San Rafael, Mendoza, Argentina

Argentina Activities

AWLD, through its wholly-owned subsidiary and holding company, InvestProperty Group ("IPG"), identifies and develops specific investments in the boutique hotel, hospitality and luxury property markets and in other lifestyle businesses such as wine production and distribution, golf, tennis and real estate development. AWLD also operates hotel, hospitality and related properties and is actively seeking to expand its real estate investment portfolio by acquiring additional properties and businesses in Argentina, or by entering into strategic joint ventures. Using Algodon's icon wines as its ambassador, AWLD's mission is to develop a group of real estate projects under its **ALGODON®** brand with the goal of developing synergies among its luxury properties. AWLD's senior management is based in its corporate offices in New York City. AWLD's local operations are managed by professional staff with substantial hotel, hospitality and resort experience in Buenos Aires and San Rafael, Argentina.

On September 30, 2010, AWLD and IPG entered into the IPG Exchange Transaction, whereby all members of IPG, including The WOW Group, LLC (comprised of affiliated persons of AWLD; for more information see "Item 4—Security Ownership of Certain Beneficial Owners and Management" below) exchanged their membership units for shares of AWLD common stock. Consequently all former IPG members became stockholders of AWLD and AWLD became the sole member of IPG.

When it was acquired by AWLD in 2010, IPG had substantial ownership interests in, and developed and managed, two primary projects in Argentina: (1) the Algodon Mansion, a luxury boutique hotel located in the Recoleta district of Buenos Aires; and (2) the Algodon Wine Estates, located in San Rafael, in the Mendoza region of Argentina. The ownership interests in these projects not owned by IPG were subsequently acquired by AWLD in June 2012 when AWLD and Algodon Global Properties, LLC ("AGP") entered into the AGP Exchange Transaction. Consequently all former AGP members became stockholders of AWLD and AWLD became the sole member of AGP.

As a result of that transaction, AWLD now owns 100% of the Argentina projects which IPG has been developing since 2007. Details about the Argentina properties and the Argentinian subsidiaries formed to own and operate those properties are described below.

AWLD's Concept and Business: Repositioning of Hotel Properties, Luxury Destinations and Residential Properties

AWLD, through IPG, focuses on opportunities that create value through repositioning of underperforming hotel and commercial assets such as hotel/residential/retail destinations. This trend has been well received in large metropolitan areas which have become quite competitive. However, management believes that the trend is now trickling down to secondary metropolitan, resort and foreign markets where there is significantly less competition from the established major operators. AWLD seeks opportunities where it believes value can be added through re-capitalization, repositioning, expansion, improved marketing and/or professional management. Management believes that AWLD can increase demand for all of a property's various offerings, from its rooms, to its dining, meeting and entertainment facilities, to its retail establishments through careful branding and positioning of properties. While the maxim remains true that the three most important factors in real estate are "location, location, location," management believes that "style and superior service" have grown in importance and can lead to increased operating revenues and capital appreciation.

AWLD has built a team of industry professionals to assist in implementing its vision toward repositioning real estate assets. See "Item 5—Directors and Executive Officers."

Plan of Operations

AWLD continues to implement its growth and development strategy that includes a luxury boutique hotel, a resort estate, vineyard and winery, and a large land development project including residential houses within the vineyard. See "Algodon Wine Estates" below and Item 2—Financial Information "Results of Operations."

The 2014 revenue and expense projections prepared by our management team in Argentina demonstrate progress toward profitability by reducing our operational costs and increasing revenues in all of our business areas. In 2014 on the cost side, the Company is seeking to reduce administrative costs below 2013 levels. Operational costs will continue to be held as low as possible to maintain Relais & Chateaux quality standards. On the revenue side, food and beverage is expected to increase because of more social and corporate events business. In addition, room revenues are expected to grow because of an increase in direct bookings, a higher occupancy percentage in general and a better presence and sales in the Brazilian market.

Rooms and the Food & Beverage ("F&B") operation at Algodon Mansion are producing positive gross margins. However the hotel's overhead costs are higher than the total gross margin. In 2014 the main goal will be to increase revenues and to lower the hotel's overhead cost to bring the entire hotel's EBITDA to break-even.

Long Term Growth Strategy

One of AWLD's goals include positioning its brand **ALGODON®** as one of luxury and is working on forming strategic alliances with well-established luxury brands that have strong followings to create awareness of the Algodon brand and help build customer loyalty. To date, Algodon has been associated and co-branded with several world-class luxury brands including Relais & Châteaux, Veuve Clicquot Champagne (owned by Louis Vuitton Moët Hennessy), Davidoff Cigars, and L'Occitane.

The Company hopes to continue to self-finance future acquisition and development projects because in countries like Argentina, having cash available to purchase land and other assets provides an advantage to buyers. Bank financing in such countries is often difficult or impossible to obtain. To be able to grow our business and expand into new projects, the Company would first want to deploy excess cash generated by operations, but significant amounts of excess cash flow is not anticipated for at least a number of years. Another option would be obtaining new investment funds from investors, including a possible public offering, and/or borrowing from institutional lenders. Management also believes that by becoming a public company, AWLD will be in a better position to acquire property for stock instead of cash.

*The **ALGODON®** Brand*

Management believes that of paramount importance in the luxury real estate/hotel market is the force and power of brand. AWLD has developed the **ALGODON®** brand, one of distinction, refinement and elegance. Inspired by both the Cotton Club days of the Roaring 20's and the distinctive style and glamour of the 50's Rat Pack when travel and leisure was synonymous with cultural sophistication, this brand concept was taken from the Spanish word for "cotton." **ALGODON®** connotes a clean and pure appreciation for the good life, a sense of refined culture, and ultimately a destination where the best elements of the illustrious past meet the affluent present. AWLD is looking to attract attention and upscale demographic visitors to the **ALGODON®** properties and to round out the brand experience in various other forms including music, dining, wine, sports and apparel by marketing themes that highlight active lifestyles and the pleasures of life. Management believes that these types of brand extensions will serve to reinforce the overall brand recognition and further build upon AWLD's core presence in the luxury hotel segment.

Description of Specific Investment Projects

AWLD has invested in two **ALGODON®** brand properties located in Argentina. The first property is Algodon Mansion, a Buenos Aires-based luxury boutique hotel that opened in 2010 and is held in IPG's subsidiary, The Algodon – Recoleta S.R.L. ("TAR"). The second property, held by Algodon Wine Estates S.R.L., is a Mendoza-based winery and golf resort called Algodon Wine Estates, which was subdivided for residential development, and expanded by acquiring adjoining wine producing properties.

Algodon Mansion

The Company, through TAR, has renovated a hotel in the Recoleta section of Buenos Aires called Algodon Mansion, a stately six-story mansion (including roof-top facilities and basement) located at 1647 Montevideo Street, a tree-lined street in Recoleta, one of the most desirable neighborhoods in Buenos Aires. The property is approximately 20,000 square feet and is a ten-suite premium-luxury hotel with a restaurant (seating approximately 62), a wine bar (seating approximately 20), a private dining room (seating approximately 16) and a rooftop that houses a luxury spa, terrace pool, and chic open-air cigar bar and lounge. Each guest room is an ultra-luxury two-to-three room suite, each approximately 510-1,200 square feet. Recoleta is Buenos Aires' embassy and luxury hotel district and has fashionable boutiques, high-end restaurants, cafés, art galleries, and opulent belle époque architecture.

Hotel operations are also led by a team of professionals. Algodon Mansion's General Manager, Mr. Gregor Beck, oversees all operations of Algodon Mansion's hospitality services, while implementing the vision and mission of Algodon's luxury brand, and working to uphold the standards and quality for which the Algodon brand represents. See also "Additional Key Personnel" below.

In November 2011, it was announced that Relais & Châteaux, the renowned fellowship of the world's finest hotels and restaurants, extended membership to Algodon Mansion hotel. Having reached the highest standards of service required by Relais & Châteaux only a year after celebrating its grand openings, Algodon Mansion is the first Relais & Châteaux hotel in Buenos Aires to be awarded this distinction. As of April 21, 2014, Relais & Châteaux's global fellowship of individually owned and operated luxury hotels and restaurants has 520 members in 60 countries on five continents.

Algodon Club, the restaurant on the main floor of Algodon Mansion, offers a sophisticated menu emphasizing Argentinian-style cuisine. The dining room comfortably seats 62 persons and offers a seasonal menu, serving ingredients acquired locally and from the plantation at Algodon Wine Estates in San Rafael, Mendoza. Algodon products include estate cultivated extra virgin olive oil, fresh fruits and vegetables, cheeses, smoked meats, and homemade breads to exemplify the restaurant's wholesome, farm-to-table daily fare. Algodon Club's menu complements the wines and local products of Argentina's wine region and includes Algodon's own premium and icon wines.

Algodon Wine Bar, located in the Algodon Mansion lobby, offers a unique wine list that exemplifies the Argentinean wine portfolio, with emphasis on the premium and icon vintages of Algodon's own private collection from Algodon Wine Estates in Mendoza.

Algodon Mansion's rooftop pool features teak decks and loungers that invite afternoon tanning in the summer sun. An open-air bar and tented cigar lounge, the "Davidoff Lounge," in association with the world-renowned Davidoff Cigars, features a menu of drinks from around the world, and is well suited for twilight soirées, rooftop parties and late night cocktail events. Also on the rooftop is Le Spa, which features steam, sauna, and massage rooms as well as relaxation areas where guests may be pampered in a calm and tranquil atmosphere and indulge in a variety of treatment options. Le Spa at Algodon Mansion combines natural elements of Argentina's native regions with the latest treatments and technology from Europe's finest spas.

Algodon Wine Estates

In July 2007, Algodon Wine Estates S.R.L. ("AWE") acquired 718 acres located in the Cuadro Benegas district of San Rafael, Mendoza. Subsequently, in 2007 and 2008, AWE purchased additional land adjacent to the original 718-acre property, culminating in a 2,050 acre area to be known as Algodon Wine Estates. The resort property is part of the Mendoza wine region nestled in the foothills of the Andes mountain range. This property includes a winery (whose vines date back to the mid-1940's), a newly-expanded 18-hole golf course, tennis, restaurant and hotel. The estate is situated on Mendoza's Ruta del Vino (Wine Trail). The original 718-acre property has an impressive lineage, both in terms of wine production and golf, and features structures on the property that date back to 1921.

In July 2012, AWE signed a sales agreement to acquire an additional 850 hectares (2,100 acres) connected to the southwestern end of the property. Pending a successful completion of the final sales agreement, Algodon Wine Estates will encompass approximately 1,675 hectares (4,138 acres) of contiguous property, or approximately 6.47 square miles. Although the deadline for completing this purchase has passed, the Company is continuing a dialogue with the seller and believes that when sufficient funding is available and if the purchase fits in with the Company's overall strategy at that time, an acquisition can be concluded successfully.

Management has focused on reducing the high cost of operating Algodon Wine Estates (AWE). Each of AWE's business segments, the vineyard, the winery, the lodge, the restaurant and event-hosting operation, and related activities, have been and continue to be separately evaluated in order to better track profitability. Some of AWE's business areas are on their way to becoming profitable units, such as the winery (wine production and sales), production (grape production for our winery and third parties and fruit production) and the lodge operation.

Algodon Wine Estates features Algodon Villa, a private lodge originally built in 1921 that has been fully restored and refurbished to its original farmhouse design of adobe walls and cane roof. The lodge offers three suites, a gallery for private gatherings, a living area that may also serve as a dining and conference room, swimming pool, and adjacent vine-covered picnic area. The Algodon Villa offers five-star service and is situated for vacationing families, business conferences, retreat travelers, golfing companions, or wine route globe trekkers. Algodon Wine Estates has also recently completed the construction of a new lodge which lies adjacent to the original one. The new lodge features six additional suites and a gallery with two fireplaces and a bar.

Algodon Wine Estates recently completed the expansion of its nine-hole golf course to 18 holes, including irrigation canals and ponds. Adjacent to the course is a clubhouse, pro shop, driving range, and award winning restaurant and the Tennis Center.

Algodon Wine Estates' Tennis Center seeks to position itself as one of Argentina's top tennis centers. The academy is expected to hold individual and group classes for all levels and ages and the tennis center expects to attract top-level tennis players, championship finals, exhibition games, tournaments, and clinics. The tennis center currently features many varieties of Grand Slam playing surfaces including seven clay courts, one hard court and the only two grass courts in Mendoza, all of which have recently been added. Management plans to build a Grand Center Court that will accommodate approximately 700 spectators and will be situated below ground level. The tennis center expects to feature high-end amenities including a players' clubhouse, tennis pro shop, state-of-the-art gym, locker rooms (complete with steam shower, sauna, and massage room), players' lounge and a restaurant with a second-floor balcony dining patio overlooking the Grand Center Court.

In addition, AWLD has made significant improvements to Algodon Wine Estates with new signs, cleared roadways, planted trees, manicured landscapes, re-painting of a number of "common buildings" (warehouses, garages, etc.) and the upgrading of the driving range for functional and cosmetic purposes.

Additional future amenities intended for the estate within the next two to four years, depending on cash flow are expected to include a polo and sports field, an equestrian center featuring numerous riding trails and pastures, an additional large-scale pool and a new state-of-the-art winery and wine cellar (in addition to the existing boutique winery and cellar).

Algodon Wines

Algodon Wine Estates also contains a vineyard, with 310 acres of vines. Over 60 acres have been cultivated since the 1940's, and approximately 20 acres since the 1960's. The property produces eight varieties of grapes, including Argentina's signature varietal, Malbec, as well as Bonarda, Cabernet Sauvingnon, Merlot, Syrah, Pinot Noir, Chardonnay and Semillon. The primary difference between the old and new vines is the style of pruning. Algodon Wine Estates utilizes a boutique wine making process, typified by production of a low volume of premium wines sold at a higher than average price in the market. In April 2012, Algodon Wine Estates completed construction on a new barrel room, in order to allow for significantly increased production of our premium and fine wines.

In March 2014, Algodon Wine Estates acquired its own bottling machine in order to improve the winery's production capacity. Utilizing our own bottling machine allows our winemakers to bottle when desired and when necessary, rather than depending on the availability of external bottling facilities. In April 2014, new stainless steel wine tanks were added to the winery, increasing storage capacity by 55,000 liters. This includes five 5,000 liter tanks and three 10,000 liter tanks. These upgrades have had a significant impact on our ability to increase production significantly. For the production year of 2014, we anticipate output of over 200,000 liters, which will translate roughly to about 240,000 bottles or 20,000 cases. This would be a production increase of 120% over last year's production.

In an effort to increase distribution of its wines, Algodon Wine Estates is working with a number of importers operating in some of the world's chief markets for premium wines. Algodon Wine Estates currently exports its products to the United States primarily through Jomada Imports (www.jomadaimports.com), and is currently in discussions with additional importers in an effort to develop further distribution channels in the U.S. In Toronto, Canada, BND Wines & Spirits (www.bndwines.com) represents Algodon Wines. In Europe, Algodon Wine Estates warehouses its wines in Amsterdam for central distribution to clients in Germany and in the U.K. through Condor Wines (www.condorwines.co.uk), which works with regional distribution partners throughout the U.K. such as hotel and restaurant chains, regional and national brewers, pub companies, wholesalers and wine merchants. In Brazil, Algodon has entered the competitive Sao Paulo market in cooperation with www.lupin.com.br and www.initiumworldwide.com, and believes this may result in a significantly improved presence of Algodon wines in the Brazilian market. In its home market of Argentina, Algodon Wines made significant progress in 2012, having developed a new sales group and national distribution agreements resulting in over 120 sales locations throughout the country including wine shops and restaurants.

Algodon Wine Estates has hired a wine consultant, Marcelo Pelleriti, who has guided AWE's winemaking process and as a result AWE now uses microvinification (barrel fermentation) for its premium varietals and blends. Microvinification is commonly used in France, but is uncommon in Argentina, and Algodon Wine Estates is one of the few wineries in the country to implement this specialized process. Mr. Pelleriti is the first Argentine winemaker to receive 100 points from wine critic Robert Parker for a Bordeaux wine (his 2010 Chateau La Violette - Pomeral, following a 96-98 point rating for the 2009 vintage, and a 95-98 point rating for his Chateau Le Gay – Pomeral), and was voted "Winemaker of the Year" by readers of the Argentinean lifestyle magazine *Cuisine & Vins*.

Algodon Wine Estates recently engaged James Galtieri to join Algodon's Advisory Board as Senior Wine Advisor. James is a founding partner and former President/CEO of Pasternak Wine Imports, a renowned national wine importer and distributor, founded in 1988 in partnership with Domaines Barons de Rothschild (Lafite). He currently maintains an advisory role to Domaines Barons de Rothschild (Lafite), and he is the current President/CEO at Seaview Imports LLC., a national wine importer (based in New York) covering the U.S. market with high-quality, exclusive wine brands. James has considerable background and experience in wine knowledge and wine market dynamics, and he is specialized in corporate management in the wine & spirit industry.

Algodon Wine Estates launched its ultra-premium wine under the "PIMA" brand in November 2012. PIMA by Algodon is a single vineyard wine that has been crafted from the finest handpicked grapes of Algodon's 1946 Malbec and 1946 Bonarda vineyards utilizing microvinification (barrel fermentation) process from day one of harvest. PIMA wine is a limited collection which currently retails for approximately $100 per bottle.

Most recently, Algodon Wine's 2010 Bonarda and 2009 Malbec/Bonarda blend ranked among the World Association of Wine & Spirit Writers' and Journalists' (WAWWJ®) Top 100 Wines of the World 2014. Based on awards received at 75 international wine shows in 2013, Algodon Bonarda is the world's best performing Bonarda. Algodon Malbec/Bonarda blend is also the only blend of its kind to be recognized on this year's list of the Top 100 Wines of the World. Algodon Sparkling Chenin Blanc, a sparkling wine (or "espumante") was recently bottled and placed on the Argentine market.

Olive Oil and Potential Truffle Production and Distribution

Although Argentina is better known for its Malbec wines, it is also South America's leading producer of olive oil and fourth largest exporter of olives in the world. Argentina's olive oil exports and profits are climbing, and its high-end virgin oils are being exported to the United States, Europe, South Africa, Australia, Japan, Canada, and China, among others. Olive oil is at its best in the first six months, and is meant to be consumed young. This puts Argentina in a competitively advantageous position because its production and harvest season falls opposite to Europe's, when demand is high for fresh, newly bottled oils. In recent years, some Mendoza wineries have redefined the traditional role of the wine estate by selling estate grown, high-end olive oil varietals and blends to complement their Malbecs. Many productive farming estates value cultivating olive trees because they are an incredibly resilient crop with a life expectancy of 500 years or more. Algodon Wine Estates' 50+ year old olive orchard cultivates the Pendolino, Arauco, and the Arbequina olives, and top quality, extra virgin olive oil is produced at the estate and freshly bottled after its first cold pressing. Algodon Extra Virgin Olive Oil received the Gold Medal in the "blended" category of the OLIVINUS International Olive Oil Competitions in 2011, 2010, and 2009.

Finally, with an abundance of walnut trees, Algodon Wine Estates hopes to soon plant correlative oak and almond trees, all of which will provide an essential root base for the cultivation of black and white truffles. San Rafael's soil quality and climate may be optimal for growing truffles, which are often grown in the world's top wine regions.

Algodon Wine Estates – Real Estate Development

AWE has acquired a substantial amount of contiguous real estate surrounding its project in Mendoza, Argentina. This land was purchased for cash with the purpose of developing a vineyard-resort and attracting investment in second or third homes for the well-to-do from around the world. AWLD continues to invest in the ongoing costs of building out infrastructure and anticipates that sales of lots will gradually improve and accelerate as worldwide economic conditions improve.

AWLD is currently marketing portions of the property to be developed into luxury residential homes and vineyard estates. Management believes that the power of the **ALGODON®** brand combined with an attractive package of amenities will promote interest in the surrounding real estate. The estate's master plan features a luxury golf and vineyard living community, made up of six distinct village sectors, with 610 home sites ranging in size from 0.2 to 2.8 hectares (0.5 to 7 acres) for private sale and development. The development's village sectors have been designed and named in accordance with their characteristic surroundings and landscape: the Wine & Golf Village, the Polo & Equestrian Village, the Sierra Pintada Village, The North Vineyard & Orchard Village, The South Vineyard & Orchard Village, and the Desert Vista Village. The development is located fifteen minutes from both the local airport and city center. For a map of the estate, please see Exhibit 99.1 of this Registration Statement.

The first three private homes at Algodon Wine Estates have been delivered to their owners while two remain under construction. Two additional homes are slated to begin construction within the next three months. Thirty-four lots have been either sold, or are currently in advanced negotiations, and homeowners anticipate breaking ground on construction later this year for up to six additional homes.

- Survey and lot approval process: A new technical team was formed with the surveyors, AWLD's architect and notary to begin the survey and lot approval process. AWLD anticipates having its first individual titles for lots on the E section by November 2014.

- Electricity Medium Tension Line: The Medium Tension Line Project, which will provide electricity to all the property, is now in operation. AWLD estimates that will take an additional USD $40,000 (approximately) to construct a short medium tension line to reach the lots on the U section that AWLD anticipates will be completed within the year.

- Low Tension Distribution Lines Project. The Low Tension Distribution Lines Project to supply electricity to each individual lot in Phase 1 (as required by law to obtain the subdivision approval) is underway and AWLD anticipates completing the electricity feed all E lots by end of May 2015.

- Water: Approximately 70% of water pipes have been completed to distribute water to individual lots in Phase 1. Finishing the water distribution system is mandatory by law for receiving project approval by the government. All lots on the E section are served and ready for inspection and AWLD is continuing with the water distribution system for the remaining Phase 1 lots.

- Internal roads and other field jobs: AWLD and its personnel have completed cleaning, leveling and clearing for the main internal streets. New ditches for water pipes are under construction and once finished and pipes laid, gravel covering will be done gradually. All roads serving E lots , U lots and connecting Tabanera Street with the fairway are fully opened, and ditches for water were begun during the end of February 2014. Gravel covering continues to move forward as planned.

- AWLD is in the process of surveying and opening all internal roads and lots in Phase 1, however the Company must have water and electricity on each lot before permitted to have title. The Company expects that approximately 50 lots will have full services this year and the Company will have capacity to issue the individual titles on those lots.

- Lot Sales and Negotiations: Negotiations with potential buyers are under way. These leads were generated during the second half of 2012 and the first months of 2013.

- Working team: AWLD reduced its labor force in Argentina from December 2011 to 70 employees due to a more efficient allocation of resources.

- The Company is involved in two separate negotiations with potential investors, one focused on hotel/resort development, and the other on a smaller housing project.

Owning real estate in Argentina is subject to risk. For more information see "Risk Factors."

The Business of DPEC Capital, Inc.

DPEC Capital, Inc. ("DPEC Capital") was formed on February 9, 2001 under the name "InvestPrivate, Inc." and subsequently filed a Certificate of Amendment of Certificate of Incorporation changing its name to DPEC Capital, Inc. on January 16, 2008. DPEC Capital is charged with raising sufficient capital for the development of AWLD's operations. DPEC Capital is a broker-dealer registered with the U.S. Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority (FINRA, formerly known as the NASD). It is fully licensed to engage in traditional retail commission-based business. However, the focus of its business over the past few years has been private placement offerings on behalf of IPG and other affiliated entities developing investment opportunities in international real estate ventures, which to date have all been located in Argentina.

DPEC Capital generates operating income principally from placement agent fees and also receives warrants from the companies for which it conducts private placement offerings. Since approximately 2004, DPEC Capital has concentrated its efforts on raising money for investment vehicles that were formed by its corporate affiliates, many of which were in the biotech sector, for corporate affiliates that were raising capital to invest in the various projects being developed in Argentina, or for other operating businesses under common control with AWLD.

As noted above, DPEC Capital has earned warrants to purchase the shares of certain companies including AWLD affiliates for which DPEC Capital has provided investment banking services. A summary of the currently outstanding warrants owned by DPEC Capital is set forth in Item 7—Certain Relationships and Related Transactions, and Director Independence.

Net-Capital Requirement

DPEC Capital, as a registered broker-dealer, is subject to the SEC's Uniform Net Capital Rule 15c3-1 of the Securities Exchange Act of 1934 that requires the maintenance of minimum net capital of $5,000 and that the ratio of aggregate indebtedness, as defined, to net capital shall not exceed 15 to 1. Advances, dividend payments, and other equity withdrawals are restricted by the regulations of the SEC, and other regulatory agencies are subject to certain notification and other provisions of the net capital rules of the SEC. The Company qualifies under the exemptive provisions of Rule 15c3-3 as the Company does not carry security accounts for customers or perform custodial functions related to customer securities.

Government Regulation

The securities industry in which DPEC Capital operates is heavily regulated by the SEC, FINRA and state regulators. If DPEC Capital fails to comply with applicable laws and regulations, it may face penalties or other sanctions that may be detrimental to its business.

The securities industry in the United States is also subject to extensive regulation under both federal and state laws. Uncertainty regarding the application or violation of these laws and other regulations to its business may adversely affect the viability and profitability of business. DPEC Capital's ability to comply with all applicable laws and rules is largely dependent on its establishment and maintenance of a system to ensure such compliance, as well as its ability to attract and retain qualified compliance personnel. DPEC Capital could be subject to disciplinary or other actions due to claimed noncompliance in the future, and the imposition of any material penalties or orders on it could have a material adverse effect on its business, operating results and financial condition. In addition, it is possible that noncompliance could subject the Company to future civil lawsuits, the outcome of which could harm the business.

Competition

DPEC Capital encounters intense competition in all aspects of its business, and this competition is likely to increase. The financial services industry is highly competitive. DPEC Capital's competitors include large and well-established Wall Street firms as well as relatively new securities firms. DPEC Capital's private placement and investment banking activities face direct competition primarily from established investment banks and venture capital firms.

Mercari Communications Group, Ltd.

On November 9, 2009, AWLD entered into a Stock Purchase Agreement (the "Stock Purchase") with Mercari Communications Group, Ltd., a Colorado corporation ("Mercari"), Kanouff, LLC ("KLLC") and Underwood Family Partners, Ltd. (the "Partnership"), whereby AWLD purchased Mercari shares and from Mercari, KLLC and the Partnership. Immediately following the closing of the Stock Purchase Agreement, AWLD owned an aggregate of 43,822,401 shares of Mercari's common stock out of the total of 45,411,400 shares of common stock issued and outstanding at the closing, or approximately 96.5% of Mercari's issued and outstanding shares.

The Stock Purchase Agreement contains post-closing covenants whereby Mercari and AWLD agree to utilize their commercially reasonable efforts to cause Mercari to (i) remain a Section 12(g) reporting company in compliance with and current in its reporting requirements under the Exchange Act; and (ii) cause all of the assets and business or equity interest of AWLD, its subsidiaries and affiliated companies to be transferred to Mercari and, in connection with such transactions, cause Mercari's stock to be distributed by AWLD to AWLD's stockholders and the holders of equity interests in the affiliated companies ("Reorganization Transaction").

AWLD's Board of Directors has determined that a Reorganization Transaction is no longer commercially reasonable, taking into account all relevant material factors, including without limitation, current economic, financial and market conditions.

Mercari has no material assets and no operations, and is a public reporting shell company as that term is defined in SEC Rule 144(i). Nevertheless, Mercari has continued to file its reports under the Securities Exchange Act of 1934, although there is no meaningful public market for the shares of its outstanding common stock and one is not expected to develop in the near term.

AWLD does provide some non-material services to Mercari, such as the lease of office space.

Reserved Ticker Symbol

AWLD has reserved the ticker symbol "VINO" with NASDAQ OMX Corporate Services through August 2014.

ITEM 1A. RISK FACTORS.

See "Risk Factors" above.

ITEM 2. FINANCIAL INFORMATION.

Selected Financial Data

Not applicable.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and the accompanying notes included elsewhere in this Form 10 filing. References in this Management's Discussion and Analysis of Financial Condition and Results of Operations to "us," "we," "our," and similar terms refer to Algodon Wines & Luxury Development Group, Inc., a Delaware corporation. This discussion includes forward-looking statements, as that term is defined in the federal securities laws, based upon current expectations that involve risks and uncertainties, such as plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors. Words such as "anticipate," "estimate," "plan," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions are used to identify forward-looking statements.

We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, which may influence the accuracy of the statements and the projections upon which the statements are based. See "Special Note - Forward-Looking Statements." Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors discussed in "Risk Factors" and elsewhere in this Form 10 filing. Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.

Overview

We are an integrated, lifestyle related real estate development company, capitalizing on our unique brand of affordable luxury, branded as "Algodon", to create a diverse set of interrelated products and services. Our wines, hotels and real estate ventures, currently concentrated in Argentina, offer a blend of high-end, luxury and adventures products. We hope to further broaden the reach and depth of our services to strengthen and cement the reach of our brand. Ultimately, we intend to further expand and grow our business by combining unique and promising opportunities with our brand and clientele.

Through our subsidiaries, we currently operate Algodon Mansion, a Buenos Aires-based luxury boutique hotel property and we have redeveloped, expanded and repositioned a winery and golf resort property called Algodon Wine Estates for subdivision of a portion of this property for residential development.

Recent Developments and Trends

As reflected in our consolidated financial statements for the years ended December 31, 2013 and 2012, we have generated significant losses raising substantial doubt that we will be able to continue operations as a going concern. Our independent registered public accounting firm included an explanatory paragraph in their report for these years stating that we have not achieved a sufficient level of revenues to support our business and have suffered recurring losses from operations. Our ability to execute our business plan is dependent upon our generating cash flow sufficient to fund operations. Our business strategy may not be successful in addressing these issues. If we cannot execute our business plan, our stockholders may lose their entire investment in us.

We expect that, with the infusion of additional capital and with additional management, we will be able to increase revenues, market our products and continue the development of our real estate holdings.

Financings

In 2012, we raised, net of repayments, approximately $7,282,000 of new capital through the issuance of debt and equity. We used the net proceeds from the closings of these private placement offerings for general working capital, purchase of noncontrolling interests and capital expenditures.

In 2013, we raised, net of repayments, approximately $4,359,000 of new capital through the issuance of debt and equity. We used the net proceeds from the closings of these private placement offerings for general working capital and capital expenditures.

Initiatives

We have implemented a number of initiatives designed to expand revenues and control costs. Revenue enhancement initiatives include expanding marketing, investment in additional winery capacity and developing new real estate development revenue sources. Cost reduction initiatives include investment in equipment that will decrease our reliance on subcontractors, plus outsourcing and restructuring of certain functions. Our goal is to become more self-sufficient and less dependent on outside financing.

Consolidated Results of Operations

Year ended December 31, 2013 Compared to the Year ended December 31, 2012

Overview

We reported net losses of approximately $8.8 million and $9.9 million for the years ended December 31, 2013 and 2012, respectively, a decrease of $1.1 million or 11%. The decrease in the net loss is due to a $1.9 million decrease in other expenses, a $0.3 million increase in gross profit, partially offset by a $1.1 million increase in operating expenses.

Revenues

Revenues were approximately $2.8 million and $3.0 million during the years ended December 31, 2013 and 2012, respectively. Hotel room and event revenues were approximately $1.2 million and $1.1 million during the years ended December 31, 2013 and 2012, respectively, representing an increase of $0.1 million, or 6% due to higher occupancy and average room rates. Restaurant revenues were approximately $0.7 million and $1.0 million during the years ended December 31, 2013 and 2012, respectively, representing a decrease of $0.3 million, or 29% due to the reduction of staff and fewer operating hours. Winemaking revenues were approximately $0.4 million and $0.2 million during the years ended December 31, 2013 and 2012, respectively, representing an increase of $0.2 million, or 83%, due to an expansion of distribution channels and additional investments in marketing and sales staff.

Gross profit

While revenues stayed fairly consistent, we generated a gross profit of approximately $230,000 for the year ended December 31, 2013 as compared to a gross loss of approximately $75,000 for the year ended December 31, 2012, primarily due to a reduction of staff and therefore direct labor costs.

Selling and marketing expenses

Selling and marketing expenses were approximately $284,000 and $294,000, for the years ended December 31, 2013 and 2012, respectively, a decline of $10,000 or 4%.

General and administrative expenses

General and administrative expenses were $7,420,000 and $6,139,000 for the years ended December 31, 2013 and 2012, respectively, an increase of $1,281,000 or 21%. This increase resulted primarily from a one-time charge of $1,995,000 to stock based compensation for the issuance of immediately vested stock options on June 30, 2013.

Depreciation and amortization expense

Depreciation and amortization expense was $534,000 and $659,000 during the years ended December 31, 2013 and 2012, respectively, a decrease of $125,000 or 19%. It should be noted that an additional $175,000 and $192,000 of depreciation and amortization expense is included within cost of sales during the years ended December 31, 2013 and 2012, respectively. Most of our property and equipment is located in Argentina and gross cost being depreciated declined year-over-year due to the devaluation of the Argentine peso relative to the United States dollar.

Interest expense, net

Interest expense was approximately $407,000 and $1,064,000 during the years ended December 31, 2013 and 2012, respectively, representing a decrease of $657,000, or 62%. The decrease was primarily attributable to the decrease in weighted average outstanding convertible note obligations from 2012 to 2013 (the principal balance outstanding prior to the conversion of the notes obligations in connection with the offering of Series A convertible preferred stock ("Series A Preferred") on October 1, 2012 was approximately $9,000,000, as compared to the principal balance outstanding of approximately $1,879,000 on December 31, 2013).

Loss on extinguishment of convertible debt

Loss on extinguishment of convertible debt was approximately $379,000 and $1,669,000 during the years ended December 31, 2013 and 2012, respectively, a decline of $1,290,000 or 77%. The extinguishment losses resulted from the excess of the fair market value of the issued Series A Preferred over the carrying value of the exchanged convertible notes that was not pursuant to the original terms of the convertible notes. The total shares of Series A Preferred received by exchanging convertible note holders was 795,077 and 3,437,389 in the years ended December 31, 2013 and 2012, respectively.

Liquidity and Capital Resources

We measure our liquidity a variety of ways, including the following:

	December 31,	
	2013	**2012**
Cash	$ 207,418	$ 114,763
Working Capital Deficiency	$ (3,474,474)	$ (3,419,610)

Based upon our working capital situation as of December 31, 2013, we require additional equity and/or debt financing in order to sustain operations. These conditions raise substantial doubt about our ability to continue as a going concern.

During the years ended December 31, 2013 and 2012, we relied primarily on debt and equity private placement offerings to third party independent, accredited investors to sustain operations. These offerings were conducted by our wholly-owned subsidiary DPEC Capital, Inc. Additionally, from time to time, we secured individual, direct loans from our CEO and other shareholders.

During an offering that commenced on November 1, 2011 and ultimately ended on June 15, 2012, we issued convertible notes with an interest rate of 10% and an amended maturity date of August 29, 2012 (the "10% Notes") for gross proceeds of $6,711,820.

During 2012, we issued 199,998 shares of common stock at $2.25 per share to accredited investors by direct subscription for gross proceeds of $450,000. This common stock was convertible into convertible preferred stock.

We issued 1,561,534 and 946,927 shares of Series A Preferred at $2.30 per share to accredited investors in a private placement transaction for gross proceeds of $3,591,525 and $2,177,932 for the years ended December 31, 2013 and 2012, respectively.

The proceeds from these financing activities were used to fund our existing operating deficits, legal and accounting expenses in preparation of being a public company, capital expenditures associated with our real estate development projects, enhanced marketing efforts to increase revenues and the general working capital needs of the business.

Availability of Additional Funds

As a result of the above developments, we have been able to sustain operations. However, we will need to raise additional capital in order to meet our future liquidity needs for operating expenses, capital expenditures for the winery expansion and to further invest in our real estate development. If we are unable to obtain adequate funds on reasonable terms, we may be required to significantly curtail or discontinue operations.

Sources and Uses of Cash for the Years Ended December 31, 2013 and 2012

Net Cash Used in Operating Activities

Net cash used in operating activities for the years ended December 31, 2013 and 2012, amounted to approximately $4,544,000 and $6,209,000 respectively. During the year ended December 31, 2013, the net cash used in operating activities was primarily attributable to the net loss of $8,793,000, adjusted for $3,133,000 of net non-cash expenses, partially offset by $1,117,000 provided by changes in the levels of operating assets and liabilities. During the year ended December 31, 2012, the net cash used in operating activities was primarily attributable to the net loss of $9,900,000, adjusted for $2,744,000 of net non-cash expenses, partially offset by $947,000 provided by changes in the levels of operating assets and liabilities.

Net Cash Used in Investing Activities

Net cash used in investing activities for the years ended December 31, 2013 and 2012 amounted to approximately $202,000 and $1,160,000, respectively. The net cash used in investing activities for the year ended December 31, 2013 was primarily related to the purchase of property and equipment. The net cash used in investing activities for the year ended December 31, 2012 related to the purchase of property and equipment totaling $510,000, final payments for the purchase of the noncontrolling interest of AWE totaling $823,000, partially offset by $174,000 of proceeds received from the instalment sale of an investment.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the years ended December 31, 2013 and 2012 amounted to approximately $4,359,000 and $7,282,000, respectively. For the year ended December 31, 2013, the net cash provided by financing activities resulted primarily from new borrowings, net of repayments, of $276,000, and issuance of equity for net proceeds of $4,083,000. For the year ended December 31, 2012, the net cash provided by financing activities resulted primarily from new borrowings, net of repayments, of $4,368,000 and issuance of equity for net proceeds of $2,914,000.

Liquidity, Going Concern and Management's Plans

The accompanying financial statements have been prepared assuming that we will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business. As discussed in Note 2 to the accompanying consolidated financial statements, we have not achieved a sufficient level of revenues to support our business and development activities and have suffered substantial recurring losses from operations since our inception, which conditions raise substantial doubt that we will be able to continue operations as a going concern. The accompanying consolidated financial statements do not include any adjustments that might be necessary if we were unable to continue as a going concern.

We believe we presently have enough cash on hand to sustain our operations through December 2014. If we are unable to obtain additional financing on a timely basis and, notwithstanding any request we may make, the Company's debt holders do not agree to convert their notes into equity or extend the maturity dates of their notes, we may have to delay note and vendor payments and/or initiate cost reductions, which would have a material adverse effect on our business, financial condition and results of operations, and ultimately we could be forced to discontinue our operations, liquidate and/or seek reorganization under the U.S. bankruptcy code. As a result, our auditors have issued a going concern opinion in conjunction with their audit of our December 31, 2013 and 2012 consolidated financial statements.

Off-Balance Sheet Arrangements

None.

Contractual Obligations

Not applicable.

Critical Accounting Policies and Estimates

Use of Estimates

To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, we must make estimates and assumptions. These estimates and assumptions affect the reported amounts in the financial statements, and the 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. Our significant estimates and assumptions are the valuation of equity instruments, the fair value of acquired assets, the useful lives of property and equipment and reserves associated with the realizability of certain assets.

Foreign Currency Translation

Our functional and reporting currency is the United States dollar. The functional currencies of the Company's operating subsidiaries are their local currencies (United States dollar, Argentine peso and British pound). There has been a steady devaluation of the Argentine peso relative to the United States dollar in recent years. Assets and liabilities are translated into U.S. dollars at the balance sheet date (6.5049 and 4.9071 at December 31, 2013 and 2012, respectively) and revenue and expense accounts are translated at a weighted average exchange rate for the period or for the year then ended (5.4714 and 4.5458 for the years ended December 31, 2013 and 2012, respectively). Resulting translation adjustments are made directly to accumulated other comprehensive income. Losses arising from exchange rate fluctuation on transactions denominated in a currency other than the functional currency of $259,864 and $147,492 for the years ended December 31, 2013 and 2012, respectively, are recognized in operating results in the consolidated statements of operations. We engage in foreign currency denominated transactions with customers and suppliers, as well as between subsidiaries with different functional currencies.

A highly inflationary economy is defined as an economy with a cumulative inflation rate of approximately 100 percent or more over a three-year period. If a country's economy is classified as highly inflationary, the functional currency of the foreign entity operating in that country must be remeasured to the functional currency of the reporting entity. The cumulative inflation rate for Argentina over the last three years approximated 64%.

Inventory

Inventories are comprised primarily of vineyard in process, wine in process, finished wine, plus food and beverage items and are stated at the lower of cost or market, with cost being determined on the first-in, first-out method. Costs associated with winemaking, and other costs associated with the creation of products for resale, are recorded as inventory. Vineyard in process represents the monthly capitalization of farming expenses (including farming labor costs, usage of farming supplies and depreciation of the vineyard and farming equipment) associated with the growing of grape, olive and other fruits during the farming year which culminates with the February/March harvest. Wine in process represents the capitalization of costs during the winemaking process (including the transfer of grape costs from vineyard in process, winemaking labor costs and depreciation of winemaking fixed assets, including tanks, barrels, equipment, tools and the winemaking building). Finished wines represent wine available for sale and includes the transfer of costs from wine in process once the wine is bottled and labeled. Other inventory represents olives, other fruits, golf equipment and restaurant food.

In accordance with general practice within the wine industry, wine inventories are included in current assets, although a portion of such inventories may be aged for periods longer than one year. As required, we reduce the carrying value of inventories that are obsolete or in excess of estimated usage to estimated net realizable value. Our estimates of net realizable value are based on analyses and assumptions including, but not limited to, historical usage, future demand and market requirements. Reductions to the carrying value of inventories are recorded in cost of sales. If future demand and/or pricing for our products are less than previously estimated, then the carrying value of the inventories may be required to be reduced, resulting in additional expense and reduced profitability. There were negligible inventory write-downs recorded during 2013 and 2012, respectively.

Property and Equipment

Investments in property and equipment are recorded at cost. These assets are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	10-30 years
Computer hardware and software	3-5 years
Furniture and fixtures	3-10 years
Machinery and equipment	3-20 years
Vineyards	7-20 years
Leasehold improvements	3-5 years

We capitalize internal vineyard improvement costs when developing new vineyards or replacing or improving existing vineyards. These costs consist primarily of the costs of the vines and expenditures related to labor and materials to prepare the land and construct vine trellises. Expenditures for repairs and maintenance are charged to operating expense as incurred. The cost of properties sold or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts at the time of disposal and the resulting gains and losses are included as a component of operating income. Real estate development consists of costs incurred to ready the land for sale, including primarily costs of infrastructure as well as master plan development and associated professional fees. Given that they are not currently in service, the assets are currently not being depreciated.

Stock-Based Compensation

We measure the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on financial reporting dates and vesting dates until the service period is complete. The fair value amount of the shares expected to ultimately vest is then recognized over the period services are required to be provided in exchange for the award, usually the vesting period. The estimation of stock-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from original estimates, such amounts are recorded as a cumulative adjustment in the period estimates are revised. We consider many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience.

Acquisition Accounting

We follow acquisition accounting for all acquisitions that meet the business combination definition. Under acquisition accounting, we are required to measure the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest are measured at the acquisition-date fair value. We use our best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the acquisition date; however these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of operation.

Comprehensive Income (Loss)

Comprehensive income is defined as the change in equity of a business during a period from transactions and other events and circumstances from non-owners sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The guidance requires other comprehensive income (loss) to include foreign currency translation adjustments.

Impairment of Long-Lived Assets

When circumstances, such as adverse market conditions, indicate that the carrying value of a long-lived asset may be impaired, we perform an analysis to review the recoverability of the asset's carrying value, which includes estimating the undiscounted cash flows (excluding interest charges) from the expected future operations of the asset. These estimates consider factors such as expected future operating income, operating trends and prospects, as well as the effects of demand, competition and other factors. If the analysis indicates that the carrying value is not recoverable from future cash flows, an impairment loss is recognized to the extent that the carrying value exceeds the estimated fair value. Any impairment losses are recorded as operating expenses, which reduce net income. There were no impairments of long-lived assets for the years ended December 31, 2013 and 2012, respectively.

The FASB has established standards for reporting information on operating segments of an enterprise in interim and annual financial statements. We operate in one segment which is the business of real estate development in Argentina. Our chief operating decision-maker reviews our operating results on an aggregate basis and manages our operations as a single operating segment. Certain of our activities such as the U.S. Broker Dealer Operations, is considered a service or support division to us, by providing capital raising efforts substantially to support the AWLD real estate development activities, and is not considered a business for segment purposes.

Segment Information

The FASB has established standards for reporting information on operating segments of an enterprise in interim and annual financial statements. The Company operates in one segment which is the business of real estate development in Argentina. The Company's chief operating decision-maker reviews the Company's operating results on an aggregate basis and manages the Company's operations as a single operating segment. Certain activities of the Company such as the U.S. Broker Dealer Operations, is considered a service or support division to the Company, by providing capital raising efforts substantially to support the AWLD real estate development activities, and is not considered a business for segment purposes.

Revenue Recognition

We earn revenues from our real estate, hospitality, food & beverage, broker-dealer and other related services. Revenue from rooms, food and beverage, and other operating departments are recognized as earned at the time of sale or rendering of service. Cash received in advance of the sale or rendering of services is recorded as advance deposits or deferred revenue on the consolidated balance sheets. Deferred revenues associated with real estate lot sale deposits are recognized as revenues (along with any outstanding balance) when the lot sale closes and the deed is provided to the purchaser. Other deferred revenues primarily consist of deposits accepted by us in connection with agreements to sell barrels of wine. These wine barrel deposits are recognized as revenues (along with any outstanding balance) when the barrel of wine is shipped to the purchaser. Sales taxes and value added ("VAT") taxes collected from customers and remitted to governmental authorities are presented on a net basis with revenues in the consolidated statements of operations.

Noncontrolling Interests

The net earnings attributable to the controlling and noncontrolling interests are included within our statement of operations before backing out the portion attributable to the noncontrolling interests.

Income Taxes

We account for income taxes under the liability method, which requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statements and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. Additionally, we establish a valuation allowance to reflect the likelihood of realization of deferred tax assets.

New Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04, "Fair Value Measurement (Topic 820)". This updated accounting guidance establishes common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and International Financial Reporting Standards ("IFRS"). This guidance includes amendments that clarify the intent about the application of existing fair value measurements and disclosures, while other amendments change a principle or requirement for fair value measurements or disclosures. The guidance provided by this update became effective for interim and annual periods beginning on or after December 15, 2011. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

In December 2011, the FASB issued ASU No. 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU No. 2011-05" ("ASU 2011-12"). ASU 2011-12 defers the requirement that companies present reclassification adjustments for each component of Accumulated Other Comprehensive Income in both net income and Other Comprehensive Income on the face of the financial statements. All other requirements in ASU No. 2011-05 are not affected by ASU No. 2011-12, including the requirement to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. Public entities began applying these requirements for fiscal years, and interim periods within those years, beginning after December 15, 2011. Nonpublic entities began applying these requirements for fiscal years ending after December 15, 2012, and interim and annual periods thereafter.

In July 2013, the FASB issued ASU No. 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." This ASU addresses the requirements regarding the financial statement presentation of an unrecognized tax benefit within ASC Topic 740 for the purpose of providing consistency between the financial reporting of U.S. GAAP entities. Generally, this ASU provides guidance for the preparation of financial statements and disclosures when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. This ASU is effective for periods beginning after December 15, 2013 and is not expected to have a material impact on our consolidated financial statements or disclosures.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on our financial statements upon adoption.

ITEM 3. PROPERTIES.

AWLD and its operating subsidiaries maintain their corporate headquarters at 135 Fifth Avenue, 10th Floor, New York, NY under a lease covering approximately 3,300 square feet, which expires in August 2015. The Company expects to remain in these offices for the immediate future, unless its growth, or the growth of its affiliates, necessitates a move into larger or separate offices.

The Algodon – Recoleta, SRL owns a hotel in the Recoleta section of Buenos Aires called Algodon Mansion, located at 1647 Montevideo Street. The hotel is approximately 20,000 square feet and has ten suites, a restaurant and wine bar, a dining room, and a luxury spa, pool, and cigar bar and lounge on the rooftop.

Algodon Wine Estates owns and operates a resort property located Ruta Nacional 144 Km 674, Cuadro Benegas, San Rafael (5603) in Argentina and consisting of 2,050 acres. The property has a winery, 18-hole golf course, tennis courts, dining and a hotel.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth certain information regarding our shares of common stock beneficially owned as of April 30, 2014, for (i) each stockholder known to be the beneficial owner of more than 5% of our outstanding shares of common stock and Series A Preferred on an as-converted basis (1:1), (ii) each named executive officer and director, and (iii) all executive officers and directors as a group. A person is considered to beneficially own any shares: (a) over which such person, directly or indirectly, exercises sole or shared voting or investment power, or (b) of which such person has the right to acquire beneficial ownership at any time within 60 days through an exercise of stock options, warrants or convertible debt. Shares underlying such options, warrants, and convertible promissory notes, however, are only considered outstanding for the purpose of computing the percentage ownership of that person and are not considered outstanding when computing the percentage ownership of any other person. Unless otherwise indicated, voting and investment power relating to the shares shown in the table for our directors and executive officers is exercised solely by the beneficial owner or shared by the owner and the owner's spouse or children. In addition, the address of each of the persons set forth below (unless otherwise specified) is c/o AWLD, 135 Fifth Avenue, 10th Floor, New York, New York 10010.

Security Ownership of Certain Beneficial Owners and Management

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Common Stock Outstanding as of April 30, 2014[1]
More than 5% Stockholders		
The WOW Group, LLC	4,713,807	14.44%
Murdock and Janie Richard[2]	2,789,913	8.54%
Ralph & Mary Rybacki[3]	2,782,348	8.52%
Directors and Named Executive Officers		
Scott L. Mathis	7,601,368[4]	22.67%
Julian H. Beale	592,895[5]	1.79%
Peter J.L. Lawrence	704,050[6]	2.12%
Tim F. Holderbaum	521,248[7]	1.57%
Mark G. Downey	0[8]	0%
All directors and executive officers as a group:	9,419,561	28.16%

(1) Including Series A Preferred on an as-converted basis (1:1).
(2) 5950 Sherry Lane, Suite 210, Dallas, TX 75225.
(3) 500 Capital Drive, Lake Zurich, IL 60047.
(4) This amount includes (a) 4,713,807 shares owned by The WOW Group, LLC, of which Mr. Mathis and Mr. Holderbaum are managing members and of which Mr. Mathis is a controlling member; (b) 73,467 shares owned by Mr. Mathis' 401(k) account; (c) warrants to acquire 272,620 shares of Series A Preferred and 92,724 shares of common stock; (d) the right to acquire 1,796,289 shares of common stock subject to the exercise of options; and (e) the right to acquire 315,916 shares of Series A Preferred subject to the conversion of outstanding convertible promissory notes.
(5) This amount includes the right to acquire 495,307 shares of common stock subject to the exercise of options.
(6) This amount includes (a) 10,729 shares owned by Mr. Lawrence and his spouse as trustees for the Peter Lawrence 1992 Settlement Trust; and (b) the right to acquire 497,020 shares of common stock subject to the exercise of options.
(7) This amount includes (a) 24,310 shares owned by Mr. Holderbaum's 401(k) account; and (b) the right to acquire 469,287 shares of common stock subject to the exercise of options. This amount does not include 4,713,807 shares owned by The WOW Group, LLC, of which Mr. Holderbaum is a managing member but does not possess voting or investment power.
(8) Mr. Downey started employment in April 2014. The Company's Board of Directors is currently contemplating granting an equity award of options to acquire 320,000 shares of common stock.

The WOW Group, LLC

On October 27, 2005, Scott Mathis and Tim Holderbaum formed The WOW Group, LLC, a Delaware limited liability company ("The WOW Group") for the purpose of acting as managing member to InvestProperty Group. After the IPG Exchange Transaction on June 30, 2010, AWLD became IPG's managing member and The WOW Group became a shareholder in AWLD. Mr. Mathis and Mr. Holderbaum are both managing members and hold 56.57% and 18.5% of The WOW Group, respectively. Non-managing members include certain DPEC Capital employees, certain former DPEC Capital employees, and certain AWLD shareholders.

ITEM 5. DIRECTORS, EXECUTIVE OFFICERS AND CERTAIN SIGNIFICANT EMPLOYEES.

The management team of the Company is led by executives who have experience in real estate investment, hotel management, broker-dealer operations and identifying and pursuing investment opportunities. The management team will be assisted by the Company's key personnel and advisors, who together with their experience and expertise are also discussed below.

Name	Age	Entity/Title		Year Appointed
Scott L. Mathis	52	AWLD	Chairman, Chief Executive Officer, President, Treasurer	1999
		CAP	Chairman, Chief Executive Officer, President, Treasurer, Secretary	2011
		MCAR	Chairman, Chief Executive Officer, President	2009
		TAR	General Manager[1]	2011
		APII	General Manager[1]	2011
		AWE	General Manager[1]	2012
Mark G. Downey	48	AWLD	Chief Financial Officer, Chief Operating Officer, and Secretary[3]	2014
		CAP	Financial and Operations Principal[3]	2014
		MCAR	Treasurer, Secretary[3]	2014
		TAR	Alternate Manager[1][3]	2014
		APII	Alternate Manager[1][3]	2014
		AWE	Alternate Manager[1][3]	2014
Tim F. Holderbaum	40	AWLD	Executive Vice President and Chief Financial Officer, Secretary[2]	2007
		CAP	Financial and Operations Principal[2]	2005
		MCAR	Treasurer, Secretary[2]	2009
		TAR	Alternate Manager[1][2]	2011
		APII	Alternate Manager[1][2]	2011
		AWE	Alternate Manager[1][2]	2012
Julian H. Beale	79	AWLD	Director	1999
		CAP	Director	2001
		MCAR	Director	2009
Peter J.L. Lawrence	80	AWLD	Director	1999
		CAP	Director	2001
		MCAR	Director	2009
		AEU	Director	2014
Keith T. Fasano	46	CAP	Managing Director, Chief Compliance Officer	2010
Pedro D. Bernacchi	51	AWE	Chief Operating Officer	2012
Sergio O. Manzur Odstrcil	45	TAR	Chief Financial Officer	2011
		APII	Chief Financial Officer	2011
		AWE	Chief Financial Officer	2010
		AEU	Chief Financial Officer	2013
Gregor Beck	42	TAR	General Manager Hotel Operations	2012
Anthony Foster	70	AEU	Director	2009

(1) Translation of Argentine statutory corporate office.
(2) Mr. Holderbaum has resigned from his positions effective May 19, 2014.
(3) Mr. Downey's appointment is effective May 19, 2014.

Executive Officers

Scott L. Mathis. Mr. Mathis is the founder of AWLD and has served as Chief Executive Officer and Chairman of the Board of Directors since its inception in 1999. Mr. Mathis is also the founder, Chief Executive Officer, and Chairman of IPG, AGP and various affiliated entities. At the present time, Mr. Mathis is also the Chief Executive Officer and Chairman of Hollywood Burger Holdings, Inc., a company he founded which is developing Hollywood-themed American fast food restaurants in Argentina and the United Arab Emirates. Mr. Mathis is also the Chairman and Chief Executive Officer of InvestBio, Inc., a former subsidiary of AWLD that was spun off in 2010. Including his time with AWLD and its subsidiaries, Mr. Mathis worked for over 25 years in the securities brokerage field. From 1995-2000, he worked for National Securities Corporation and The Boston Group, L.P. Before that, he was a partner at Oppenheimer and Company and a Senior Vice President and member of the Directors Council at Lehman Brothers. Mr. Mathis also worked with Alex Brown & Sons, Gruntal and Company, Inc. and Merrill Lynch. Mr. Mathis received a Bachelor of Science degree in Business Management from Mississippi State University.

Mark G. Downey. Mr. Downey will serve as the Chief Financial Officer and Chief Operating Officer of AWLD effective May 19, 2014. He joins AWLD, with over 25 years' experience in the financial services industry, including more than 15 years as a Chief Financial Officer within the metro New York area. Most recently, Mr. Downey served as Director of Financial Services at CFO Consulting Partners LLC. He has held numerous senior executive positions as CFO, COO, Treasurer and Head of Credit at Dahlman Rose & Co., Tullett Prebon Americas, LaBranche Financial Services Inc. and Commerzbank AG. He has managed and directed the financial, operational and strategic due diligence, pre-deal and post-deal integration of five domestic and two international merger and acquisition entities, and two domestic carve-outs as well as opened up several global (London, Hong Kong and Canada) and domestic (Chicago and Palm Beach) offices. He has built up two finance, operations, credit and treasury groups from inception and successfully consolidated two finance and operations groups. In addition to his executive management experience, he served as a senior-level manager for approximately 13 years at global financial firms including Schroder & Co. and Deutsche Bank Securities Corp. Mr. Downey, a CPA and a Series 27 FINOP, started his career at Coopers and Lybrand. He holds a B.B.A. in Accounting from Iona College and is a member of the American Institute of Certified Public Accountants and New York State Society of Certified Public Accountants.

Tim F. Holderbaum. Mr. Holderbaum has served as the Executive Vice President and Chief Financial Officer of AWLD since 2007. Effective May 19, 2014, Mr. Holderbaum has resigned from his positions with the Company and its subsidiaries and affiliates. Mr. Holderbaum's resignation is for personal reasons and not from any disagreement with AWLD and its subsidiaries on any matter relating to the Company's operations, policies, or practices. Mr. Holderbaum is responsible for the operational and financial aspects – including day-to-day operations, auditing, accounting and filings – for AWLD and its subsidiaries. Previously Mr. Holderbaum served as Vice President of Marketing and Operations and Marketing Manager for AWLD from 2000 to 2003, and as Senior Vice President and Comptroller from 2003 to 2007. Mr. Holderbaum also serves as the Financial and Operations Principal for DPEC Capital, Inc., is a member of the Board of Managers for The Algodon – Recoleta, SRL, Algodon Properties II, SRL, and Algodon Wine Estates, SRL, and is the Treasurer and Secretary of Mercari Communications Group, Ltd. Since 2005, Mr. Holderbaum has been a managing member of The WOW Group, LLC. Since 2003, he has served as CFO for InvestBio, Inc. Mr. Holderbaum also currently serves as an executive officer of Hollywood Burger Holdings, Inc. Prior to joining AWLD, Mr. Holderbaum was the Director of International Affairs for Impact Media, Ltd. where he coordinated and managed several focused special-advertising sections for various international markets. His career began at Burmah Oil in Hamburg, Germany where his responsibilities involved the forecasting and budgeting for thirteen Central and Eastern European countries. Mr. Holderbaum attended Northwood University in West Palm Beach, Florida where he received a Bachelor of Business Administration degree.

Julian H. Beale. Mr. Beale has served as a director of AWLD since 1999. Since 1996, Mr. Beale has managed his own investments, which include listed "blue chip" shares, numerous speculative stocks, and real estate. In 2003, he was appointed and currently serves as a director of Adacel Technologies Ltd., an Australian Stock Exchange listed company providing air traffic simulations, training, and management activities. Mr. Beale is also a director of Private Branded Beverage Ltd., a private company, and since 2001 a director of InvestBio, Inc. After 14 years in engineering and after forming a plastics processing company that he built to employ more than 200 people, Mr. Beale has since the early 1970's been involved in consulting and investing. In 1977, he was part of a consortium that purchased what became the Moonie Oil Company, a resources corporation that had interests in petroleum production. In 1984, he entered Federal Parliament (Australia). During his 11 years in politics, he held many Shadow Minister portfolios (i.e., cabinet level position with minority party). He has a Bachelor of Engineering degree from Sydney University, Australia and an MBA from Harvard University.

Peter J.L. Lawrence. Mr. Lawrence has served as a director of AWLD since 1999. Since 2000, Mr. Lawrence has been a director of Spruce Aegis plc, a U.K. company that designs and sells smoke and carbon monoxide detectors for fire-fighters principally in the U.K.; Chairman of Infinity IP, a private company involved with intellectual property and distribution in Australasia; and director of Hollywood Burger Holdings, Inc. Since 2001, he has served as a director of InvestBio, Inc. Until recently, Mr. Lawrence was Chairman of Polastar plc, a UK company that specializes in the development, manufacture and sale of a patent- pending intelligent low-location lighting system. Prior to joining Polastar, Mr. Lawrence served as the Chairman of Associated British Industries plc, a company that manufactured car engine and aviation jointings and sealants for both original equipment manufacturers and after markets, specialty waxes and anti-corrosion coatings for the automotive tire and plastics industries. The company was acquired for £40 million in 1995 by AlliedSignal Corp. which was later acquired by Honeywell. Mr. Lawrence also served as a director of Beacon Investment Trust PLC for many years after its founding in 1994. Beacon invested in small and recently floated companies on the Alternative Investment Market of the London Stock Exchange. Mr. Lawrence served on the investment committee of ABI Pension fund for 20 years as well as the investment committee of Coram Foundation Children Charity founded in 1939 as the Foundling Hospital from 1977 to 2004. He received a Bachelor of Arts in Modern History from Oxford University where he graduated with honors.

Additional Key Personnel

Keith T. Fasano. Mr. Fasano currently serves as Managing Director and Chief Compliance Officer of DPEC Capital. Mr. Fasano has over 20 years of experience in the securities industry, particularly with managing portfolios for institutional and high net-worth individuals. Since 2001, Mr. Fasano has served as a Managing Director at DPEC Capital, where his responsibilities have involved offering private equity investment opportunities to individual investors. He also assisted with the founding of Hollywood Burger Holdings, Inc. in 2009 and since then has continued to provide services to that company. Previously, Mr. Fasano held similar positions at Gilford Securities, Whale Securities, and Lehman Brothers. In early 2010, he assumed the position of Chief Compliance Officer. Mr. Fasano received his Bachelor of Arts in Economics from Rutgers University.

Pedro D. Bernacchi. Algodon Wine Estates Vineyard Living, Chief Operating Officer. As Algodon´s Chief Operating Officer, Mr. Bernacchi´s responsibilities include the general management of the development, generating vineyard home sites and lot sales, and coordinating sales and operations of hospitality services and wine sales, while maintaining the standards and quality for which the Algodon brand represents. He actively works with international brokers and marketing experts to further build our brand recognition and reputation, paying particular attention to Algodon's commitment to providing the highest quality services, wines and investment opportunities. A native of Buenos Aires, Mr. Bernacchi has lived in San Rafael for the past six years. Before committing full time to Algodon, he served as the CEO of Grupo PBA, a real estate firm administering to both residential and commercial agricultural real estate. With over 20 years of entrepreneurial experience, including real estate brokerage and consulting in tourism and other commercial businesses, he is an experienced realtor and specializes in external management for commercial projects in Mendoza, Patagonia and Buenos Aires.

Sergio O. Manzur Odstrcil. Algodon Mansion & Algodon Wine Estates, Chief Financial Officer. Mr. Manzur Odstrcil is a Certified Public Accountant whose professional experience includes administration and management positions with companies in Argentina, Brazil, Mexico and Chile. As CFO for all of AWLD's Argentine subsidiaries, he is responsible for day-to-day management including financial planning and analysis, overseeing the implementation of financial strategies for the corporation, and for ensuring prudent corporate governance. Prior to joining Algodon, Mr. Manzur Odstrcil was the Administration and Finance Director for Bodega Francois Lurton since 2007, where he also served as a member of the Company's executive committee. From 1990 to 2007 he previously held the position of Country Controller for the Boston Scientific Corporation (BSC) in Chile, and prior to that he served as Controller for Southern Cone BSC in Buenos Aires and Mexico City. He also served as Senior Financial Analyst for BSC's Latin American Headquarters in Buenos Aires, as well as in Sao Paulo, Brazil, and prior to that he served as BSC's Accountant Analyst in Buenos Aires. Mr. Manzur Odstrcil began his career at Cerveceria y Malteria Quilmes in Argentina. He obtained his MBA at INCAE in Costa Rica in 1996, and received his CPA from the Universidad Nacional de Tucumán, San Miguel de Tucumán, Argentina in 1994.

Gregor Beck. General Manager, Algodon Mansion. Mr. Gregor Beck oversees all operations of Algodon Mansion's hospitality services, while implementing the vision and mission of Algodon's luxury brand, and working to uphold the standards and quality for which the Algodon brand represents. Mr. Beck was trained at the Lausanne Hotel School in Switzerland and has served as GM at several luxury and high end boutique properties around the world. He is fluent in German, Spanish, English and French. Algodon Mansion is Buenos Aires' only Relais & Châteaux hotel, and appeared last year on Condé Nast Traveler's 2011 Hot List (US & UK Editions), and Travel+Leisure's 2011 It List. A native of Switzerland, Mr. Beck has previously served as GM and in other management positions for luxury hotels in Mexico, the Dominican Republic, Switzerland and Venezuela. He studied at the business college at the Swiss Bank Corporation in Berne, Switzerland from 1989 to 1992 and received his Bachelor of Science in Hospitality Management from the Lausanne Hotel School in Switzerland, in 1998.

Advisors

Jasper A. van Duuren. Mr. van Duuren is the owner and managing director of Van Duuren Districenters BV, a European road-based transportation management company in the Netherlands. His company manages major European distribution centers for NSK, Yanmar, Diesel Jeans, Cisco, Proctor & Gamble, and many others. Prior to joining AGP he was the owner and managing director of Van Duuren International B.V.; Nederlandse Pakket Dienst Amsterdam B.V.; and Van Duuren Warehousing B.V. In 2000 these companies were sold to Royal Mail and Mr. van Duuren was appointed Director of Logistics Division of the Royal Mail subsidiaries. Mr. van Duuren has extensive experience and expertise in the real estate sector with a focus in commercial real estate. He is currently working on other major development projects, including a golf course in Spain and private residences in Antigua. He holds a Bachelor in Economics and Business Administration from the HEAO in Alkmaar, Netherlands.

Steven A. Moel, M.D., J.D. Senior Business Advisor, AWLD. Dr. Moel is a transactional attorney in private practice in Santa Barbara, California, and he serves as counsel and/or as an officer for many corporations and non-profits. He is presently: a member of the Board of Directors of Hollywood Burger Holdings, Inc.; Vice-President, Business Development and Mergers & Acquisitions of Virgilian, LLC (nutraceuticals/agricultural); Business Advisor and Vice-President, Finance, of viaMarket Consumer Products, LLC (manufacturer of consumer products); Vice-President, Business Development of Employment in Australia, LLC (immigrant worker/industry connections); Vice-President, Business Development and Senior Business Advisor of Agaia LLC (green cleaning products); and on the Advisory Board of Mahlia Collection (jewelry design/manufacturing). Previously, Dr. Moel has served as: CEO of U.S. Highland, which is traded on NASDAQ (UHLN) (motorcycles, motorsports); President, Chief Operating Officer and Executive Director of American Wine Group (wine production/distribution); Chairman of the Board and Chief Operating Officer of WayBack Granola Company (granola manufacturing); member of the Board of Directors of Grudzen Development Corp. (real estate); Chief Operating Officer and Chairman of the Board of Paradigm Technologies (electronics/computer developer); and President and Chief Executive Officer of Sem-Redwood Enterprises (stock pool). He was also a founder of Akorn, Inc., a biotechnology/ pharmaceutical company which is traded on the NASDAQ (AKRX), where he served as a Director on the Executive Board, and Vice-President of Mergers and Acquisitions. Dr. Moel is also a Board Certified Ophthalmologist who was in academic and private practice and has edited and authored multiple journal articles, medical studies, and text books, and is an Emeritus Fellow of the American Academy of Ophthalmology. His academic history includes University of Miami in Florida, the Santa Barbara College of Law, and West Virginia University Medical School.

Involvement in Certain Legal Proceedings

See Item 8—Legal Proceedings.

Committees of the Board of Directors

The Company does not currently have a separately designated audit committee. Instead, the Board of Directors as a whole acts as the Company's audit committee. Consequently the Company does not currently have a designated audit committee financial expert.

The Company also does not have a separately designated compensation committee. To date, the Company has not retained an independent compensation advisor to assist the Company review and analyze the structure and terms of the Company's executive officers.

ITEM 6. EXECUTIVE COMPENSATION.

Summary Compensation Table

The following table summarizes the compensation that was earned by, or paid or awarded to, the executive officers of AWLD. In each case, compensation is stated for the fiscal years ended December 31.

Summary Compensation Table for Executive Officers

Name and Principal Position	Fiscal Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)	Options Awards ($)(2)(3)	Nonequity incentive plan compensation ($)	Nonqualified deferred compensation earnings ($)	All other compensation ($)(4)	Total ($)
Scott L. Mathis	2013	387,832	-	-	618,154(5)	-	-	69,555	1,075,541
Chairman of the Board and	2012	337,529	-	-	34,634(6)	-	-	439	372,602
Chief Executive Officer									
Tim F. Holderbaum	2013	170,000	10,125	-	239,760	-	-	-	419,885
Executive Vice President and	2012	170,000	9,500	-	-	-	-	-	179,500
Chief Financial Officer									

(1) The table above reflects earned compensation only. From time to time, Mr. Mathis deferred part of his compensation to accommodate AWLD's cash-flow needs. From 2009 through December 31, 2013, Mr. Mathis had a total of $791,996 accrued (earned but not paid) compensation, which does not include any commissions earned with DPEC, as all commissions were paid. Of the $387,832 and $337,529 earned by Mr. Mathis in 2013 and 2012, respectively, Mr. Mathis received $61,000 and 192,587 from AWLD in 2013 and 2012, respectively.

(2) Refer to the Outstanding Equity Awards at Fiscal Year End schedule regarding option details on an award-by-award basis.

(3) Represents the grant date full fair value of compensation costs of stock options granted during the respective year for financial statement reporting purposes, using the Black-Scholes option pricing model. Assumptions used in the calculation of these amounts are included in the Company's consolidated financial statements.

(4) Includes all other compensation not reported in the preceding columns, including perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is less than $10,000. Does not include certain fringe benefits made available on a nondiscriminatory basis to all the Company's employees, such as group health insurance, vacation and sick leave, and matching stock contributions issued in conjunction with AWLD's 401(k) plan.

(5) Includes $18,754 fair value of compensation costs of stock options granted to Mr. Mathis in his capacity as a director of the Company.

(6) Fair value of compensation costs of stock options granted to Mr. Mathis in his capacity as a director of the Company.

Summary of the 2008 Equity Incentive Plan

Reason for the Plan

The Company's reasons for adopting the 2008 Equity Incentive Plan (the "Plan") are to promote the long-term retention of key employees of the Company and its current and future subsidiaries and other persons or entities who are in a position to make significant contributions to the success of the Company, to further reward these employees and other persons or entities for their contributions to the Company's success, to provide additional incentive to these employees and other persons or entities to continue to make similar contributions in the future, and to further align the interests of these employees and other persons or entities with those of the Company's stockholders.

General Plan Information

The Plan was adopted by the Board of Directors (the "Board") on August 28, 2008 ("Effective Date"), and approved by a majority of the Company's stockholders on September 2, 2008. The Plan was subsequently amended with Board consent and majority stockholder consent on January 18, 2011 to adjust the aggregate number of shares reserved under the Plan, pursuant to the 14.59 to 1 reverse stock split effective September 30, 2010. On September 14, 2012, a second amendment was approved and adopted by Board consent and majority stockholder consent to increase the aggregate number of shares from 5,000,000 to 9,000,000, of which 2,674,890 remain available for issuance as of April 30, 2014.

Eligibility

All current and future key employees of the Company, including officers and directors who are employed by the Company, and all other persons or entities, including directors of the Company who are not employees, consultants and/or members of advisory boards, and/or other parties who in the opinion of the Board of Directors are in a position to make a significant contribution to the success of the Company, shall be eligible to receive awards under the Plan.

Administration

The Plan is administered by the Board, unless the Board determines to delegate such administration to a compensation committee of the Board. In addition to its other authority to determine, in its sole discretion, the participants who shall be eligible to receive awards under the Plan, the Board of Directors or other committee shall determine the size of each award including the number of shares of common stock subject to the award, the type or types of each award, the date on which each award shall be granted, the terms and conditions of each award including any applicable vesting schedule, whether to waive compliance by a participant with any obligations to be performed by the participant under an award or waive any term or condition of an award, whether to amend or cancel an existing award in whole or part, and the form or forms of instruments that are required or deemed appropriate under the Plan, including any written notices and elections required of participants.

No member of the Board shall be liable for any act or omission (whether or not negligent) taken or omitted in good faith, or for the good faith exercise of any authority or discretion granted in the Plan to the Board, or for any act or omission of any other member of the Board.

All costs incurred in connection with the administration and operation of the Plan shall be paid by the Company. Except for the express obligations of the Company under the Plan and under awards granted in accordance with the provisions of the Plan, the Company shall have no liability with respect to any award, or to any participant or any transferee of shares of common stock from any participant, including, but not limited to, any tax liabilities, capital losses, or other costs or losses incurred by any participant or any such transferee.

Types of Awards

Options

An Option entitles the recipient on exercise thereof to purchase common stock at a specified exercise price. Both incentive stock options (an "ISO") as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and Options that are not incentive stock options (a "non-ISO"), may be granted under the Plan. ISOs shall be awarded only to employees.

The exercise price of an Option will be determined by the Board of Directors but in any event may not be less than the fair market value of a share of common stock on the date the Option is granted. With respect to an ISO granted to a participant who, at the time of grant, beneficially owns more than 10% of the combined voting power of the Company or our affiliates, the exercise price per share may not be less than 110% of the fair market value of the common stock on the date the Option is granted. In no case may the exercise price paid for common stock which is part of an original issue of authorized common stock be less than the par value per share of the common stock.

The exercise price may be paid in cash or, if the written agreement so provides, a participant may pay all or part of the exercise price by tendering shares of common stock, by a broker-assisted cashless exercise, by delivery of a promissory note, or any combination thereof.

Restricted and Unrestricted Stock

A Restricted Stock Award entitles the recipient to acquire, for a purchase price not less than the par value, shares of common stock that may not be transferred, sold, assigned, exchanged, pledged, gifted or otherwise disposed of, and if a participant terminates his or her employment for any reason, must be offered to the Company for purchase for the amount of cash paid for the such stock, or forfeited to the Company if no cash was paid. The restrictions will lapse and the shares will become unrestricted at such time or times, and on such terms and conditions, as the Board may determine.

Performance Awards

A Performance Award entitles the recipient to receive, without payment, an award or awards following the attainment of such performance goals, during such measurement period or periods, and on such other terms and conditions, all as the Board may determine. Performance goals may be related to overall corporate performance, operating group or business unit performance, personal performance or such other category of performance as the Board may determine. Financial performance may be measured by revenue, operating income, net income, earnings per share, number of days' sales outstanding in accounts receivable, productivity, return on equity, common stock price, price earnings multiple, or such other financial factors as the Board may determine.

Loans and Special Grants

The Company may make a loan to a participant ("Loan"), either in connection with the purchase of common stock under the award or the payment of any federal, state and local income tax with respect to income recognized as a result of the award. The Board shall have the authority, in its sole discretion, to determine whether to make a Loan, the amount, the terms and conditions of the Loan, including the interest rate (which may be zero), whether the Loan is to be secured or unsecured or with or without recourse against the borrower, the terms on which the Loan is to be repaid and the terms and conditions, if any, under which the Loan may be forgiven. In no event shall any Loan have a term (including extensions) in excess of ten years

In connection with any award, the Board may grant a cash award to the participant ("Supplemental Grant") not to exceed an amount equal to (1) the amount of any federal, state and local income tax on ordinary income for which the participant may be liable with respect to the award, determined by assuming taxation at the highest marginal rate, plus (2) an additional amount on a grossed-up basis intended to make the participant whole on an after-tax basis after discharging all the participant's income tax liabilities arising from all payments.

Events Affecting Outstanding Awards

If a participant's employment or consultant status is terminated by reason of death or permanent disability, for six months, all Options held by the participant then exercisable will continue to be exercisable by the participant's heirs, executor, administrator or other legal or personal representative, and will terminate at the expiration of the six month period; all Restricted Stock held by the participant shall immediately become free of all restrictions and conditions; any payment or benefit under a Performance Award or Supplemental Grant to which the participant was not irrevocably entitled shall be forfeited and the award canceled.

If a participant's employment or consultant status is terminated by any reason other than death or permanent disability, for one month, all Options held by the participant then exercisable will continue to be exercisable and will terminate at the expiration of the one month period; and any Restricted Stock held by the participant shall immediately become free of all restrictions and conditions, unless the termination results from a voluntary resignation or was for Cause (as defined in the Plan).

Any payment or benefit under a Performance Award or Supplemental Grant to which the participant was not irrevocably entitled at the time of such termination shall be forfeited and the award canceled as of the date of such termination.

Change in Control

In the event of a Change in Control (as defined under the Plan) and unless otherwise provide by the Board:

- 50% of each unvested outstanding option becomes exercisable six months after the Change of Control or, if sooner, upon a termination by the Company of the participant's employment with or service to the Company for any reason other than for Cause. This provision shall not prevent an Option from becoming exercisable sooner as to common stock or cash that would otherwise have become available under such Option or Right during such period.

- 50% of each unvested outstanding share of Restricted Stock shall automatically become free of all restrictions and conditions six months after the occurrence of such Change in Control or, if sooner, upon a termination by the Company of the participant's employment with or service to the Company for any reason other than for Cause. This provision shall not prevent the earlier lapse of any restrictions or conditions on Restricted Stock that would otherwise have lapsed during such period.

- Conditions on Performance Awards and Supplemental Grants which relate only to the passage of time and continued employment shall automatically terminate six months after the occurrence of such Change in Control or, if sooner, upon a termination by the Company of the participant's employment with or service to the Company for any reason other than for Cause. This provision shall not prevent the earlier lapse of any conditions relating to the passage of time and continued employment that would otherwise have lapsed during such period. Performance or other conditions (other than conditions relating only to the passage of time and continued employment) shall continue to apply unless otherwise provided in the instrument evidencing the awards or in any other agreement between the participant and the Company or unless otherwise agreed to by the Board.

The Board shall have discretion, on a case by case basis, to increase the percentage of unvested outstanding Options or Restricted Stock that shall vest under the Plan or upon a Change in Control.

The vesting schedule set forth in the Plan shall not apply if provision is made in writing in connection with a Change in Control for the assumption of outstanding awards or the substitution for such awards of new awards covering the securities of a successor entity or an affiliate thereof, with appropriate adjustments as to the number and kind of securities and, if applicable, exercise prices, in which event such outstanding awards shall continue or be replaced, as the case may be, in the manner and under the terms so provided.

Notwithstanding the Change in Control provisions, in the event of a sale of 50% or more of the common stock of the Company to any third party, in one or a series of transactions (any such sale being referred to as a "Go-Along Sale"), then the Board, in its sole discretion, may require the holder of any common stock acquired hereunder to sell all of such common stock at the same time as the completion of the sale for the same consideration as received by the other selling shareholders. The Company shall provide the stockholder with a written notice (a "Go-Along Notice") at least ten days prior to the proposed closing of the Go-Along Sale. Such Go- Along Notice shall set forth: (a) the name and address of the proposed purchaser in the Go-Along Sale and the proposed closing date for such Go-Along Sale; (b) whether the Company has determined to exercise its right to require the stockholder to sell his common stock pursuant to this Section; and (c) the proposed amount and form of consideration to be paid for the common stock and the terms and conditions of payment. At the closing of a Go-Along Sale, the stockholder shall cause the stock certificates evidencing all of the stockholder's common stock (with stock powers duly executed) to be delivered to the purchaser free and clear of all liens, charges, encumbrances and rights of third parties of any kind and shall take all actions necessary to vest in the purchaser at such closing good and marketable title to all of the stockholder's common stock, free and clear of all liens, charges, encumbrances and rights of third parties. In addition, the stockholder shall deliver to the purchaser at each such closing any opinions of counsel and certificates that the purchaser may reasonably request. The closing of any sale under this provision shall take place on such date and at such time as the Company specifies to the stockholder by not less than three days' prior notice.

Tax Withholding

The Company shall withhold from any cash payment made pursuant to an award an amount sufficient to satisfy all federal, state and local withholding tax requirements. In the case of an award pursuant to which common stock may be delivered, the Board of Directors may require that the participant remit to the Company an amount sufficient to satisfy all withholding tax requirements. At the time an ISO is exercised, the Board may require that the person exercising the ISO agree (a) to inform the Company promptly of any disposition (within the meaning of Section 424(c) of the Code) of common stock received upon exercise; and (b) to give such security as the Board deems adequate to meet the potential tax liability of the Company.

The Company, in granting awards under the Plan, endeavors to comply with all U.S. and foreign tax laws as applicable.

Miscellaneous

Except as otherwise specifically provided by an award (other than an ISO), neither any award nor a participant's rights under any award or under the Plan may be assigned or transferred in any manner other than by will or under the laws of descent and distribution. An award may be exercised only by the participant to whom such award was granted (or by such participant's heirs, estate, beneficiary or personal or legal representative under Section 6.1 of the Plan). The foregoing shall not, however, restrict a participant's rights with respect to unrestricted stock or the outright transfer of cash, nor shall it restrict the ability of a participant's heirs, estate, beneficiaries, or personal or legal representatives to enforce the terms of the Plan with respect to awards granted to the participant.

Outstanding Equity Awards

The following table provides information as to option awards held by each of the named executive officers of AWLD as of December 31, 2013. There have been no stock awards made to Mr. Mathis, Mr. Downey or Mr. Holderbaum as of December 31, 2013.

Outstanding Equity Awards at Fiscal Year-End

Option Awards

Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price ($)	Option expiration date
Scott L. Mathis	628,424[4]	-	1.59	02/18/2014
	1,713	-	8.03	04/15/2014
	47,132	-	2.63	02/22/2015
	1,713	-	8.03	04/15/2015
	25,000	-	3.85	04/15/2016
	237,656	184,844[1]	3.85	07/06/2016
	25,000	-	3.85	04/15/2017
	12,500	12,500[2]	2.48	04/15/2018
	1,000,000	-	2.48	06/30/2018
		-		
Tim F. Holderbaum	94,264[5]	-	1.59	02/18/2014
	12,568	-	2.63	02/22/2015
	46,406	36,094[3]	3.85	07/06/2016
	400,000	-	2.48	06/30/2018

(1) On July 6, 2011 Mr. Mathis was granted an option to acquire 422,500 shares of the Company's common stock. 105,625 shares underlying the option vested on July 6, 2012, with 26,409 shares vesting every three month period thereafter.
(2) On April 15, 2013 Mr. Mathis was granted an option to acquire 25,000 shares of the Company's common stock. 6,250 shares underlying the option vested on July 15, 2013, with 6,250 shares vesting every three month period thereafter.
(3) On July 6, 2011 Mr. Holderbaum was granted an option to acquire 82,500 shares of the Company's common stock. 20,625 shares underlying the option vested on July 6, 2012, with 5,156 shares vesting every three month period thereafter.
(4) Of which the option to acquire 246,449 shares was subsequently exercised on February 18, 2014 and the maturity date of the option to acquire 381,975 shares was extended to February 18, 2015.
(5) All of which were subsequently exercised on February 18, 2014.

Members of the Company's Board of Directors each receive options to purchase 25,000 shares of common stock per year as compensation. The following table provides information as to compensation of the directors of AWLD for the year ending December 31, 2013.

Director Compensation

Name	Fiscal Year	Fees Earned or Paid in Cash ($)	Bonus ($)	Stock Awards ($)	Options Awards ($)(1)	Nonequity incentive plan compensation ($)	Nonqualified deferred compensation earnings ($)	All other compensation ($)	Total ($)
Peter Lawrence (2)	2013	-	-	-	289,090	-	-	-	289,090
Julian Beale (3)	2013	-	-	-	289,090	-	-	-	289,090

(1) Represents the grant date full fair value of compensation costs of stock options granted during the respective year for financial statement reporting purposes, using the Black-Scholes option pricing model. Assumptions used in the calculation of these amounts are included in the Company's consolidated financial statements.
(2) As of December 31, 2013, Mr. Lawrence held options to acquire 566,637 shares of the Company's common stock, of which 478,668 were vested and exercisable.
(3) As of December 31, 2013, Mr. Beale held options to acquire 566,637 shares of the Company's common stock, of which 478,668 were vested and exercisable.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The following is a description of transactions during the last three fiscal years and through April 30, 2014 in which the transaction involved a material dollar amount and in which any of the Company's directors, executive officers or holders of more than 5% of AWLD common stock and Series A Preferred on an as-converted basis had or will have a direct or indirect material interest, other than compensation which is described under "Executive Compensation." Management believes the terms obtained or consideration that was paid or received, as applicable, in connection with the transactions described below were comparable to terms available or the amounts that would be paid or received, as applicable, in arms' length transactions:

• Scott Mathis, CEO and Chairman of the Company, loaned the Company $400,000 in April 2011 at 6% interest. As of April 30, 2014, a balance of $161,663 and accrued interest of $55,781 is still due to Mr. Mathis. Additionally, Mr. Mathis in 2011 and 2012 invested a total of $800,000 in the Company's offering of convertible promissory notes on the same terms as other investors. A total balance of $581,154 of principal plus accrued interest is outstanding as of April 30, 2014. Mr. Mathis is also owed over $791,996 in accrued or unpaid salary from AWLD from 2009 through December 31, 2013.

• Ralph Rybacki, an investor and a greater than 5% stockholder, is affiliated with Jomada Imports, a company that imports wines for AWE to the United States.

• Frank Mathis, brother of Scott Mathis, is an independent contractor, working as a registered representative for DPEC Capital and is paid brokerage commissions. He received advances on future brokerage commissions, of which $96,144 are outstanding as of April 30, 2014. He is also a member of The WOW Group, LLC. In compliance with Section 402 of the Sarbanes-Oxley Act of 2002, no additional advances will be made to any officers or directors of AWLD or its subsidiaries, and no modifications to existing loans between DPEC Capital and Mr. Frank Mathis will be made.

• Keith Fasano, as Chief Compliance Officer and an employee of DPEC Capital, is paid brokerage commissions in connection with his work as a registered representative for DPEC Capital. He received advances on future brokerage commissions, of which $53,672 are outstanding as of April 30, 2014. He is a member of The WOW Group, LLC and also has participated in the formation and development of Hollywood Burger Holdings, Inc. In compliance with Section 402 of the Sarbanes-Oxley Act of 2002, no additional advances will be made to any officers or directors of AWLD or its subsidiaries, and no modifications to existing loans between DPEC Capital and Mr. Fasano will be made. DPEC Capital will continue to provide advances to the remainder of its employees provided that such advances are in compliance with Section 402 of the Sarbanes-Oxley Act of 2002.

• Scott Mathis is Chairman and Chief Executive Officer of Hollywood Burger Holdings, Inc. ("HBH"), a private company he founded which is developing Hollywood-themed American fast food restaurants in Argentina and the United Arab Emirates. In addition, Tim Holderbaum is an executive officer of Hollywood Burger Holdings, Inc. The Company has an expense sharing agreement with HBH to provide office space and other clerical services and HBH currently owes approximately $80,602 to the Company under such and similar prior agreements. Additionally, HBH received a short term loan from the company at 6% interest, with a balance of $598,924 principal and interest outstanding as of May 12, 2014. In compliance with Section 402 of the Sarbanes-Oxley Act of 2002, no additional advances will be made to any officers or directors of HBH or its subsidiaries, and no modifications to existing loans between HBH and AWLD will be made. Several employees of the Company also receive compensation from HBH for services performed on behalf of HBH.

• InvestBio, Inc. ("InvestBio") was a wholly-owned subsidiary of AWLD until it was spun-off to AWLD shareholders, effective September 30, 2010. The owners of more than 5% of InvestBio are Scott Mathis and Ralph Rybacki. The Board of Directors of InvestBio consists of Scott Mathis, Julian Beale, and Peter Lawrence. The Company has an expense sharing agreement with InvestBio to provide office space and other clerical services. InvestBio currently owes $413,871 to the Company under such and similar prior agreements as of April 30, 2014, of which $195,000 is deemed unrecoverable and written off.

• Since September 30, 2010, when the IPG Exchange Transaction (between AWLD and IPG) was consummated, the largest AWLD stockholder has been The WOW Group, LLC. The WOW Group's sole asset is shares of AWLD and is owned primarily by employees of DPEC Capital. In April 2012, a number of those employees sold their WOW Group interests to DPEC Capital (in effect selling to DPEC Capital shares of its corporate parent). The consideration for the WOW Group interests purchased by DPEC Capital was primarily forgiveness of outstanding loans made over the preceding few years by DPEC Capital to such employees. In connection with the departure of the Chief Operating Officer of AWLD in 2011 who was also a WOW Group member, AWLD, and a number of current AWLD employees using available funds in their personal 401(k) retirement accounts, purchased the WOW Group interests owned by that officer in 2011 and 2013. See also Item 4 for a description of The WOW Group, LLC as a related person to AWLD.

• AWLD processes payroll for Hollywood Burger Holdings, Inc. and allocates other expenses according to an Expense Sharing Agreement. Such expenses are recorded through an intercompany account and periodically paid by Hollywood Burger Holdings, Inc.

• As of April 30, 2014 and for the last four fiscal years, AWLD, together with its constituent subsidiary companies, has engaged in a number of offerings of securities, the proceeds of which have largely been used to finance AWLD's operating expenses, growth, property acquisitions and development. These companies consist of: (a) InvestProperty Group, LLC, which became a wholly-owned subsidiary of AWLD in September 2010; and (b) IPG-Global Properties, LLC and Algodon Global Properties, LLC, two vehicles that were organized by InvestProperty Group in 2006 and 2008 to finance different parts of the Company's projects in Argentina, and which were combined in 2009. The combined entity was effectively merged into AWLD on June 30, 2012. The gross proceeds raised during this period from the offerings or subscriptions of common stock (or LLC membership interests), or from the sale of convertible promissory notes, are listed below:

Algodon Wines & Luxury Development Group, Inc.
Previous Financings since January 1, 2010 (last 4 years)
As of April 30, 2014

Previous Issuer (now all AWLD)	Type of Security	Period Beginning	Period End	Amount
InvestProperty Group, LLC	Convertible Note	9/8/2009	9/30/2010	13,238,120
Diversified Private Equity Corp.	Offering Common	11/1/2010	7/1/2011	4,306,305
Diversified Private Equity Corp.	Convertible Note	6/1/2011	11/1/2011	1,853,880
Diversified Private Equity Corp.	Convertible Note	11/1/2011	6/30/2012	6,711,820
Diversified Private Equity Corp.	Subscription Common	7/1/2012	9/30/2012	450,000
Algodon Wines & Luxury Development Group, Inc.	Series A Preferred	10/1/2012	present	8,682,709
Total				$ 35,242,834

DPEC Capital does pay regular brokerage commissions to its registered representatives according to the standard firm payout schedule, which includes the allocation of earned warrants. As of March 31, 2014 and for the last four fiscal years, a total of $4,585,145 ($2,993,104 of cash commissions and $1,592,041 of allocated AWLD and HBH warrants, valued at the grant date full fair value, using the Black-Scholes option pricing model—assumptions used in the calculation of these amounts are included in the Company's consolidated financial statements) was paid out to 13 current and former DPEC employees or independent contractors including $1,006,579 to Scott Mathis ($409,920 of cash commissions and $596,659 of warrants) and $567,420 to Keith Fasano ($436,317 of cash commissions and $131,103 of warrants)—both in their capacity as registered representatives, and none to Tim Holderbaum.

Warrants in Affiliates Earned by DPEC Capital

As noted above, DPEC Capital has earned warrants to purchase the shares of certain companies including AWLD affiliates for which DPEC Capital has provided investment banking services. It is the Company's policy to distribute part or all of the warrants it earned through serving as placement agent on various private placement offerings for a related but independent entity under common management, to registered representatives or other employees who provided investment banking services. As of April 30, 2014 and for the last four fiscal years, DPEC Capital earned warrants to purchase common stock in Hollywood Burger Holdings, Inc. in connection with providing investment banking services to Hollywood Burger Holdings, Inc. as set forth below.

DPEC Capital, Inc.
Warrants earned and allocated

Issuer	Security	Warrants total earned	Warrants allocated to employees	Warrants net owned by CAP	Exercise price	Year of expiration
Hollywood Burger Holdings, Inc.	Common	935,320	654,724	280,596	$ 0.13	2015
Hollywood Burger Holdings, Inc.	Common	999,307	697,015	302,292	$ 0.50	2016
Hollywood Burger Holdings, Inc.	Common	414,744	290,345	124,399	$ 0.75	2017-18
Total		2,349,371	1,642,084	707,287		

In addition, Hollywood Burger Holdings Inc. paid DPEC Capital commissions in connection with these offerings in the amount of $569,600 in 2011; $195,959 in 2012; and $208,423 in 2013.

Director Independence

Our Board of Directors has undertaken a review of its composition and the independence of each director. Based on the review of each director's background, employment and affiliations, including family relationships, the Board of Directors has determined that two of our three directors (Peter Lawrence and Julian Beale) are "independent" under the rules and regulations of the SEC and the Nasdaq Stock Market. In making this determination, our Board of Directors considered the current and prior relationships that each non-employee director has with the Company and all other facts and circumstances our Board of Directors deemed relevant in determining their independence, including the beneficial ownership of the Company's capital stock. Mr. Mathis was not deemed independent as a result of his service as our Chief Executive Officer, as described in Item 5 and his significant stock ownership as described in Item 4.

ITEM 8. LEGAL PROCEEDINGS.

From time to time AWLD and its subsidiaries and affiliates are subject to litigation and arbitration claims incidental to its business. Such claims may not be covered by its insurance coverage, and even if they are, if claims against AWLD and its subsidiaries are successful, they may exceed the limits of applicable insurance coverage. Additionally, as participants in the heavily-regulated securities industry, DPEC Capital and its associated persons have been named as respondents in certain regulatory proceedings

Certain Regulatory Matters and Customer Arbitrations

Scott Mathis, Chairman of the Board of Directors of AWLD and Chief Executive Officer of AWLD, is a registered representative associated with DPEC Capital. The report available on *Broker Check* at www.finra.org reflects a number of disclosure events, including one pending regulatory matter, a number of completed customer arbitrations and customer complaints, and three liens and judgments.

DPEC Capital has eight disclosure events as reported to FINRA, available on *Broker Check* at www.finra.org.

Pending Regulatory Matter

In 2004, FINRA (then known as "NASD"), the regulatory body that has primary jurisdiction over DPEC Capital, Inc. (then known as "InvestPrivate"), commenced an enforcement action against InvestPrivate and three officers of InvestPrivate or the Company (then known as "Diversified Biotech Holdings Corp." or "DBHC"), including Scott L. Mathis (Chairman and Chief Executive Officer).

In 2007, InvestPrivate and the three named individuals entered into a partial settlement of this action. Without any of the respondents admitting or denying any of the allegations, the settlement included findings that InvestPrivate, acting through Mr. Mathis, did violate Section 17(a)(2) of the Securities Act and NASD rules by (i) distributing, or causing to be distributed, to investors or potential investors private placement memoranda that contained material misrepresentations and omissions; and (ii) failing to supplement or amend the private placement memoranda so that they did not contain material misrepresentations or omissions concerning facts or events that occurred after the PPMs were issued. However, as part of the settlement with InvestPrivate, FINRA expressly withdrew all allegations and charges that such conduct amounted to a fraudulent, intentional, knowing or willful violation of the federal securities laws. Also, without any of the respondents admitting or denying any of the allegations, additional findings in the settlement were as follows: (1) that InvestPrivate and Mr. Mathis engaged in conduct prohibited by Sections 5(a) and 5(c) of the Securities Act and violated NASD rules by participating in public offerings and sales of unregistered securities; (2) that InvestPrivate and one of the other officers violated NASD rules by failing to report a written customer complaint against InvestPrivate, failing to timely report a separate customer complaint against InvestPrivate, and failing to report the settlement of two customer complaints that involved payments in excess of $25,000; (3) that InvestPrivate, Mr. Mathis and the other two officers violated NASD rules with respect to one of those other officers engaging in activity as a General Securities Principal and General Securities Representative without obtaining the required registrations; and (4) that InvestPrivate violated Section 15(c)(2) of the Exchange Act and Rule 15c2-4 thereunder and NASD rules by failing to hold funds specifically designated for escrow accounts in actual escrow accounts; Rule 15c3-1 of the Exchange Act and NASD rules for failure meet the Net Capital Rule minimum requirement of $250,000; and Section 17(a) of the Exchange Act and Rule 17a-4 thereunder for failure to preserve electronic mail communications. InvestPrivate and one of the two other officers were also found to violate NASD rules with respect to the failure to implement, maintain, and enforce supervisory procedures reasonably designed to achieve compliance with federal securities laws and NASD rules.

NASD censured InvestPrivate, imposed fines totaling $215,000 (all paid in 2007), and required InvestPrivate to engage an independent consultant to evaluate InvestPrivate's practices and procedures relating to private placement offerings, and to make necessary changes in response to the consultant's recommendations.

Mr. Mathis and one of the officers each received a 30-day suspension from acting in a principal capacity for InvestPrivate, the other officer received a 10-day suspension, and InvestPrivate was suspended for 60 days from accepting new engagements to offer private placements. All suspensions were served in 2007 and all fines paid.

The part of the 2004 case that was severed concerned allegations only against Mr. Mathis, namely, that he willfully failed to amend his Form U4 (the securities industry registration form) to reflect the filing of certain personal federal tax liens totaling $634,436, willfully failed to disclose the tax liens on two initial Forms U4, and failed to disclose two customer complaints. In 2007, the FINRA Office of Hearing Officers ("OHO") held that Mr. Mathis willfully failed to make required disclosures on Form U4 regarding his personal tax liens and failed to timely make disclosures on his Form U4 regarding certain customer complaints. (All of the underlying tax liabilities were paid in full by Mr. Mathis in 2003 and the liens were released in 2003.) Mr. Mathis received a three-month suspension, and a $10,000 fine for the lien nondisclosures. With respect to the non-willful late U4 filings relating to two customer complaints, he received an additional 10-day suspension (to run concurrently) plus an additional $2,500 fine. The suspension was completed on September 4, 2012, and all fines have been paid.

Mr. Mathis appealed the decision (principally with respect to the issue of whether his conduct was willful) to the FINRA National Adjudicatory Council ("NAC"). In 2008, NAC affirmed the OHO finding that Mr. Mathis willfully failed to disclose on his Form U4 his tax liens, extended the period in which Mr. Mathis was found to have willfully failed to amend his Form U4, and that he failed to amend timely his Form U4 to disclose a customer complaint and a customer-initiated action. Thereafter, Mr. Mathis appealed the NAC decision to the Securities and Exchange Commission, which in 2009 affirmed the finding of the NAC. Mr. Mathis appealed the SEC decision to the U.S. Court of Appeals, which affirmed the NAC finding in February 2012.

Under FINRA's rules, the finding that Mr. Mathis was found to have acted willfully subjects him to a "statutory disqualification." This means that he might no longer be permitted to continue to work in the securities industry. In September 2012, Mr. Mathis submitted to FINRA an application on Form MC-400 in which he sought permission to continue to work in the securities industry notwithstanding the fact that he is subject to a statutory disqualification. A decision on that application is expected in the third or fourth quarter of 2014. While a denial of that application would not preclude Mr. Mathis from continuing to perform his duties for non-securities related entities, including Algodon Wines & Luxury Development Group, Inc., InvestProperty Group, LLC, and all of the Company's Argentina subsidiaries, it would preclude him from working at DPEC Capital.

Customer Arbitrations and Complaints

There are no pending customer arbitrations or complaints pertaining to DPEC Capital or any of its associated persons.

Pending Financial Disclosures

Mr. Mathis currently has three liens filed against him for unpaid taxes as disclosed on his Form U4. The majority of tax owed by Mr. Mathis resulted from the sale of a portion of his shares in Hollywood Burger Holdings, Inc., which Mr. Mathis liquidated in order to provide funds through a loan to the Company. Mr. Mathis has entered into payment plans with the IRS and is fully compliant with those plans. Mr. Mathis anticipates full payment of the tax owed to New York State by May 20, 2014.

Further information about the disclosures reported by DPEC Capital and by Mr. Mathis is available from *Broker Check* at www.finra.org

The Company and its management are not aware of any other regulatory or legal proceedings or investigations involving the Company, any of its subsidiaries or affiliates, or any of their respective officers, directors or employees.

ITEM 9. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's stock is not currently quoted on the over-the-counter markets. There is currently no public trading market for the Company's common stock. See Item 10 regarding stock price in reference to private placements.

There are 14,953,149 outstanding options or warrants to purchase, or securities convertible into, common stock of the Company as of April 30, 2014.

There are 23,757,025 shares of common stock of the Company that may be sold in reliance on Rule 144 of the Securities Act as of April 30, 2014.

Restricted Stock

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements for 90 days, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for a least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements for 90 days, our affiliates or persons selling shares on behalf of our affiliates who own shares that were acquired from us or an affiliate of ours at least six months prior to the proposed sale are entitled to sell upon expiration of the lock-up agreements described above, within any three-month period beginning 90 days after the date of this prospectus, a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume of the common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

There are no shares of common stock of the Company that will be or has been publicly proposed to be, publicly offered by the Company, the offering of which could have a material effect on the market price of the Company's common stock.

There were approximately 680 holders of the Company's common stock as of April 30, 2014. Upon the effectiveness of this Registration Statement, holders of the Company's Series A Preferred will have their shares converted to common stock on a 1:1 basis, subject to other provisions in the Company's Amended and Restated Certificate of Designation.

The Company has paid no dividends to date on its common stock. The Company reserves the right to declare a dividend when operations merit. However, payments of any cash dividends in the future will depend on our financial condition, results of operations, and capital requirements as well as other factors deemed relevant by our board of directors.

The Company does plan to pay dividends to the Series A Preferred stockholders as of the effective date of this Registration Statement at an annual rate equal to $0.184 (or 8% based on the Series A Liquidation Value as defined in the Amended and Restated Certificate of Designation) per share of Series A Preferred.

The following table sets forth securities authorized for issuance under equity compensation plans as of December 31, 2013.

Securities Authorized for Issuance Under Equity Compensation Plans

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	7,136,236	$ 2.85	1,863,764
Equity compensation plans not approved by security holders	-	-	-
Total	7,136,236	$ 2.85	1,863,764

See also Item 6 for a description of the Company's 2008 Equity Incentive Plan, as amended.

ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES.

Since April 30, 2011, we have issued the following unregistered securities:

Sales of Common Stock and Series A Convertible Preferred Stock and Issuances of Convertible Promissory Notes

On November 1, 2010, AWLD commenced a private placement of shares of its common stock at $3.50 per share that terminated on July 1, 2011. The Company raised $4,306,306 and sold 1,230,373 shares of common stock to accredited investors.

During an offering that commenced on November 1, 2011 and ultimately ended on June 15, 2012, AWLD issued convertible notes with an interest rate of 10% and an amended maturity date of August 29, 2012 (the "10% Notes") for gross proceeds of $6,711,820. Principal and accrued interest is convertible at the option of the holder into Series A Preferred at a 20% discount. On October 30, 2012, pursuant to an extended conversion period, holders elected to exchange principal and interest of $4,548,668 and $308,315 into 2,639,677 shares of Series A Preferred. During 2013, pursuant to extended conversion periods, holders elected to exchange principal and interest of $913,000 and $96,824 into 545,788 shares of Series A Preferred.

During an offering that commenced on June 24, 2011 and ultimately ended on October 31, 2011, AWLD issued convertible notes with an interest rate of 12.5% and an amended maturity date of August 29, 2012 (the "12.5% Notes") for gross proceeds of $1,853,880. Principal and accrued interest is convertible at the option of the holder into Series A Preferred at a 25% discount. On October 30, 2012, pursuant to an extended conversion period, holders elected to exchange principal and interest of $1,203,880 and $176,141 into 797,712 shares of Series A Preferred. During 2013, pursuant to certain extended conversion periods, holders elected to exchange principal and interest of $350,000 and $90,331 into 249,289 shares of Series A Preferred.

In July 2012 through September 26, 2012, AWLD issued 199,998 shares of common stock at $2.25 per share to accredited investors by direct subscription for gross proceeds of $450,000. The common stock was convertible into Series A Preferred at the election of the holder for a thirty day period following written notice from the Company that a Series A Preferred offering had commenced. The Company extended the conversion period through the termination date of the offering and in 2013, 133,332 shares of common stock were converted into 130,346 shares of Series A Preferred.

On October 1, 2012, AWLD commenced a private placement of shares of its Series A Preferred at $2.30 per share. The offering is currently ongoing. As of April 30, 2014, we have raised $8,682,709 in cash and sold 3,775,095 shares of our Series A Preferred to accredited investors at $2.30 per share.

In June 2012, the Company issued 14,144 shares of common stock to settle its 2011 contribution obligation to the Company's 401(k) profit-sharing plan. In March 2013, the Company issued 34,723 shares of common stock to settle its 2012 contribution obligation to the Company's 401(k) profit-sharing plan.

In January 2014, the Company issued 10,485 shares of common stock to settle accounts payable for $19,061 or an average of $1.82 per share of common stock.

In February 2014, the Company issued 166,305 shares of common stock to settle cashless exercised options and 31,421 shares of common stock to settle an exercised option for a purchase price of $49,959 or $1.59 per share of common stock.

In March 2014, the Company issued 21,454 shares of common stock to settle its 2013 contributions obligation to the Company's 401(k) profit-sharing plan.

On April 9, 2014, AWLD signed an investment banking engagement agreement with National Securities Corporation, whereby National Securities Corporation would provide investment banking advice and other general advisory services. In addition to a fee of $15,000, AWLD issued National Securities Corporation 50,000 shares of AWLD's common stock as compensation for those services for the following six months.

Grants of Options and Warrants

From April 30, 2011 through April 30, 2014, we issued to certain of our executive officers, directors, employees and/or independent contractors an aggregate of 3,240,000 shares of common stock upon the exercise of options under the stock option plan at exercise prices ranging from $2.48 to $3.85 per share, at a weighted average exercise price of $2.54 per share.

During 2013 and 2012, in connection with the sale of Series A Preferred, the Company issued five-year warrants to its subsidiary DPEC Capital, Inc., who acted as placement agent, to purchase 235,666 and 438,434 shares, respectively, of Series A Preferred at an exercise price of $2.30 per share. DPEC Capital, Inc., in turn, awarded such warrants to its registered representatives.

Between January 1, 2014 and April 30, 2014, the Company issued warrants to purchase 154,027 shares of Series A Preferred at $2.30 per share.

On June 30 2012, in connection with the AGP Exchange Transaction (see Item 1—Business "Argentina Activities" above), the Company issued five-year warrants in exchange for outstanding AGP warrants to purchase 167,544 and 343,005 shares of common stock at an exercise price of $2.11 and $3.70 per share, respectively.

Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D promulgated under the Securities Act, Rule 701 promulgated under the Securities Act as transactions by an issuer not involving any public offering or pursuant to certain compensatory benefit plans and contracts relating to compensation as provided under Rule 701, or Section 3(a)(9) of the Securities Act with respect to any security exchanged by the issuer with its existing security holders exclusively where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

ITEM 11. DESCRIPTION OF REGISTRANT'S SECURITIES TO BE REGISTERED.

The Company has two classes of stock: common and preferred. The Company's certificate of incorporation provides for 80,000,000 shares of common stock, par value $0.01 and 11,000,000 shares of preferred stock. Pursuant to the Amended and Restated Certificate of Designation, all 11,000,000 shares of preferred stock are designated as "Series A Convertible Preferred Stock" ("Series A Preferred"). Upon effectiveness of this Registration Statement, all outstanding shares of Series A Preferred will be converted on a 1:1 basis into common stock.

In the discussion that follows, we have summarized selected provisions of our certificate of incorporation, bylaws, certificate of designation, and the Delaware General Corporation Law relating to our capital stock. This summary is not complete. This discussion is subject to the relevant provisions of Delaware law and is qualified in its entirety by reference to our certificate of incorporation and our bylaws. You should read the provisions of our certificate of incorporation, our bylaws, and our certificate of designation as currently in effect for provisions that may be important to you.

Common Stock

Each share has equal and identical rights to every other share for purposes of dividends, liquidation preferences, voting rights and any other attributes of the Company's common stock. No voting trusts or any other arrangement for preferential voting exist among any of the stockholders, and there are no restrictions in the articles of incorporation, or bylaws precluding issuance of further common stock or requiring any liquidation preferences, voting rights or dividend priorities with respect to this class of stock. As of March 31, 2014, there were 23,991,101 shares of common stock issued and 23,986,690 shares of common stock outstanding. Each share of common stock entitles the holder thereof to one vote, either in person or by proxy, at a meeting of stockholders. The holders are not entitled to vote their shares cumulatively. Accordingly, the holders of more than 50% of the issued and outstanding shares of common stock can elect all of the directors of the Company.

All shares of common stock are entitled to participate ratably in dividends when and as declared by the Company's board of directors out of the funds legally available. Any such dividends may be paid in cash, property or additional shares of common stock. The Company has not paid any dividends since its inception and presently anticipates that no dividends will be declared in the foreseeable future. Any future dividends will be subject to the discretion of the Company's board of directors and will depend upon, among other things, future earnings, the operating and financial condition of the Company, its capital requirements, general business conditions and other pertinent facts. Therefore, there can be no assurance that any dividends on the common stock will be paid in the future.

Holders of common stock have no preemptive rights or other subscription rights, conversion rights, redemption or sinking fund provisions. In the event of the dissolution, whether voluntary or involuntary of the Company, each share of common stock is entitled to share ratably in any assets available for distribution to holders of the equity securities of the Company after satisfaction of all liabilities.

Preferred Stock

As of April 30, 2014, there were 8,613,433 shares issued and outstanding of Series A Preferred. All 11,000,000 shares of authorized preferred stock have been designated as Series A Preferred.

Voting

The holders of shares of all classes of preferred stock and common stock vote together as a single class on all matters and each holder of Series A Preferred is entitled to vote on all matters and is entitled to that number of votes equal to the number of whole shares of common stock into which such holder's shares of Series A Preferred could then be converted, provided however, that any amendment to our certificate of incorporation shall require the approval of at least 50.01% of the then outstanding shares of all classes of preferred stock, voting together as a single class except and to the extent that any series of preferred stock would be treated differently from other series of preferred stock, if such corporate action or amendment would:

- Amend any of the rights, preferences, privileges of or limitations provided for the benefit of any shares of Series A Preferred;
- Authorize or issue, or obligate the Company to authorize or issue, (i) additional shares (beyond the amount authorized herein) of Series A Preferred; (ii) any other shares of the Company's capital stock ranking on a parity with respect to payment on liquidation with Series A Preferred; or (iii) shares of preferred stock senior to the Series A Preferred with respect to liquidation preferences, dividend rights or redemption rights;

- Decrease the authorized number of shares of Series A Preferred;
- Cause the Company to redeem, purchase or otherwise acquire for value (or pay into or set aside for a sinking fund for such purpose), any securities of the Company, pursuant to a redemption, purchase or other acquisition for cash of shares of preferred stock, which is effected pro rata with the holders thereof, in proportion to the full respective preferential amounts to which such holders are entitled;
- Merge, consolidate or reorganize the Company, or sell all or substantially all of the Company's assets or effect any transaction or series of transactions in which more than 50% of the voting power of the Company is disposed;
- Change the Company's line of business;
- Commence voluntary bankruptcy proceedings;
- Dissolve the Company, or take any formal or informal steps in preparation for dissolution;
- Amend our certificate of incorporation or bylaws; or
- Amend any provisions of Section 9 of the Company's Amended and Restated Certificate of Designation.

Dividends

Subject to provisions of law, the holders of record of shares of the Series A Preferred shall be entitled to receive cash dividends, which shall be payable when, as and if declared by the Board of Directors, including any special dividends declared by the Board as well as ordinary dividends, at an annual rate equal to $0.184 or 8% as set forth in the Company's Amended and Restated Certificate of Designation) per share of Series A Preferred. Dividends shall be cumulative, without compounding, and shall accrue daily on each share of Series A Preferred from the date of issue thereof. Upon the conversion of shares of the Series A Preferred into common stock, all cumulative dividends with respect to such converted shares which have not been declared by the Board shall be cancelled.

In the event the Company shall make or issue, or shall fix a record date for the determination of holders of common stock entitled to receive a dividend or other distribution (other than a distribution in liquidation or other distribution otherwise provided for herein) with respect to the common stock payable in (i) securities of the Company other than shares of common stock, or (ii) other assets (excluding cash dividends or distributions), then and in each such event provision shall be made so that the holders of the Series A Preferred shall receive upon conversion thereof in addition to the number of shares of common stock receivable thereupon, the number of securities or such other assets of the Company which they would have received had their Series A Preferred been converted into common stock on the date of such event and had they thereafter, during the period from the date of such event to and including the Conversion Date (as that term is hereafter defined in Section 5(j)), retained such securities or such other assets receivable by them during such period, giving application to all other adjustments called for during such period under this Section 5 with respect to the rights of the holders of the Series A Preferred.

Liquidation Preference

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, before any distribution or payment is made to any holders of any shares of common stock or any other class or series of capital stock of the Company designated to be junior to the Series A Preferred, and subject to the liquidation rights and preferences of any class or series of preferred stock designated to be senior to, or on a parity with, the Series A Preferred, the holders of shares of Series A Preferred shall be entitled to be paid first out of the assets of the Company available for distribution to holders of the Company's capital stock whether such assets are capital, surplus or earnings, an amount equal to $2.30 per share of Series A Preferred (which amount shall be subject to equitable adjustment whenever there shall occur a stock dividend, stock split, combination, reorganization, recapitalization, reclassification or other similar event) plus any dividends accrued or declared but unpaid on such shares.

If upon such liquidation, dissolution or winding up the assets or surplus funds of the Company to be distributed to the holders of shares of Series A Preferred and any other then-outstanding shares of the Company's capital stock ranking on a parity with respect to payment on liquidation with the Series A Preferred (such shares being referred to herein as the "Series A Parity Stock") shall be insufficient to permit payment to such respective holders of the full Series A Preferred liquidation value and all other preferential amounts payable with respect to the Series A Preferred and such Series A Parity Stock, then the assets available for payment or distribution to such holders shall be allocated among the holders of the Series A Preferred and such Series A Parity Stock, pro rata, in proportion to the full respective preferential amounts to which the Series A Preferred and such Series A Parity Stock are each entitled.

Any acquisition of the Company by means of merger or other form of corporate reorganization or consolidation with or into another corporation in which outstanding shares of this Company, including shares of Series A Preferred, are exchanged for securities or other consideration issued, or caused to be issued, by the other corporation or its subsidiary and, as a result of which transaction, the shareholders of this Company own 50% or less of the voting power of the surviving entity (other than a mere re-incorporation transaction), or (ii) a sale, transfer or lease (other than a pledge or grant of a security interest to a bona fide lender) of all or substantially all of the assets of the Company, shall be treated as a liquidation, dissolution or winding up of the Company and shall entitle the holders of Series A Preferred to receive the amount that would be received in a liquidation, dissolution or winding up pursuant to Section 3(a) hereof, if the holders of at least 50% of the then outstanding shares of Series A Preferred so elect by giving written notice thereof to the Company at least three days before the effective date of such event, or have voted in favor of such event at a shareholders meeting (or pursuant to a written consent in lieu of a meeting). The Company will provide the holders of all preferred stock with notice of all transactions which are to be treated as a liquidation, dissolution or winding up pursuant to this Section 3(c) fifteen (15) days prior to the earlier of the vote relating to such transaction or the closing of such transaction. Pursuant to Delaware law, a purchaser or group of persons purchasing more than 50% of the outstanding stock would be required to wait an extended period of time prior to effectuating a business combination. However, upon the effectiveness of this Registration Statement, expecting to occur 60 days from the date of filing this Registration Statement, the Series A Preferred will automatically convert to common shares and therefore the liquidation preference will not be available.

Whenever the distribution provided for shall be payable in property other than cash, the value of such distribution shall be the fair market value of such property as determined in good faith by the Board of Directors, unless the holders of 50% or more of the then outstanding shares of Series A Preferred request, in writing, that an independent appraiser perform such valuation, then by an independent appraiser selected by the Board of Directors and reasonably acceptable to 50% or more of the holders of Series A Preferred. The cost of the independent appraiser shall be borne by the holders of the Series A Preferred unless such valuation is 15% (or more) greater than the initial valuation as determined by the Board of Directors.

Conversion into Common Stock

Shares of Series A Preferred will convert into common stock on a 1:1 basis subject to certain exceptions upon the effectiveness of a registration statement registering the common stock under either Section 12(b) or 12(g) of the Securities Exchange Act of 1934, the occurrence of an initial public offering, or comparable transaction, a reverse merger of AWLD into a publicly-traded shell corporation such as Mercari Communications Group, Ltd (which is controlled by AWLD) or a similarly situated publicly-traded company.

The conversion ratio may be adjusted from a 1:1 basis upon the following events: (i) the issuance of additional shares of common stock as a dividend or other distribution on outstanding shares of common stock; (ii) a subdivision of outstanding shares of common stock into a greater number of shares of common stock; or (iii) a combination or reverse stock split of outstanding shares of common stock into a smaller number of shares of common stock. The adjustment will be made by multiplying the conversion ratio of 1:1 by a fraction, the numerator of which shall be the number of shares of common stock outstanding immediately prior to such event and the denominator of which shall be the number of shares of common stock outstanding immediately after such event.

Each stockholder may waive the adjustment with respect to any specific share or shares of Series A Preferred, either prospectively or retroactively and either generally or in a particular instance, by a writing executed by the registered holder of such share or shares. Any waiver will bind all future holders of shares of Series A Preferred for which such rights have been waived.

No fractional shares of common stock or scrip representing fractional shares shall be issued upon the conversion of shares of Series A Preferred. Instead of any fractional shares of common stock which would otherwise be issuable upon conversion of Series A Preferred, the Company shall round up to the next whole share of common stock issuable upon the conversion of shares of Series A Preferred. The determination as to whether any fractional shares of common stock shall be rounded up shall be made with respect to the aggregate number of shares of Series A Preferred being converted at any one time by any holder thereof, not with respect to each share of Series A Preferred being converted.

No share or shares of Series A Preferred acquired by the Company by reason of redemption, purchase, conversion or otherwise shall be reissued, and all such shares shall be cancelled, retired and eliminated from the shares which the Company shall be authorized to issue. The Company shall from time to time take such appropriate corporate action as may be necessary to reduce the authorized number of shares of the Series A Preferred.

No Dilution or Impairment

The Company will not, by amendment of its articles of incorporation or through any reorganization, transfer of capital stock or assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of the preferred stock, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holders of preferred stock against dilution or other impairment. Without limiting the generality of the foregoing, the Company (a) will not increase the par value of any shares of stock receivable on the conversion of the preferred stock above the amount payable therefor on such conversion, and (b) will take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of stock on the conversion of all preferred stock from time to time outstanding.

Transfer Agent and Registrar

Upon the effectiveness of this Registration Statement, the transfer agent and registrar for our common stock will be Continental Stock Transfer & Trust Company.

ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Our certificate of incorporation provides that, except to the extent prohibited by the Delaware General Corporation Law (the "DGCL"), our directors shall not be liable to the Company or our stockholders for monetary damages for any breach of fiduciary duty as our directors. Under the DGCL, the directors have a fiduciary duty to the Company, which is not eliminated by these provisions of the certificate of incorporation and, in appropriate circumstances, equitable remedies such as injunctive or other forms of nonmonetary relief will remain available.

The Company shall indemnify to the fullest extent permitted by and in the manner permissible under the DGCL, as amended from time to time, any person made, or threatened to be made, a party to any threatened, pending or completed action, suit, or proceeding, whether criminal, civil, administrative, or investigative, by reason of the fact that such person (1) is or was a director or officer of the Company or any predecessor of the Company or (2) served any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner, trustee, employee or agent at the request of the Company or any predecessor of the Company.

Section 145 of the DGCL empowers a corporation to indemnify its directors and officers and to purchase insurance with respect to liability arising out of their capacity or status as directors and officers. The DGCL provides further that the indemnification permitted thereunder shall not be deemed exclusive of any other rights to which the directors and officers may be entitled under the Company bylaws, any agreement, a vote of stockholders or otherwise. Our certificate of incorporation provides that we may indemnify and hold harmless, to the fullest extent permitted by applicable law, as may be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he is or was a director or officer of the Company or any predecessor of the Company or (2) served any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner, trustee, employee or agent at the request of the Company or any predecessor of the Company.

ITEM 13. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this Item may be found beginning on F-1 of this Form 10.

ITEM 14. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

During the last two fiscal years and through the date of this filing, we have not had a change in our independent registered public accounting firm and have not had any disagreements with our public accounting firm on any matters of accounting principles or practices, financial statement disclosure or auditing scope or procedure. The registrant and its subsidiaries have had no disagreement with its accountants on any matter of accounting principal or practice, financial statement disclosure or auditing scope or procedure which would have caused the accountant to make reference in its report upon the subject matter of the disagreement.

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements:
Audited Annual Financial Statements for the years ended December 31, 2013 and 2012

(b) See the Exhibit Index for a list of those exhibits filed herewith, which Exhibit Index also includes and identifies management contracts or compensatory plans or arrangements required to be filed as exhibits to this Form 10 by Item 601 of Regulation S-K.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized.

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

/s/ Scott L. Mathis
Scott L. Mathis
Chief Executive Officer

Date: May 14, 2014

EXHIBIT INDEX

The following documents are being filed with the Commission as exhibits to this Registration Statement on Form 10.

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation filed September 30, 2013
3.2	Amended and Restated Bylaws
4.1	Amended and Restated Certificate of Designation of the Series A Preferred filed September 30, 2013
4.2	Diversified Private Equity Corp. 2008 Equity Incentive Plan; Amendment No. 1 dated January 18, 2011; and Amendment No. 2 dated September 14, 2012
4.3	Form of Stock Option Certificate Pursuant to the 2008 Stock Option Plan
10.1	Employment Agreement between Diversified Biotech Holdings Corp., and Scott L. Mathis, dated January 1, 2003
10.2	Agreement of Lease between 135 Fifth Avenue LLC and Diversified Biotech Holdings Corp. dated July 1, 2006 and Amendment of Lease between 135 Fifth Avenue LLC and Diversified Private Equity Corp., dated September 1, 2010
10.3	Warrant Agreement between Algodon Global Properties, LLC and DPEC Capital, Inc. dated July 18, 2008; Amendment No. 1 to Warrant Agreement dated April 13, 2009; and Form of Warrant Certificate
10.4	Placement Agent Agreement between Hollywood Burger Holdings, Inc. and DPEC Capital, Inc. dated March 11, 2010; Initial Extension of Placement Agent Agreement dated October 8, 2010; Second Extension of Placement Agent Agreement dated July 8, 2011; Third Extension of Placement Agent Agreement dated September 7, 2011; and Fourth Extension of Placement Agent Agreement dated March 21, 2012
10.5	Warrant Agreement between Hollywood Burger Holdings, Inc. and DPEC Capital, Inc. dated March 11, 2010; Initial Extension of Warrant Agent Agreement dated October 8, 2010; Second Extension of Warrant Agent Agreement dated March 21, 2012; and Form of Warrant Certificate
10.6	Exchange Agreement between InvestPropertyGroup, LLC and Diversified Private Equity Corp. dated September 30, 2010
10.7	Demand Promissory Note issued to Scott L. Mathis by Diversified Private Equity Corp., dated April 14, 2011, Amendment No. 1 dated April 13, 2012; and Amendment No. 2 dated August 20, 2012
10.8	Convertible Note Purchase Agreement dated June 24, 2011; Amendment No. 1 dated September 30, 2011; and Form of Convertible Promissory Note
10.9	Convertible Note Purchase Agreement (II) dated November 1, 2011; Amendment No. 1 dated February 1, 2012; Amendment No.2 dated April 2, 2012; Amendment No. 3 dated May 15, 2012; and Form of Convertible Promissory Note
10.10	Exchange Agreement between Algodon Global Properties, LLC and Diversified Private Equity Corp. dated June 30, 2012
10.11	Placement Agent Agreement between Algodon Wines & Luxury Development Group, Inc. and DPEC Capital, Inc. dated October 1, 2012
10.12	Warrant Agreement between Algodon Wines & Luxury Development Group, Inc. and DPEC Capital, Inc. dated October 1, 2012 and Form of Warrant Certificate
21.1	Subsidiaries of Algodon Wines & Luxury Development Group, Inc.
99.1	Algodon Wine Estates Property Map

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
of Algodon Wines & Luxury Development Group, Inc.

We have audited the accompanying consolidated balance sheets of Algodon Wines & Luxury Development Group, Inc. and Subsidiaries (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Algodon Wines & Luxury Development Group, Inc. and Subsidiaries, as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Marcum llp

New York, NY
May 14, 2014

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2013	**2012**
Assets		
Current Assets		
Cash	$ 207,418	$ 114,763
Accounts receivables, net	235,697	234,170
Accounts receivables - related parties, net	365,917	373,241
Advances and loans to registered representatives, net	207,748	72,032
Inventory	1,258,281	1,304,839
Prepaid expenses and other current assets, net	383,740	360,925
Total Current Assets	2,658,801	2,459,970
Property and equipment, net	8,523,546	11,851,234
Prepaid foreign taxes, net	944,051	822,879
Investment - related parties	318,195	326,049
Deposits	42,121	42,178
Total Assets	$ 12,486,714	$ 15,502,310
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 569,574	$ 698,598
Current portion of accrued expenses	2,236,820	1,640,884
Current portion of accrued expenses - related parties	232,476	120,398
Deferred revenue	1,224,296	1,000,044
Loans payable	458,480	250,000
Loans payable - related parties	330,599	204,730
Current portion of convertible debt obligations	695,391	1,151,903
Current portion of convertible debt obligations - related parties	373,958	800,000
Current portion of other liabilities	11,681	13,023
Total Current Liabilities	6,133,275	5,879,580
Convertible debt obligations, non-current portion	384,012	1,263,000
Convertible debt obligations - related parties, non-current portion	426,042	-
Accrued expenses, non-current portion	64,027	187,154
Other liabilities, non-current portion	789,800	298,050
Total Liabilities	7,797,156	7,627,784
Commitments and Contingencies		
Stockholders' Equity		
Series A convertible preferred stock, par value $0.01 per share; 11,000,000 shares authorized; 6,871,363 and 4,384,317 shares issued and outstanding and liquidation preference of $16,936,899 and $10,213,567 at December 31, 2013 and 2012, respectively.	68,713	43,843
Common stock, par value $0.01 per share; 80,000,000 shares authorized; 23,761,436 and 23,860,045 shares issued and 23,757,025 and 23,855,634 shares outstanding as of December 31, 2013 and 2012, respectively.	237,614	238,600
Additional paid-in capital	50,847,039	42,601,211
Accumulated other comprehensive loss	(6,202,701)	(3,540,851)
Accumulated deficit	(40,247,037)	(31,454,207)
Treasury stock, at cost, 4,411 shares at December 31, 2013 and 2012.	(14,070)	(14,070)
Total Stockholders' Equity	4,689,558	7,874,526
Total Liabilities and Stockholders' Equity	$ 12,486,714	$ 15,502,310

The accompanying notes are an integral part of these consolidated financial statements.

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,	
	2013	**2012**
Sales	$ 2,844,101	$ 2,986,842
Cost of sales	(2,613,998)	(3,061,789)
Gross profit (loss)	230,103	(74,947)
Operating Expenses		
Selling and marketing	283,628	294,407
General and administrative	7,420,431	6,138,541
Depreciation and amortization	533,630	659,462
Total operating expenses	8,237,689	7,092,410
Loss from Operations	(8,007,586)	(7,167,357)
Other Expenses		
Interest expense, net	406,721	1,063,693
Loss on extinguishment of convertible debt	378,523	1,668,992
Total other expenses	785,244	2,732,685
Net Loss	(8,792,830)	(9,900,042)
Less: Net loss attributable to the noncontrolling interests	-	(1,357,563)
Net Loss Attributable to Algodon Partners	(8,792,830)	(8,542,479)
Cumulative preferred stock dividends	(1,132,764)	(129,638)
Net Loss Attributable to Common Stockholders	$ (9,925,594)	$ (8,672,117)
Net Loss Per Share Attributable to Common Stockholders:		
Basic and Diluted	$ (0.42)	$ (0.46)
Weighted Average Number of Common Shares Outstanding:		
Basic and Diluted	23,821,765	18,771,323

The accompanying notes are an integral part of these consolidated financial statements.

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	For the Years Ended December 31,	
	2013	**2012**
Net Loss	$ (8,792,830)	$ (9,900,042)
Other Comprehensive Loss		
Foreign currency translation adjustments	(2,661,850)	(1,878,717)
Total Comprehensive Loss	(11,454,680)	(11,778,759)
Less: Comprehensive loss attributable to the noncontrolling interests	-	(1,730,719)
Comprehensive Loss Attributable to Algodon Partners	$ (11,454,680)	$ (10,048,040)

The accompanying notes are an integral part of these consolidated financial statements.

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Series A Convertible Preferred Stock		Common Stock		Treasury Stock		Additional Paid-In	Accumulated Other Comprehensive	Accumulated	Attributable to Owners of	Non-Controlling	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Loss	Deficit	the Company	Interests	Equity
Balance - December 31, 2011	-	$ -	13,682,301	$ 136,823	-	$ -	$ 24,543,864	$ (2,035,290)	$ (22,911,728)	$ (266,331)	$ 9,873,222	$ 9,606,891
Stock-based compensation												
Common stock	-	-	14,144	141	-	-	49,481	-	-	49,622	-	49,622
Options and warrants	-	-	-	-	-	-	1,270,437	-	-	1,270,437	-	1,270,437
Common stock purchased into treasury at cost	-	-	-	-	3,670	(12,070)	-	-	-	(12,070)	-	(12,070)
Common stock issued for cash	-	-	199,998	2,000	-	-	448,000	-	-	450,000	-	450,000
Series A convertible preferred stock issued for cash	946,927	9,469	-	-	-	-	2,168,463	-	-	2,177,932	-	2,177,932
Exchange of 12.5 % convertible notes for Series A convertible preferred stock	797,712	7,977	-	-	-	-	1,826,760	-	-	1,834,737	-	1,834,737
Exchange of 10 % convertible notes for Series A convertible preferred stock	2,639,678	26,397	-	-	-	-	6,044,861	-	-	6,071,258	-	6,071,258
Acquisition of indirect interest in AWLD common stock	-	-	-	-	-	-	(1,795,522)	-	-	(1,795,522)	-	(1,795,522)
Issuance of common stock for noncontrolling interests	-	-	9,963,602	99,636	741	(2,000)	8,044,867	-	-	8,142,503	(8,142,503)	-
Comprehensive loss										-		
Net loss	-	-	-	-	-	-	-	-	(8,542,479)	(8,542,479)	(1,357,563)	(9,900,042)
Other comprehensive loss	-	-	-	-	-	-	-	(1,505,561)	-	(1,505,561)	(373,156)	(1,878,717)
Balance - December 31, 2012	4,384,317	43,843	23,860,045	238,600	4,411	(14,070)	42,601,211	(3,540,851)	(31,454,207)	7,874,526	-	7,874,526
Stock-based compensation												
Common stock	-	-	34,723	347	-	-	77,780	-	-	78,127	-	78,127
Options and warrants	-	-	-	-	-	-	2,771,383	-	-	2,771,383	-	2,771,383
Series A convertible preferred stock issued for cash	1,561,534	15,615	-	-	-	-	3,575,909	-	-	3,591,524	-	3,591,524
Exchange of 12.5 % convertible notes for Series A convertible preferred stock	249,289	2,493	-	-	-	-	570,870	-	-	573,363	-	573,363
Exchange of 10 % convertible notes for Series A convertible preferred stock	545,788	5,458	-	-	-	-	1,249,857	-	-	1,255,315	-	1,255,315
Common stock converted into preferred stock and retired	130,435	1,304	(133,332)	(1,333)			29	-	-	-	-	-
Comprehensive loss										-		
Net loss	-	-	-	-	-	-	-	-	(8,792,830)	(8,792,830)	-	(8,792,830)
Other comprehensive loss	-	-	-	-	-	-	-	(2,661,850)	-	(2,661,850)	-	(2,661,850)
Balance - December 31, 2013	6,871,363	$ 68,713	23,761,436	$ 237,614	4,411	$ (14,070)	$ 50,847,039	$ (6,202,701)	$ (40,247,037)	$ 4,689,558	$ -	$ 4,689,558

The accompanying notes are an integral part of these consolidated financial statements.

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	2013	**2012**
Cash Flows from Operating Activities		
Net loss	$ (8,792,830)	$ (9,900,042)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	2,771,383	1,270,437
Net realized & unrealized investment losses (gains)	10,744	(92,785)
Depreciation and amortization	708,730	858,655
Provision for uncollectable assets	(733,712)	(943,743)
Prepaid compensation amortization	(190)	12,008
Loss on extinguishment of convertible debt	378,523	1,668,992
Other non-cash expense (income)	(2,890)	(29,112)
Decrease (increase) in assets:		
Accounts receivable	(225,187)	(129,399)
Inventory	(303,992)	(329,486)
Prepaid expenses and other current assets	22,093	(26,400)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,084,025	1,094,942
Deferred revenue	540,917	333,930
Other current liabilities	(1,342)	2,984
Total Adjustments	4,249,102	3,691,023
Net Cash Used in Operating Activities	(4,543,728)	(6,209,019)
Cash Used in Investing Activities		
Proceeds from sale of unconsolidated affiliate	—	173,789
Acquisition of noncontrolling interests	—	(823,276)
Purchase of property and equipment	(202,350)	(510,059)
Net Cash Used in Investing Activities	(202,350)	(1,159,546)
Cash Provided by Financing Activities		
Cash paid for treasury shares	—	(12,070)
Proceeds from issuance of promissory notes	892,028	254,618
Repayments of promissory notes	(544,000)	(1,162,600)
Proceeds from issuance of convertible debt obligations	—	5,556,820
Repayments of convertible debt obligations	(72,500)	(280,450)
Proceeds from preferred stock offering prior to closing	789,800	298,050
Proceeds from issuance of common stock	—	450,000
Proceeds from issuance of preferred stock	3,293,475	2,177,932
Net Cash Provided by Financing Activities	4,358,803	7,282,300
Effect of Exchange Rate Changes on Cash	479,930	(3,959)
Net Increase (Decrease) in Cash	92,655	(90,224)
Cash - Beginning of Year	114,763	204,987
Cash - End of Year	$ 207,418	$ 114,763

The accompanying notes are an integral part of these consolidated financial statements.

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

	For the Years Ended December 31,	
	2013	**2012**
Supplemental Disclosures of Cash Flow Information:		
Interest paid	$ 141,652	$ 479,782
Income taxes paid	$ 89,336	$ 111,188
Non-Cash Investing and Financing Activity		
Accrued stock based compensation converted to equity	$ 78,127	$ 49,623
Acquisition of noncontrolling interests for stock	$ —	$ 8,142,503
Receipt of investment to satisfy loan obligations	$ —	$ 1,785,060
Debt and interest converted to equity	$ 1,450,154	$ 6,237,003
Issuance of preferred stock previously paid for	$ 298,050	$ —
Common stock exchanged for preferred stock	$ 299,997	$ —

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION

Through its wholly-owned subsidiaries, Algodon Wines & Luxury Development Group, Inc. ("Company", "Algodon Partners", "AWLD"), a Delaware corporation that was incorporated on April 5, 1999, currently invests in, develops and operates international real estate projects.

As wholly-owned subsidiaries of AWLD, InvestProperty Group, LLC ("IPG") and Algodon Global Properties, LLC ("AGP") operate as holding companies that invest in, develop and operate global real estate and other lifestyle businesses such as wine production and distribution, golf, tennis, and restaurants. AWLD operates its properties through its ALGODON® brand. IPG and AGP have invested in two ALGODON® brand projects located in Argentina. The first project is Algodon Mansion, a Buenos Aires-based luxury boutique hotel property that opened in 2010 and is owned by the Company's subsidiary, The Algodon – Recoleta, SRL ("TAR"). The second project is the redevelopment, expansion and repositioning of a Mendoza-based winery and golf resort property now called Algodon Wine Estates ("AWE"), the integration of adjoining wine producing properties, and the subdivision of a portion of this property for residential development.

The Company consolidated the ownership of all its assets and operations through three significant transactions. In September 2010, AWLD and IPG entered into an exchange agreement (the "IPG Exchange"), whereby all members of IPG exchanged their membership units for shares of AWLD common stock. Consequently all former IPG members became shareholders of AWLD and AWLD became the sole member of IPG. In April 2011, the Company entered into an agreement to purchase the remaining 10% of AWE's noncontrolling interests. In June 2012, AWLD and AGP entered into an exchange agreement, whereby all members of AGP exchanged their membership units for shares of AWLD common stock. Consequently all former AGP members became shareholders of AWLD and AWLD became the sole member of AGP (see Note 17 – Stockholders' Equity – Noncontrolling Interests).

AWLD's wholly owned subsidiary, DPEC Capital, Inc. ("CAP"), is a broker-dealer registered with the Financial Industry Regulatory Authority ("FINRA"), the Securities and Exchange Commission ("SEC") and the Securities Investor Protection Corporation ("SIPC") and clears its securities transactions on a fully disclosed basis with another broker-dealer. CAP provides brokerage securities trading; private equity and venture capital investments; and advisory and other financial services to customers. CAP, in its normal course of business, enters into and may be a party to private equity transactions with AWLD and certain related affiliates (see Note 8 – Investments and Fair Value of Financial Instruments, Note 15 – Related Party Transactions, Note 17 – Stockholders' Equity – Warrants and Note 19 – Subsequent Events – Warrants).

AWLD's wholly owned subsidiary Algodon Europe, Ltd., is a United Kingdom wine distribution company. AWLD also owns approximately 96.5% of Mercari Communications Group, Ltd. ("Mercari"), a public shell corporation that is current in its SEC reporting obligations and is a ready target for merger or sale. Mercari is a consolidated subsidiary of the Company and the noncontrolling interest is negligible.

2. GOING CONCERN AND MANAGEMENT'S LIQUIDITY PLANS

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company incurred losses of $8,792,830 and $9,900,042 during the years ended December 31, 2013 and 2012, respectively. Cash used in operating activities was $4,543,728 and $6,209,019 for the years ended December 31, 2013 and 2012, respectively. In addition, based upon projected revenues and expenses, the Company believes that it may not have sufficient funds to operate for the next twelve months. The aforementioned factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company needs to raise additional capital in order to expand its business objectives. The Company funded its operations for the years ended December 31, 2013 and 2012 primarily through the sale of common stock for net proceeds of $0 and $450,000, respectively, the issuance of preferred stock for net proceeds of $4,083,275 and $2,475,982, respectively, (See Note 17 – Stockholders' Equity) promissory notes for net proceeds (repayments) of $348,028 and $(907,870), respectively, (See Note 12 – Loans Payable) and convertible promissory notes for net proceeds (repayments) of $(72,500) and $5,276,370, respectively (see Note 11 – Convertible Debt Obligations). The Company presently has enough cash on hand to sustain its operations until December 2014. Management intends to secure additional funds through a private placement of common stock whose proceeds are expected to sustain operations into 2015. Management believes that it will be successful in obtaining additional financing within ninety days after filing its Form 10; however, no assurance can be provided that the Company will be able to do so. There is no assurance that these funds will be sufficient to enable the Company to attain profitable operations or continue as a going concern. To the extent that the Company is unsuccessful and notwithstanding any request the Company may make, the Company's debt holders do not agree to convert their notes into equity or extend the maturity dates of their notes, the Company may need to curtail its operations and implement a plan to extend payables and reduce overhead until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful. Such a plan could have a material adverse effect on the Company's business, financial condition and results of operations, and ultimately the Company could be forced to discontinue its operations, liquidate and/or seek reorganization in bankruptcy. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include all of the accounts of Algodon Wines & Luxury Development Group, Inc. and the Company's consolidated subsidiaries. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Use of Estimates

To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, the Company must make estimates and assumptions. These estimates and assumptions affect the reported amounts in the financial statements, and the 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. The significant estimates and assumptions of the Company are the valuation of equity instruments, the fair value of acquired assets, the useful lives of property and equipment and reserves associated with the realizability of certain assets.

Foreign Currency Translation

The Company's functional and reporting currency is the United States Dollar. The functional currencies of the Company's operating subsidiaries are their local currencies (United States Dollar, Argentine Peso and British Pound). There has been a steady devaluation of the Argentine Peso relative to the United States Dollar in recent years and the Argentine government has instituted foreign exchange controls. Assets and liabilities are translated into U.S. Dollars at the balance sheet date exchange rate (6.5049 and 4.9071 at December 31, 2013 and 2012, respectively) and revenue and expense accounts are translated at a weighted average exchange rate for the period or for the year then ended (5.4714 and 4.5458 for the years ended December 31, 2013 and 2012, respectively). Resulting translation adjustments are made directly to accumulated other comprehensive income. Losses arising from exchange rate fluctuations on transactions denominated in a currency other than the functional currency of $259,864 and $147,492 for the years ended December 31, 2013 and 2012, respectively, are recognized in operating results in the consolidated statements of operations. The Company engages in foreign currency denominated transactions with customers and suppliers, as well as between subsidiaries with different functional currencies.

A highly inflationary economy is defined as an economy with a cumulative inflation rate of approximately 100 percent or more over a three-year period. If a country's economy is classified as highly inflationary, the functional currency of the foreign entity operating in that country must be remeasured to the functional currency of the reporting entity. The official cumulative inflation rate for Argentina over the last three years approximated 35%, although the International Monetary Fund has concerns regarding the accuracy of the official data.

Accounts Receivable

Accounts receivable primarily represent receivables from hotel guests who occupy rooms and wine sales to commercial customers. The Company provides an allowance for doubtful accounts when it determines that it is more likely than not a specific account will not be collected. Bad debt expense for the years ended December 31, 2013 and 2012 was $35,591 and $84,779, respectively. Write-offs of accounts receivable for the years ended December 31, 2013 and 2012 were $3,154 and $43,090, respectively.

Inventory

Inventories are comprised primarily of vineyard in process, wine in process, finished wine, plus food and beverage items and are stated at the lower of cost or market, with cost being determined on the first-in, first-out method. Costs associated with winemaking, and other costs associated with the creation of products for resale, are recorded as inventory. Vineyard in process represents the monthly capitalization of farming expenses (including farming labor costs, usage of farming supplies and depreciation of the vineyard and farming equipment) associated with the growing of grape, olive and other fruits during the farming year which culminates with the February/March harvest. Wine in process represents the capitalization of costs during the winemaking process (including the transfer of grape costs from vineyard in process, winemaking labor costs and depreciation of winemaking fixed assets, including tanks, barrels, equipment, tools and the winemaking building). Finished wines represents wine available for sale and includes the transfer of costs from wine in process once the wine is bottled and labeled. Other inventory represents olives, other fruits, golf equipment and restaurant food.

In accordance with general practice within the wine industry, wine inventories are included in current assets, although a portion of such inventories may be aged for periods longer than one year. As required, the Company reduces the carrying value of inventories that are obsolete or in excess of estimated usage to estimated net realizable value. The Company's estimates of net realizable value are based on analyses and assumptions including, but not limited to, historical usage, future demand and market requirements. Reductions to the carrying value of inventories are recorded in cost of sales. If future demand and/or pricing for the Company's products are less than previously estimated, then the carrying value of the inventories may be required to be reduced, resulting in additional expense and reduced profitability. There were negligible inventory write-downs recorded during 2013 and 2012, respectively.

Property and Equipment

Investments in property and equipment are recorded at cost. These assets are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	10 - 30 years
Computer hardware and software	3 - 5 years
Furniture and fixtures	3 - 10 years
Machinery and equipment	3 - 20 years
Vineyards	7 - 20 years
Leasehold improvements	3 - 5 years

The Company capitalizes internal vineyard improvement costs when developing new vineyards or replacing or improving existing vineyards. These costs consist primarily of the costs of the vines and expenditures related to labor and materials to prepare the land and construct vine trellises. Expenditures for repairs and maintenance are charged to operating expense as incurred. The cost of properties sold or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts at the time of disposal and resulting gains and losses are included as a component of operating income. Real estate development consists of costs incurred to ready the land for sale, including primarily costs of infrastructure as well as master plan development and associated professional fees. Given that they are not currently in service, the assets are currently not being depreciated.

Stock-based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on financial reporting dates and vesting dates until the service period is complete. The fair value amount of the shares expected to ultimately vest is then recognized over the period services are required to be provided in exchange for the award, usually the vesting period. The estimation of stock-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from original estimates, such amounts are recorded as a cumulative adjustment in the period estimates are revised. The Company considers many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience.

Acquisition Accounting

The Company follows acquisition accounting for all acquisitions that meet the business combination definition. Under acquisition accounting, the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest are measured at the acquisition-date fair value. The Company uses its best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the acquisition date; however, these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated statements of operation.

Concentrations

The Company maintains cash with major financial institutions. Cash held in US bank institutions is currently insured by the Federal Deposit Insurance Corporation (“FDIC”) up to $250,000 at each institution. No similar insurance or guarantee exists for cash held in Argentina bank accounts. There was aggregate uninsured cash balances of $135,335 and $100,530 at December 31, 2013 and 2012, respectively.

During 2013 and 2012, a single investor/lender comprised 65% and 69% of the $5,556,820 and $2,177,932 of gross proceeds from the issuance of convertible debt obligations and preferred stock, respectively.

See Note 15 – Related Party Transactions – Liabilities for details associated with a liability concentration.

Foreign Operations

The following summarizes key financial metrics associated with the Company's foreign operations (these financial metrics are immaterial for the Company's operations in the United Kingdom):

	December 31,	
	2013	2012
Assets - Argentina	$ 11,217,588	$ 14,381,093
Assets - U.S.	1,269,126	1,121,217
Assets - Total	$ 12,486,714	$ 15,502,310
Liabilities - Argentina	$ 2,511,955	$ 2,125,373
Liabilities - U.S.	5,285,201	5,502,411
Liabilities - Total	$ 7,797,156	$ 7,627,784

	For The Years Ended December 31,	
	2013	2012
Revenues - Argentina	$ 2,424,906	$ 2,527,246
Revenues - U.S.	419,195	459,596
Revenues - Total	$ 2,844,101	$ 2,986,842
Net Loss - Argentina	$ (2,247,178)	$ (3,274,876)
Net Loss - U.S.	(6,545,652)	(6,625,166)
Net Loss - Total	$ (8,792,830)	$ (9,900,042)

Comprehensive Income (Loss)

Comprehensive income is defined as the change in equity of a business during a period from transactions and other events and circumstances from non-owners sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The guidance requires other comprehensive income (loss) to include foreign currency translation adjustments.

Impairment of Long-Lived Assets

When circumstances, such as adverse market conditions, indicate that the carrying value of a long-lived asset may be impaired, the Company performs an analysis to review the recoverability of the asset's carrying value, which includes estimating the undiscounted cash flows (excluding interest charges) from the expected future operations of the asset. These estimates consider factors such as expected future operating income, operating trends and prospects, as well as the effects of demand, competition and other factors. If the analysis indicates that the carrying value is not recoverable from future cash flows, an impairment loss is recognized to the extent that the carrying value exceeds the estimated fair value. Any impairment losses are recorded as operating expenses, which reduce net income. There were no impairments of long-lived assets for the years ended December 31, 2013 and 2012, respectively.

Segment Information

The FASB has established standards for reporting information on operating segments of an enterprise in interim and annual financial statements. The Company operates in one segment which is the business of real estate development in Argentina. The Company's chief operating decision-maker reviews the Company's operating results on an aggregate basis and manages the Company's operations as a single operating segment. Certain activities of the Company such as the U.S. Broker Dealer Operations, is considered a service or support division to the Company, by providing capital raising efforts substantially to support the AWLD real estate development activities, and is not considered a business for segment purposes.

Revenue Recognition

The Company earns revenues from its real estate, hospitality, food & beverage, broker-dealer and other related services. Revenues from rooms, food and beverage, and other operating departments are recognized as earned at the time of sale or rendering of service. Cash received in advance of the sale or rendering of services is recorded as advance deposits or deferred revenue on the consolidated balance sheets. Deferred revenues associated with real estate lot sale deposits are recognized as revenues (along with any outstanding balance) when the lot sale closes and the deed is provided to the purchaser. Other deferred revenues primarily consist of deposits accepted by the Company in connection with agreements to sell barrels of wine. These wine barrel deposits are recognized as revenues (along with any outstanding balance) when the barrel of wine is shipped to the purchaser. Sales taxes and value added ("VAT") taxes collected from customers and remitted to governmental authorities are presented on a net basis within revenues in the consolidated statements of operations.

The Company operates within a single operating segment, because all of its operations are in support of the Company's branding strategy and its associated real estate development initiatives. However, the Company does track revenues associated with its different products and services, as follows:

	For The Years Ended December 31,	
	2013	2012
Hotel rooms and events	$ 1,189,594	$ 1,117,696
Restaurants	671,177	951,238
Winemaking	401,898	219,907
Agricultural	210,524	176,642
Broker-dealer	270,401	391,661
Golf, tennis and other	100,507	129,698
Total revenues	$ 2,844,101	$ 2,986,842

Noncontrolling Interests

The net earnings attributable to the controlling and noncontrolling interests are included within the statement of operations before backing out the portion attributable to the noncontrolling interests. See Note 17 – Stockholders' Equity - Noncontrolling Interests.

Income Taxes

The Company accounts for income taxes under the liability method, which requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statements and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. The Company additionally establishes a valuation allowance to reflect the likelihood of realization of deferred tax assets.

Net Loss Per Common Share

Basic loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding, plus the impact of common shares, if dilutive, resulting from the exercise of outstanding stock options and warrants and the conversion of convertible instruments.

The following securities are excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive:

	December 31,	
	2013	2012
Options	7,136,236	4,541,095
Warrants	899,156	885,628
Convertible instruments	7,263,015	4,759,986
Total potentially dilutive shares	15,298,407	10,186,709

Prepaid Compensation

Loans are given to certain registered representatives of CAP as an incentive for their affiliation with the Company. The registered representatives sign an agreement with CAP which specifies that portions of the loan will be forgiven on specific dates over a specified term, typically up to a five-year period. The loan is then amortized on a straight-line basis, which is included in general and administrative expenses in the accompanying statements of operations. In the event a registered representative's affiliation with the Company terminates prior to the fulfillment of their contract, the registered representative is required to repay the unforgiven balance and the related accrued interest (rates up to 2% currently). The Company considers establishing an allowance for uncollectible amounts to reflect the amount of loss that can be reasonably estimated by management. Determination of the estimated amount of uncollectible loans includes consideration of the amount of credit extended, the affiliation status and the length of time each receivable has been outstanding, as it relates to each individual registered representative. As of December 31, 2013 and 2012, the Company had $52,000 and $65,000 of unforgiven principal balances with two registered representatives and $10,917 and $10,917 of accumulated amortization and a $40,000 and $0 reserve for potential non-collection, respectively, which is included in prepaid expenses and other current assets in the consolidated balance sheets.

Advances and Loans to Registered Representatives

Advances and loans to registered representatives of the Company's subsidiary CAP represent short-term loans to registered representatives of the Company. The Company has the right to recover such advances from other monies owed to the registered representatives in the ordinary course of business. The determination of the uncollectible accounts is based on the amount of credit extended, the length of time each receivable has been outstanding and future compensation prospects, as it relates to each individual registered representative. The allowance for uncollectible amounts reflects the amount of loss that can be reasonably estimated by management and is included as part of general and administrative expenses in the accompanying statements of operations. As of December 31, 2013 and 2012, the Company has reserved approximately $114,000 and $141,000 for any potential non-collection, respectively.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2013 and 2012 was $168,703 and $101,494, respectively.

New Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04, "Fair Value Measurement (Topic 820)". This updated accounting guidance establishes common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and International Financial Reporting Standards ("IFRS"). This guidance includes amendments that clarify the intent about the application of existing fair value measurements and disclosures, while other amendments change a principle or requirement for fair value measurements or disclosures. The guidance provided by this update became effective for interim and annual periods beginning on or after December 15, 2011. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

In December 2011, the FASB issued ASU No. 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU No. 2011-05" ("ASU 2011-12"). ASU 2011-12 defers the requirement that companies present reclassification adjustments for each component of Accumulated Other Comprehensive Income in both net income and Other Comprehensive Income on the face of the financial statements. All other requirements in ASU No. 2011-05 are not affected by ASU No. 2011-12, including the requirement to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. Public entities should apply these requirements for fiscal years, and interim periods within those years, beginning after December 15, 2011. Nonpublic entities should apply these requirements for fiscal years ending after December 15, 2012, and interim and annual periods thereafter.

In July 2013, the FASB issued ASU No. 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." This ASU addresses the requirements regarding the financial statement presentation of an unrecognized tax benefit within ASC Topic 740 for the purpose of providing consistency between the financial reporting of U.S. GAAP entities. Generally, this ASU provides guidance for the preparation of financial statements and disclosures when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. This ASU is effective for periods beginning after December 15, 2013 and is not expected to have a material impact on the Company's consolidated financial statements or disclosures.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's financial statements upon adoption.

4. INVENTORY

Inventory at December 31, 2013 and 2012 is comprised of the following:

	December 31,	
	2013	2012
Vineyard in Process	$ 242,726	$ 292,442
Wine In Process	846,934	834,999
Finished Wine	93,094	97,669
Other	75,527	79,729
	$ 1,258,281	$ 1,304,839

5. NET CAPITAL REQUIREMENTS

The Company's subsidiary, CAP, as a registered broker-dealer, is subject to the SEC's Uniform Net Capital Rule 15c3-1 that requires the maintenance of minimum net capital. This requires that CAP maintain minimum net capital of $5,000 and requires that the ratio of aggregate indebtedness, as defined, to net capital, shall not exceed 15 to 1.

As of December 31, 2013 and 2012, CAP's net capital exceeded the requirement by $38,271 and $3,956, respectively.

The Company had a percentage of aggregate indebtedness to net capital of approximately 57% and 489% as of December 31, 2013 and 2012, respectively.

Advances, dividend payments and other equity withdrawals are restricted by the regulations of the SEC, and other regulatory agencies are subject to certain notification and other provisions of the net capital rules of the SEC. The Company qualifies under the exemptive provisions of Rule 15c3-3 as the Company does not carry security accounts for customers or perform custodial functions related to customer securities.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31,	
	2013	2012
Buildings	$ 5,974,403	$ 7,914,993
Real estate development	1,459,772	1,862,888
Land	957,999	1,269,933
Furniture and fixtures	890,364	1,136,189
Vineyards	854,544	1,071,601
Machinery and equipment	725,351	886,105
Leasehold improvements	164,375	164,375
Computer hardware and software	87,418	149,042
	11,114,226	14,455,126
Less: accumulated depreciation and amortization	(2,590,680)	(2,603,892)
Property and equipment, net	$ 8,523,546	$ 11,851,234

Depreciation and amortization expense was $708,730 and $851,334 for the years ended December 31, 2013 and 2012, respectively, of which $175,100 and $191,872 were recorded within cost of sales in the accompanying statements of operations.

7. PREPAID FOREIGN TAXES

Prepaid foreign taxes, net, of $944,051 and $822,879 at December 31, 2013 and 2012, respectively, consists primarily of prepaid VAT. The ability to realize the prepaid VAP doesn't expire, but it is dependent upon the generation of VAT collections on revenues that exceed VAT payments on eligible expenditures in an amount that offsets the prepaid VAT. Management considers the historical and projected revenues, expenses and capital expenditures in making this assessment.

In assessing the realization of the prepaid foreign taxes, management considers whether it is more likely than not that some portion or all of the prepaid foreign taxes will not be realized.

Based on this assessment, management has established valuation allowances of $0 and $658,272 as of December 31, 2013 and 2012.

8. INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or developed by the Company. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1 - Valued based on quoted prices at the measurement date for identical assets or liabilities trading in active markets. Financial instruments in this category generally include actively traded equity securities.

Level 2 - Valued based on (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active; (c) inputs other than quoted prices that are observable for the asset or liability; or (d) from market corroborated inputs. Financial instruments in this category include certain corporate equities that are not actively traded or are otherwise restricted.

Level 3 - Valued based on valuation techniques in which one or more significant inputs is not readily observable. Included in this category are certain corporate debt instruments, certain private equity investments, and certain commitments and guarantees.

Investments – Related Parties at Fair Value:

As of December 31, 2013	Level 1	Level 2	Level 3	Total
Warrants - Affiliates	$ -	$ -	$ 318,195	$ 318,195

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Warrants - Affiliates	$ -	$ -	$ 326,049	$ 326,049

A reconciliation of Level 3 assets is as follows:

	Warrants
Balance - December 31, 2011	$ 204,154
Received	97,376
Allocated to employees as compensation	(68,165)
Unrealized gain	92,684
Balance - December 31, 2012	326,049
Received	97,125
Allocated to employees as compensation	(67,995)
Unrealized loss	(36,984)
Balance - December 31, 2013	$ 318,195
Accumulated Unrealized Gains Related to Investments at Fair Value at December 31, 2013	$ 137,729

It is the Company's policy to distribute part or all of the warrants CAP earns through serving as placement agent on various private placement offerings for a related but independent entity under common management, to registered representatives or other employees who provided investment banking services. The total compensation expense (fair value) recorded related to these distributed warrants was $67,995 and $68,165 for the years ended December 31, 2013 and 2012, respectively, and is classified as general and administrative expense in the consolidated statements of operations. Warrants retained by the Company's broker-dealer subsidiary are marked to market at each reporting date using the Black-Scholes option pricing model.

The fair value of the warrants was determined based on the Black-Scholes option pricing model, which requires the input of highly subjective assumptions, including the expected share price volatility. Given that such shares were not publicly-traded, the Company developed an expected volatility figure based on a review of the historical volatilities, over a period of time, of similarly positioned public companies within the industry.

The Company's short term financial instruments include cash, accounts receivable, advances and loans to registered representatives, accounts payable, accrued expenses, deferred revenue and other current liabilities, each of which approximate their fair values based upon their short term nature. The Company's other financial instruments include loans payable and convertible debt obligations. The carrying value of these instruments approximate fair value, as they bear terms and conditions comparable to market, for obligations with similar terms and maturities.

9. ACCRUED EXPENSES

Accrued expenses are comprised of the following:

	December 31,	
	2013	2012
Accrued compensation	$ 1,529,951	$ 1,205,837
Accrued taxes payable	182,890	57,099
Accrued interest	647,247	518,112
Other accrued expenses	173,235	167,388
Total	$ 2,533,323	$ 1,948,436

The non-current portion of the above amounts represents accrued interest that was subsequently exchanged for equity securities prior to the release of the financial statements. See Note 15 – Related Party Transactions for the portion of accrued interest attributable to related parties.

10. DEFERRED REVENUES

Deferred revenues are comprised of the following:

	December 31,	
	2013	2012
Real estate lot sale deposits	$ 1,157,670	$ 892,880
Other	66,626	107,164
Total	$ 1,224,296	$ 1,000,044

The Company accepts deposits in conjunction with agreements to sell real estate building lots at Algodon Wine Estate in the Mendoza wine region of Argentina. These lot sale deposits are generally denominated is US dollars. As of December 31, 2013, the Company had executed agreements to sell real estate building lots for aggregate proceeds of $2,667,383.

11. CONVERTIBLE DEBT OBLIGATIONS

Convertible notes consist of the following:

	December 31,					
	2013			2012		
	Principal	Interest [1]	Total	Principal	Interest [1]	Total
8% Convertible Notes	$ 509,250	$ 195,723	$ 704,973	$ 534,250	$ 141,954	$ 676,204
12.5% Convertible Notes	140,500	64,493	204,993	517,500	103,118	620,618
10% Convertible Notes	1,229,653	254,646	1,484,299	2,163,153	202,623	2,365,776
Total	$ 1,879,403	$ 514,862	$ 2,394,265	$ 3,214,903	$ 447,695	$ 3,662,598

[1] Accrued interest is included as a component of accrued expenses on the consolidated balance sheets.

The non-current portion of the above amounts represents principal and accrued interest that was subsequently exchanged for equity securities prior to the release of the financial statements.

8% Convertible Notes

During an offering that commenced on September 8, 2009 and ultimately ended on September 30, 2010, IPG issued convertible notes with an interest rate of 8% and an amended maturity date of March 31, 2011 (the "8% Notes") for gross proceeds of $13,238,120. Principal and accrued interest was contingently convertible, on an all-or-none basis, at the option of the holder (1) just prior to the consummation of the IPG Exchange into IPG membership units ("IPG Units") at an amended 22.5% discount to the conversion date fair market value; or (2) just prior to the consummation of a share exchange with a public company (or a similar transaction) into AWLD common stock (the "Go Public Transaction") at an amended 20% discount to the conversion date fair market value. The contingent embedded conversion options ("ECO's") expire(d) two days prior to either the IPG Exchange or the Go Public Transaction.

The Company determined that the ECO's should not be bifurcated and accounted for as a derivative, primarily because the ECO's, if freestanding, would not qualify as a derivative, on account of the fact that, at conversion settlement, the Company would not be delivering an asset that is readily convertible into cash. On September 30, 2010, principal of $11,735,520 and accrued interest of $439,628 were converted into 6,545,784 IPG Units at $1.86 per unit, which represented a 22.5% discount to the pre-conversion $2.40 per unit fair market value. In turn, these IPG Units were exchanged for 4,113,594 shares of AWLD common stock based on the exchange ratios established for the transaction. The Company recognized a beneficial conversion feature of $427,424 for those issuances where the commitment date fair market value exceeded the accounting conversion price of $1.86 per unit. The resulting debt discount was fully expensed immediately because these issuances all converted on September 30, 2010.

Through December 31, 2013, principal and accrued interest of $993,350 and $102,423, respectively, has been repaid in cash. As of December 31, 2013 and 2012, principal of $509,250 and $534,250 and accrued interest of $195,723 and $141,954, remained outstanding, respectively.

12.5% Convertible Notes

During an offering that commenced on June 24, 2011 and ultimately ended on October 31, 2011, AWLD issued convertible notes with an interest rate of 12.5% and an amended maturity date of August 29, 2012 (the "12.5% Notes") for gross proceeds of $1,853,880. Principal and accrued interest was contingently convertible at the option of the holder (1) upon commencement of a $10,000,000 plus offering of preferred stock, on an all-or-none basis into such preferred stock at a 25% discount to the conversion date fair market value; or (2) after refusing the option to convert into preferred stock, into AWE land parcels at a 30% discount to the lesser of (i) the commitment date fair market value; or (ii) the conversion date fair market value. The contingent ECO's expired at the August 29, 2012 maturity of the 12.5% Notes.

The Company determined that the ECO's should not be bifurcated and accounted for as a derivative, primarily because the ECO's, if freestanding, would not qualify as a derivative, on account of the fact that, at conversion settlement, the Company would not be delivering an asset that is readily convertible into cash. On October 30, 2012, pursuant to a limited time offer, holders elected to exchange principal and interest of $1,203,880 and $176,141 into 797,712 shares of Series A Preferred Stock. The fair market value of the equity securities issued exceeded the value of the extinguished debt by $454,717, which was recorded as a loss on extinguishment. During 2013, pursuant to certain limited time offers, holders elected to exchange principal and interest of $350,000 and $90,331 into 249,289 shares of Series A Preferred Stock. The fair market value of the equity securities issued exceeded the value of the extinguished debt by $133,035, which was recorded as a loss on extinguishment.

Through December 31, 2013, principal and accrued interest of $159,500 and $15,730, respectively, has been repaid in cash. As of December 31, 2013 and 2012, principal of $140,500 and $517,500 and accrued interest of $64,493 and $103,118, remained outstanding, respectively.

10% Convertible Notes

During an offering that commenced on November 1, 2011 and ultimately ended on June 15, 2012, AWLD issued convertible notes with an interest rate of 10% and an amended maturity date of August 29, 2012 (the "10% Notes") for gross proceeds of $6,711,820. Principal and accrued interest was contingently convertible at the option of the holder (1) upon commencement of a $10,000,000 plus offering of preferred stock, on an all-or-none basis into such preferred stock at a 20% discount to the conversion date fair market value; or (2) after refusing the option to convert into preferred stock, into AWE land parcels at a 25% discount to the lesser of (i) the commitment date fair market value; or (ii) the conversion date fair market value. The contingent ECO's expired at the August 29, 2012 maturity of the 10% Notes.

The Company determined that the ECO's should not be bifurcated and accounted for as a derivative, primarily because the ECO's, if freestanding, would not qualify as a derivative, on account of the fact that, at conversion settlement, the Company would not be delivering an asset that is readily convertible into cash. On October 30, 2012, pursuant to a limited time offer, holders elected to exchange principal and interest of $4,548,668 and $308,315 into 2,639,677 shares of Series A Preferred Stock. The fair market value of the equity securities issued exceeded the value of the extinguished debt by $1,214,275, which was recorded as a loss on extinguishment. During 2013, pursuant to certain limited time offers, holders elected to exchange principal and interest of $913,000 and $96,824 into 545,788 shares of Series A Preferred Stock. The fair market value of the equity securities issued exceeded the value of the extinguished debt by $245,488, which was recorded as a loss on extinguishment.

Through December 31, 2013, principal and accrued interest of $20,500 and $217, respectively, has been repaid in cash. As of December 31, 2013 and 2012, principal of $1,229,653 and $2,163,153 (including $800,000 and $800,000 due to an executive officer) and accrued interest of $254,646 and $202,623 (including $176,475 and $86,585 due to an executive officer), remained outstanding, respectively.

12. LOANS PAYABLE

Loans payable consist of notes payable to independent lenders and to a related party (see Note 15 – Related Party Transactions). Loans payable to independent lenders of $458,840 and $250,000 at December 31, 2013 and 2012, respectively, are primarily comprised of two notes payable to a single lender. The first $250,000 note dated March 4, 2011 became a demand note on March 3, 2012 and bears interest at 8% per annum. The second $200,000 note dated January 3, 2013 became a demand note on March 3, 2013 and bears interest at 10% per annum.

13. OTHER LIABILITIES

The current portion of other liabilities consists of deferred rent. The non-current portion other liabilities consists of deposits for preferred stock that have not closed as of the balance sheet date and were subsequently exchanged for equity securities prior to the release of the financial statements.

14. INCOME TAXES

The Company files tax returns in United States ("U.S.") Federal, state and local jurisdictions, plus Argentina and the United Kingdom ("U.K.").

United States and international components of income before income taxes were as follows:

	For The Years Ended December 31,	
	2013	2012
United States	$ (6,584,275)	$ (6,678,134)
International	(2,208,555)	(1,864,344)
Income before income taxes	$ (8,792,830)	$ (8,542,478)

The income tax provision (benefit) consisted of the following:

	For The Years Ended December 31,	
	2013	2012
Federal		
Current	$ -	$ -
Deferred	(2,419,896)	456,013
State and local		
Current	-	-
Deferred	(747,321)	140,828
	(3,167,217)	596,841
Change in valuation allowance	3,167,217	(596,841)
Income tax provision (benefit)	$ -	$ -

For the years ended December 31, 2013 and December 31, 2012, the expected tax expense (benefit) based on the statutory rate is reconciled with the actual tax expense (benefit) as follows:

	For The Years Ended December 31,	
	2013	2012
U.S. federal statutory rate	(34.0)%	(34.0)%
State and local tax rate, net of federal benefit	(10.5)%	(10.5)%
Permanent differences:		
- Loss on extinguishment	1.9%	8.7%
- Stock based compensation	5.7%	4.4%
- Other	0.9%	(1.0)%
Impact of annual NOL limitation	0.0%	39.4%
Change in valuation allowance	36.0%	(7.0)%
Income tax provision (benefit)	0.0%	0.0%

As of December 31, 2013 and December 31, 2012, the Company's deferred tax assets consisted of the effects of temporary differences attributable to the following:

	December 31,	
	2013	2012
Net operating loss	$ 12,584,808	$ 10,257,256
Stock based compensation	1,730,234	1,035,234
Argentine tax credits	664,601	742,507
Accruals and other	676,525	455,464
Receivable allowances	207,021	178,748
Total deferred tax assets	15,863,189	12,669,209
Valuation allowance	(15,691,334)	(12,524,117)
Deferred tax assets, net of valuation allowance	171,855	145,092
Excess of book over tax basis of warrants	(171,855)	(145,092)
Net deferred tax assets	$ -	$ -

As of December 31, 2013 and December 31, 2012, the Company had approximately $35,425,000 and $30,221,000 of gross U.S. net operating loss ("NOL") carryovers which may be carried forward for 20 years and begin to expire in 2019. These NOL carryovers are subject to annual limitations under Section 382 of the U.S. Internal Revenue Code when there is a greater than 50% ownership change, as determined under the regulations. Based on our analysis, there was a change of control on or about June 30, 2012 and we have determined that, due to the annual limitations under Section 382, approximately $7,566,000 of the NOLs will expire unused. Therefore, we have reduced the related deferred tax asset for U.S. NOL carryovers by approximately $3,367,000 from June 30, 2012 forward. The Company's U.S. NOL's generated through the date of the ownership change on June 30, 2012 are subject to an annual limitation of approximately $1,004,000.

As of December 31, 2013 and December 31, 2012, the Company had approximately $422,000 and $395,000 of gross U.K. NOL carryovers which do not expire. Finally, as of December 31, 2013 and December 31, 2012, the Company had approximately $665,000 and $743,000 of Argentine tax credits which may be carried forward 10 years and begin to expire in 2014.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the future generation of taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and taxing strategies in making this assessment. Based on this assessment, management has established a full valuation allowance against all of the net deferred tax assets for each period, since it is more likely than not that all of the deferred tax assets will not be realized. The valuation allowance for the years ended December 31, 2013 and 2012 increased $3,167,217 and decreased $596,841, respectively.

Management has evaluated and concluded that there were no material uncertain tax positions requiring recognition in the Company's consolidated financial statements as of December 31, 2013 and 2012. The Company does not expect any significant changes in its unrecognized tax benefits within twelve months of the reporting date. The Company has U.S. tax returns subject to examination by tax authorities beginning with those filed for the year ended December 31, 2010. The Company's policy is to classify assessments, if any, for tax related interest as interest expense and penalties as general and administrative expenses in the consolidated statements of operations.

15. RELATED PARTY TRANSACTIONS

Assets

Accounts receivable – related parties of $365,917 and $373,241 at December 31, 2013 and 2012, respectively, represents the net realizable value of advances made to related, but independent, entities under common management.

See Note 8 – Investments and Fair Value of Financial Instruments.

Liabilities

The CEO and Chairman of the Company (the "CEO"), loaned the Company $400,000 in April 2011 at a 6% interest rate and since then he has periodically advanced and withdrawn additional amounts. The following balances were due to the CEO as of December 31, 2013 and 2012 and are included in accrued expenses - related parties (interest) and loans payable – related parties (principal) in the accompanying consolidated balance sheets.

Additionally, in 2011 and 2012 the CEO invested a total $800,000 in the Company's offering of convertible promissory notes on the same terms as other investors, earning a 10% interest rate. The following balances were due to Mr. Mathis as of December 31, 2013 and 2012 and are included in accrued expenses - related parties (interest) and convertible debt obligations - related parties (principal) in the accompanying consolidated balance sheets.

	December 31,					
	2013			2012		
	Principal	Interest	Total	Principal	Interest	Total
6% Note	$ 266,663	$ 51,432	$ 318,095	$ 204,730	$ 33,812	$ 238,542
10% Note	800,000	176,475	976,475	800,000	86,585	886,585
20% Note [1]	63,936	4,569	68,505	-	-	-
Total	$ 1,130,599	$ 232,476	$ 1,363,075	$ 1,004,730	$ 120,397	$ 1,125,127

[1] This note bears interest at 20% because it is denominated in Argentine pesos and the peso has been subject to significant devaluation in recent years.

The Company's indebtedness to its CEO represents 17% and 15% of total liabilities at December 31, 2013 and 2012, respectively.

Revenues

For the years ended December 31, 2013 and 2012, CAP recorded $305,548 and $293,335 of private equity and venture capital fees arising from private placement transactions on behalf of a related, but independent, entity under common management. Of the total amounts, $208,423 and $195,959 represent cash fees and $97,125 and $97,376 represents fees in the form of warrants, which were recorded at fair market value as of the grant date using the Black-Scholes option pricing model, for the years ended December 31, 2013 and 2012, respectively.

Expense Sharing

On April 1, 2010, the Company entered into an agreement with a related, but independent, entity under common management, to share expenses such as office space, support staff and other operating expenses. General and administrative expenses were reduced by $204,797 and $218,644 during the years ended on December 31, 2013 and 2012, respectively.

16. BENEFIT CONTRIBUTION PLAN

The Company sponsors a 401(k) profit-sharing plan ("401(k) Plan") that covers substantially all of its employees in the United States. The 401(k) Plan provides for a discretionary annual contribution, which is allocated in proportion to compensation. In addition, each participant may elect to contribute to the 401(k) Plan by way of a salary deduction.

A participant is always fully vested in their account, including the Company's contribution. For the years ended December 31, 2013 and 2012, the Company recorded a charge associated with its contribution of approximately $50,000 and $78,000, respectively. This charge has been included as a component of general and administrative expenses in the accompanying consolidated statements of operations. The Company issues shares of its common stock to settle these obligations based on the fair market value of its common stock on the date the shares are issued (shares were issued at $2.25 per share during 2013 and 2012).

17. STOCKHOLDERS' EQUITY

Authorized Shares

Pursuant to the Company's Amended and Restated Certificate of Incorporation, the Company is authorized to issue up to 80,000,000 shares of common stock, $0.01 par value per share effective September 30, 2013, whereas it had previously been authorized to issue up to 40,000,000 shares of common stock. As of December 31, 2013 and 2012, 23,757,025 and 23,855,634 shares of common stock were outstanding, respectively.

On October 1, 2012, the shareholders of the Company approved an amendment to the Certificate of Incorporation to authorize the Company to issue up to 11,000,000 shares of Series A convertible preferred stock ("Series A Preferred"), $0.01 par value per share. As of December 31, 2013 and 2012, 6,871,363 and 4,384,317 shares of preferred stock were issued and outstanding, respectively.

Convertible Preferred Stock

The Company entered into a Series A Convertible Preferred Stock Purchase Agreement on October 1, 2012. The Series A Preferred have a par value of $0.01. In the event of liquidation, the holders of Series A Preferred are entitled to receive preference to any distributions of the assets of the Company equal to the original purchase price of the shares and cumulative accrued dividends of 8% per year, less the amount of any dividends actually paid. A liquidation is considered to occur upon any corporate reorganization, merger, consolidation, sale of substantially all of the assets, where (a) the stockholders of record prior to the transition will immediately after the transaction hold less than 50% of the voting power of the surviving entity and (b) preferred stockholders representing greater than 50% of the outstanding Series A Preferred elect to treat the transaction as such. Pursuant to Delaware law, a purchaser or group of persons purchasing more than 50% of the outstanding stock would be required to wait an extended period of time prior to effectuating a business combination. However, upon the effectiveness of this Registration Statement, expecting to occur 60 days from the date of filing this Registration Statement, the Series A Preferred will automatically convert to common shares and therefore the liquidation preference will not be available. The Series A Preferred are convertible into the Company's common stock based on the original issue price, subject to certain customary anti-dilution adjustments, excluding any accrued but unpaid dividends. The shares of Series A Preferred may convert into common stock at any time at the option of the holder at the then applicable conversion rate. All shares of Series A Preferred automatically convert into common stock, at the then applicable conversion rate, upon the consummation of a registered initial public offering that results in gross proceeds equal to or greater than $7,500,000, a reverse merger into a public traded shell corporation, effectiveness of a Form 10 registration statement or a comparable transaction. If converted at December 31, 2013, the outstanding Series A Preferred would convert into 6,871,363 shares of common stock. In the event cash dividends are paid on any shares of common stock, the holders of the Series A Preferred will be entitled to dividends based on an equal basis with common stockholders, if and when declared by the Board of Directors of the Company. There were no dividends declared by the Board of Directors through December 31, 2013. The holders of the Series A Preferred are also entitled to the number of votes equal to the number of shares of common stock into which the Series A Preferred are convertible.

The Company issued 1,561,534 and 946,927 shares of Series A Preferred at $2.30 per share to accredited investors in a private placement transaction for gross proceeds of $3,591,525 and $2,177,932 for the years ended December 31, 2013 and 2012, respectively. Cumulative Series A Preferred dividends were $1,262,402 and $129,638 as of December 31, 2013 and 2012, respectively. See Note 11 – Convertible Debt Obligations and Note 17 – Stockholders' Equity – Common Stock Transactions for details related to other exchanges/conversions into Series A Preferred.

Common Stock

In June 2012, the Company issued 14,144 shares of common stock to settle its 2011 contribution obligation to the Company's 401(k) profit-sharing plan.

During 2012, the Company issued 199,998 shares of common stock at $2.25 per share to accredited investors by direct subscription for gross proceeds of $450,000. The common stock was contingently convertible into Series A Preferred at the offering price at the election of the holder for a thirty day period following written notice from the Company that a Series A Preferred offering had commenced. The Company extended the convertibility and in 2013, 133,332 shares of common stock were converted into 130,345 shares at $2.30 per share of Series A Preferred.

In March 2013, the Company issued 34,723 shares of common stock to settle its 2012 contribution obligation to the Company's 401(k) profit-sharing plan.

Treasury Stock

The Company records the value of its common shares held in treasury at cost.

In 2012, the Company repurchased 3,670 shares of common stock for a total of $12,070.

On June 30, 2012, in the exchange transaction with AGP, the Company's subsidiary IPG received 741 shares of AWLD common stock in exchange for its AGP interest, which had a cost basis of $2,000.

Acquisition of Indirect Interest in AWLD Common Stock

During 2012, the Company acquired WOW Group, LLC ("WOW") units from several employees, in exchange for releasing the employees from certain employee receivables. WOW is a related, but independent, entity under common management whose sole asset is AWLD common stock and WOW is AWLD's single largest shareholder. The acquisition of the WOW units was recorded as an equity transaction, by recording a reduction of Additional Paid-In Capital for the $1,795,522 carrying value of the employee receivables.

Noncontrolling Interests

On June 30, 2012, AWLD and AGP entered into an exchange agreement, whereby all members of AGP exchanged their membership units ("Units") for shares of AWLD common stock (the "Exchange Transaction"). Consequently all former AGP members became shareholders of AWLD and AWLD became the sole member of AGP. For each Unit, the members of AGP received 0.27 of one voting share of AWLD common stock (an immaterial amount of AGP Profit Interest Units were converted at a different ratio).

Accumulated Other Comprehensive Loss

For the years ended December 31, 2013 and 2012, the Company recorded $2,661,850 and $1,878,717, respectively, of foreign currency translation adjustment as accumulated other comprehensive loss.

Warrants

During 2013 and 2012, in connection with the sale of Series A Preferred, the Company issued five-year warrants to its subsidiary DPEC Capital, Inc., who acted as placement agent, to purchase 235,666 and 438,434 shares, respectively, of Series A Preferred at an exercise price of $2.30 per share. DPEC Capital, Inc., in turn, awarded such warrants to its registered representatives and recorded $208,040 and $459,606 of stock-based compensation expense for the years ended December 31, 2013 and 2012, respectively, within general and administrative expense in the consolidated statements of operations.

On June 30, 2012, in connection with the AGP Exchange Transaction (see Non-Controlling Interests above), the Company issued five-year warrants in exchange for outstanding AGP warrants to purchase 167,544 and 343,005 shares of common stock at an exercise price of $2.11 and $3.70 per share, respectively.

A summary of warrants activity during the years ended December 31, 2013 and 2012 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Intrinsic Value
Outstanding, December 31, 2011	59,133	$ 6.05		
Issued	948,983	2.77		
Exercised	-	-		
Cancelled	(122,488)	3.24		
Outstanding, December 31, 2012	885,628	2.93		
Issued	235,666	2.30		
Exercised	-	-		
Cancelled	(222,138)	3.82		
Outstanding, December 31, 2013	899,156	$ 2.54	3.3	$ 30,446
Exercisable, December 31, 2013	899,156	$ 2.54	3.3	$ 30,446

A summary of outstanding and exercisable warrants as of December 31, 2013 is presented below:

Warrants Outstanding				Warrants Exercisable	
Exercise Price	Exercisable Into	Outstanding Number of Warrants	Weighted Average Remaining Life In Years	Exercisable Number of Warrants
$ 1.59	Common Stock	46,130	1.5	46,130
$ 2.30	Preferred Stock	674,100	4.2	674,100
$ 3.70	Common Stock	178,926	0.5	178,926
	Total	899,156	3.3	899,156

Equity Incentive Plans

The Company's 2001 Equity Incentive Plan, as amended (the "2001 Plan"), and the 2008 Equity Incentive Plan, as amended (the "2008 Plan"), were approved by the Company's Board and shareholders on June 21, 2001 and August 25, 2008, respectively. The plans provide for grants to purchase up to an aggregate of 342,700 shares, and 9,000,000 shares, respectively. Both equity plans permit the granting of incentive and non-qualified stock options, restricted and unrestricted stock, loans and grants, and performance awards. Under all plans, (1) awards may be granted to employees, consultants, independent contractors, officers and directors; (2) the maximum term of any award shall be ten years from the date of grant; (3) the exercise price of any award shall not be less than the fair value on the date of grant. On June 21, 2011, the 2001 Plan expired, such that no new awards may be granted from the 2001 Plan, but all outstanding awards continue to run their course. The Company intends to issue new shares of common stock to satisfy any plan obligations.

Stock Options

On January 13, 2012, the Company granted a five-year option to purchase 50,000 shares of common stock at an exercise price of $3.85 to an employee of the Company, pursuant to the 2008 Plan. The option vests over a four year period with one-fourth vesting on the one year anniversary of the date of grant and the remainder vesting quarterly thereafter. The $78,472 grant date fair value will be recognized ratably over the vesting period.

On April 15, 2012, the Company granted five-year options to purchase an aggregate of 75,000 shares of common stock at an exercise price of $3.85 to employees of the Company, pursuant to the 2008 Plan. The options vest quarterly over a one year period from the date of grant. The $103,902 aggregate grant date fair value was recognized ratably over the vesting period.

On January 13, 2013, the Company granted a five-year option to purchase 50,000 shares of common stock at an exercise price of $2.48 to an employee of the Company, pursuant to the 2008 Equity Incentive Plan. The option vests over a four year period with one-fourth vesting on the one year anniversary of the date of grant and the remainder vesting quarterly thereafter. The $45,200 grant date fair value is being amortized ratably over the vesting period.

On April 15, 2013, the Company granted five-year options to purchase an aggregate of 75,000 shares of common stock at an exercise price of $2.48 to directors of the Company, pursuant to the 2008 Plan. The options vest quarterly over a one year period from the date of grant. The $56,261 aggregate grant date fair value is being amortized over the vesting period.

On June 30, 2013, the Company granted five-year options to purchase 2,955,000, 25,000, and 10,000 shares of immediately vested common stock at exercise prices of $2.48, $3.50 and $3.85 to employees and consultants of the Company, pursuant to the 2008 Equity Incentive Plan. The $1,994,608 grant date fair value was recognized immediately.

The Company has computed the fair value of options granted using the Black-Scholes option pricing model. There is currently no public trading market for the shares of AWLD common stock underlying the 2008 Plan. Accordingly, the fair value of the AWLD common stock was estimated by management based on observations of the cash sales prices of AWLD equity securities. Forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. This estimate will be adjusted periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimate, when it is material. The expected term of options granted to consultants represents the contractual term, whereas the expected term of options granted to employees and directors was estimated based upon the "simplified" method for "plain-vanilla" options. Given that the Company's shares are not publicly traded, the Company developed an expected volatility figure based on a review of the historical volatilities, over a period of time, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the options.

In applying the Black-Scholes option pricing model, the Company used the following weighted average assumptions:

	For The Years Ended December 31,	
	2013	2012
Risk free interest rate	0.71%	0.43%
Expected term (years)	3.09	3.13
Expected volatility	48.4%	66.0%
Expected dividends	-	-
Forfeiture rate	5.0%	5.0%

The weighted average estimated fair value of the stock options granted during the years ended December 31, 2013 and 2012 were $0.67 and $1.46 per share, respectively.

During the years ended December 31, 2013 and 2012, the Company recorded stock-based compensation expense of $2,563,343 and $810,831 respectively, related to stock option grants, which is reflected as general and administrative expenses in the consolidated statements of operations. As of December 31, 2013, there was $680,760 of unrecognized stock-based compensation expense related to stock option grants that will be amortized over a weighted average period of 1.6 years, of which $29,745 of unrecognized expense is subject to non-employee mark-to-market adjustments.

A summary of options activity during the years ended December 31, 2013 and 2012 is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Intrinsic Value
Outstanding, December 31, 2011	4,946,198	$ 3.54		
Granted	125,000	3.85		
Exercised	-	-		
Cancelled	(28,162)	6.64		
Forfeited	(501,941)	3.32		
Outstanding, December 31, 2012	4,541,095	3.55		
Granted	3,115,000	2.49		
Exercised	-	-		
Cancelled	(519,859)	6.75		
Forfeited	-	-		
Outstanding, December 31, 2013	7,136,236	$ 2.85	2.7	$ 715,052
Exercisable, December 31, 2013	6,243,627	$ 2.73	2.8	$ 715,052

The following table presents information related to stock options at December 31, 2013:

	Options Outstanding			Options Exercisable		
Range of Exercise Price	Weighted Average Exercise Price	Outstanding Number of Options		Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Exercisable Number of Options
$1.59 - $2.00	$ 1.60	1,101,313	$	1.60	0.1	1,101,313
$2.01 - $2.50	$ 2.48	3,080,000	$	2.48	4.5	2,992,500
$2.51 - $3.50	$ 2.65	904,792	$	2.65	0.5	902,828
$3.51 - $4.50	$ 3.85	1,991,500	$	3.85	2.6	1,188,355
$4.51 - $9.50	$ 7.78	38,415	$	7.78	0.8	38,415
$9.51 - $41.78	$ 29.88	20,216	$	29.88	1.1	20,216
$1.59 - $41.78	$ 2.85	7,136,236	$	2.73	2.8	6,243,627

18. COMMITMENTS AND CONTINGENCIES

Legal Matters

The Company is involved in litigation and arbitrations from time to time in the ordinary course of business. The Company does not believe that the outcome of any such pending or threatened litigation will have a material adverse effect on its financial condition or results of operations. However, as is inherent in legal proceedings, there is a risk that an unpredictable decision adverse to the company could be reached. The Company records legal costs associated with loss contingencies as incurred. Settlements are accrued when, and if, they become probable and estimable.

Regulatory Matters

The partial settlement in May 2007 of a securities industry (FINRA) enforcement case first brought in 2004 left a few charges unresolved, principally, whether Company CEO, Scott Mathis, inadvertently or willfully failed to properly disclose the existence of certain federal tax liens on his Form U4 (the securities industry registration form) during the years 1996-2002. In December 2007, the FINRA Office of Hearing Officers ("OHO") held that Mr. Mathis negligently failed to make certain disclosures on his Form U4 concerning personal tax liens, and willfully failed to make other required Form U4 disclosures regarding those tax liens. (All of the underlying tax liabilities were paid in 2003 so the liens were released in 2003.) Mr. Mathis received a three-month suspension, and a $10,000 fine for the lien nondisclosures. With respect to other non-willful late Form U4 filings relating to two customer complaints, he received an additional 10-day suspension (to run concurrently), plus an additional $2,500 fine. The suspension was completed on September 4, 2012, and all fines have been paid.

Mr. Mathis has never disputed that he failed to make, or timely make, these disclosures on his Form U4; he only disputed the willfulness finding. He appealed the decision (principally with respect to the willfulness issue) to the FINRA National Adjudicatory Council ("NAC"). In December 2008, NAC affirmed the OHO decision pertaining to the "willful" issue, and slightly broadened the finding. Thereafter, Mr. Mathis appealed the NAC decision to the Securities and Exchange Commission and thereafter to the U.S. Court of Appeals. In each instance, the decision of the NAC was affirmed.

Under FINRA's rules, the finding that Mr. Mathis was found to have acted willfully subjects him to a "statutory disqualification." This means that he might no longer be permitted to continue to work in the securities industry. In September 2012, Mr. Mathis submitted to FINRA an application on Form MC-400 in which he sought permission to continue to work in the securities industry, notwithstanding the fact that he is subject to a statutory disqualification. A hearing on that application is scheduled for June 2014 and a decision on that application is expected during the third or fourth quarter of 2014. While a denial of that application would preclude Mr. Mathis from continuing to work at the Company's broker-dealer, he would still be able to continue performing his duties for the non-securities side of the business.

Employment Agreement

The CEO has an employment agreement which commenced on January 1, 2003 which automatically renews for annual periods following the initial two-year term. The agreement may be terminated by either party upon three months written notice in advance of any renewal date. Compensation pursuant to the agreement includes an annual salary of $250,000 (subject to annual increases of 5% beginning with the first automatic renewal), bonus eligibility, paid vacation and specified business expense reimbursements. The agreement sets limits on the CEO's annual sales of AWLD common stock. If the CEO's employment is terminated by the Company without cause or by the CEO for Good Reason, then the salary is payable for the remainder of the then current term, plus an additional six months. Upon a change of control (1) the CEO's options fully vest; (2) the employment term resets to one year from the date of the change of control; (3) the CEO has the right to resign during the thirty day period commencing on the one year anniversary of the change of control and then receive, within thirty days of his termination, a lump sum payment equal to his then current annual salary. The CEO isn't permitted to solicit AWLD clients or employees during a two-year non-solicitation period following his termination.

Commitments

The Company leases office space, storage space and office equipment under various operating leases that expire between 2013 and 2015. Most of the leases include renewal options. Future minimum payments on these operating leases are as follows:

For The Years Ending December 31,	Amount
2014	$ 152,967
2015	103,997
Total	$ 256,964

Rent expense for this property for the years ended December 31, 2013 and 2012 was $129,169 and $140,209, respectively, net of expense allocation to affiliates.

19. SUBSEQUENT EVENTS

Management has evaluated all subsequent events to determine if events or transactions occurring through May 6, 2014, the date the consolidated financial statements were available to be issued, require adjustment to or disclosure in the consolidated financial statements.

Common Stock Transactions

In January 2014, the Company issued 10,485 shares of common stock to settle certain accounts payable for $19,061 or an average of $1.82 per share of common stock.

In February 2014, the Company issued 166,305 shares of common stock to settle cashless exercised options to purchase 566,946 shares of common stock at an exercise price of $1.59 per share and 31,421 shares of common stock to settle an exercised option for a purchase price of $49,959 or $1.59 per share of common stock.

In March 2014, the Company issued 21,454 shares of common stock to settle its 2013 contributions obligation to the Company's 401(k) profit-sharing plan.

In April 2014, the Company issued 50,000 shares of common stock as part of an agreement to provide advisory services in connection with the Form 10 filing.

Preferred Stock Transactions

To date, during 2014, the Company issued 1,266,634 shares of Series A Preferred at $2.30 per share to accredited investors in a private placement transaction for gross proceeds of $2,913,252.

Warrants

To date, during 2014, in connection with the sale of Series A Preferred, DPEC Capital, Inc., as placement agent, earned warrants to purchase to purchase 154,027 shares of Series A Preferred at an exercise price of $2.30 per share. The warrants are exercisable for five years from the date of issuance. DPEC Capital, Inc., in turn, will award all such warrants to CAP's registered representatives.

Convertible Note Exchanges

To date, during 2014, pursuant to a limited time offer, convertible note holders elected to exchange principal and interest totaling $874,082 into 475,436 shares of Series A Preferred (including principal totaling $426,042 held by the CEO was exchanged into 231,545 shares of Series A Preferred). The fair market value of the equity securities issued exceeded the value of the extinguished debt by $219,415, which was recorded as a loss on extinguishment.

Consulting Agreement

On April 9, 2014, the Company engaged a financial advisor for a six month term (subject to immediate termination by either party) for consideration comprised of a $15,000 cash fee and the issuance of 50,000 shares of common stock.

Foreign Currency Exchange Rates

The Argentine Peso to United States Dollar exchange rate was 8.0125, 6.5049 and 4.9071 at May 12, 2014, December 31, 2013 and December 31, 2012, respectively.

Loans Payable

To date, during 2014, the Company loaned an aggregate of $598,924 to a related, but independent, entity. As of the date of filing, the loans remained outstanding.

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

(a Delaware corporation)

ARTICLE I
NAME

The name of the corporation is Algodon Wines & Luxury Development Group, Inc.

ARTICLE II
REGISTERED AGENT

The address of the registered office of the corporation in the State of Delaware is Incorporating Services, Ltd., 3500 South Dupont Highway, Dover, Delaware, 19901, Kent County. The name of its registered agent at that address is Incorporating Services, Ltd.

ARTICLE III
PURPOSE

The purpose of the corporation is to engage in any lawful act or activity for which a Corporation may be organized under the Delaware General Corporation Law ("DGCL").

ARTICLE IV
CAPITAL STOCK

A. Common Stock.

(1) The total number of shares of common stock, par value $0.01 per share, that the corporation is authorized to issue is 80,000,000.

(2) Each holder of common stock shall be entitled to one vote for each share of common stock held on all matters as to which holders of common stock shall be entitled to vote. Except for and subject to those preferences, rights, and privileges expressly granted to the holders of all classes of stock at the time outstanding having prior rights, and any series of preferred stock which may from time to time come into existence, and except as may be otherwise provided by the laws of the State of Delaware, the holders of common stock shall have exclusively all other rights of stockholders of the corporation, including, but not limited to, (a) the right to receive dividends when, as and if declared by the Board of Directors of the corporation out of assets lawfully available therefore, and (b) in the event of any distribution of assets upon the dissolution and liquidation of the corporation, the right to receive ratably and equally all of the assets of the corporation remaining after the payment to the holders of preferred stock of the specific amounts, if any, which they are entitled to receive as may be provided herein or pursuant hereto.

B. Preferred Stock.

(1) The total number of shares of preferred stock, par value $0.01 per share, that the Corporation is authorized to issue is 11,000,000.

(2) The Board of Directors is expressly authorized at any time, and from time to time, to provide for the issuance of shares of preferred stock in one or more series, with such voting powers, full or limited, or without voting powers and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the Board of Directors, subject to the limitations prescribed by law and in accordance with the provisions hereof, including but not limited to the following:

a. The designation of the series and the number of shares to constitute the series.

b. The dividend rate of the series, the conditions and dates upon which such dividends shall be payable, the relation which such dividends shall bear to the dividends payable on any other class or classes of stock, and whether such dividends shall be cumulative or noncumulative.

c. Whether the shares of the series shall be subject to redemption by the corporation and, if made subject to such redemption, the times, prices and other terms and conditions of such redemption.

d. The terms and amount of any sinking fund provided for the purchase or redemption of the shares of the series.

e. Whether or not the shares of the series shall be convertible into or exchangeable for shares of any other class or classes or of any other series of any class or classes of stock of the corporation, and, if provision be made for conversion or exchange, the times, prices, rates, adjustments and other terms and conditions of such conversion or exchange.

f. The extent, if any, to which the holders of the shares of the series shall be entitled to vote with respect to the election of directors or otherwise.

g. The restrictions, if any, on the issue or reissue of any additional preferred stock.

h. The rights of the holders of the shares of the series upon the dissolution, liquidation, or winding up of the corporation.

i. Any other relative rights, preferences, and limitations.

ARTICLE V
DIRECTORS

A. Authority, Number and Election of Directors. The affairs of the corporation shall be conducted by the Board of Directors. The number of directors of the corporation shall be fixed from time to time in the manner provided in the bylaws of the corporation and may be increased or decreased from time to time in the manner provided in the bylaws; provided, however, that, except as otherwise provided in this Article 5, the number of directors shall not be less than two nor more than nine. Election of directors need not be by written ballot except and to the extent provided in the bylaws. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be elected and qualified, subject, however, to such director's prior death, resignation, retirement, disqualification or removal from office.

B. Removal. Subject to any rights of the holders of any series of preferred stock, a director may be removed from office without cause by the stockholders prior to the expiration of his or her term of office. Any director may be removed for cause by the Board at a special meeting of the Board of Directors.

C. Quorum. A quorum of the Board of Directors for the transaction of business shall not consist of less than a majority of the total number of directors, except as otherwise may be provided in this Amended and Restated Certificate of Incorporation or in the bylaws with respect to filling vacancies.

D. Newly Created Directorships and Vacancies. Except as otherwise fixed pursuant to the rights of the holders of any class or series of preferred stock to elect directors under specified circumstances, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause may be filled by the affirmative vote of a majority of the remaining directors then in office, or by a sole remaining director, even though less than a quorum of the Board of Directors, or by the stockholders . Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the new directorship which was created or in which the vacancy occurred and until such director's successor shall have been elected and qualified.

ARTICLE VI
BYLAWS

Except as otherwise provided in this Amended and Restated Certificate of Incorporation, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to adopt, repeal, alter, amend and rescind any or all of the bylaws of the corporation, provided however; that any bylaw made by the Board of Directors is subject to amendment or repeal by the stockholders of the Corporation.

ARTICLE VII
STOCKHOLDERS

A. Meetings. Meetings of stockholders may be held within or without the State of Delaware, as determined by the Board of Directors. Each meeting of stockholders will be held on the date and at the time and place determined by the Board of Directors.

B. Special Meetings. Special meetings of stockholders may be called by the chief executive officer, the Board of Directors or the holders of ten percent (10%) or more of the shares entitled to vote at such meeting. Any request by a stockholder for a special meeting shall state the purpose or purposes of the proposed meeting, in accordance with the requirements of the Bylaws, and shall include all of the information required by the Bylaws. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

C. Action by Written Consent. Action required or permitted to be taken by stockholders at any annual or special meeting of stockholders may be taken by written consent.

ARTICLE VIII
VOTING REQUIREMENT

Notwithstanding any other provisions of this Amended and Restated Certificate of Incorporation or of the bylaws (and notwithstanding the fact that a lesser percentage may be otherwise specified by law, this Amended and Restated Certificate of Incorporation or the bylaws), the affirmative vote of the holders of not less than sixty six and two-thirds percent (66 2/3%) of the outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors (considered for this purpose as one class), shall be required to amend or repeal or adopt any provisions inconsistent with Articles 5, 8, 9 or 10 of this Amended and Restated Certificate of Incorporation.

ARTICLE IX
LIABILITY OF OFFICERS AND DIRECTORS

A. General. A director of the corporation shall not be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as currently in effect or as the same may hereafter be amended.

B. Amendment. No amendment, modification or repeal of this Article 9, nor the adoption of any provision of the Certificate of Incorporation inconsistent with this Article 9, shall adversely affect any right or protection of a director that exists at the time of such amendment, modification or repeal.

ARTICLE X
INDEMNIFICATION

A. General. The corporation shall indemnify to the fullest extent permitted by and in the manner permissible under the DGCL, as amended from time to time (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment), any person made, or threatened to be made, a party to any threatened, pending or completed action, suit, or proceeding, whether criminal, civil, administrative, or investigative, by reason of the fact that such person (1) is or was a director or officer of the corporation or any predecessor of the corporation or (2) served any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner, trustee, employee or agent at the request of the corporation or any predecessor of the corporation; provided, however, that except as provided in Section 10(D), the corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized in advance by the Board of Directors.

B. Advancement of Expenses. The right to indemnification conferred in this Article 10 shall be a contract right and shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition, such advances to be paid by the corporation within twenty days after the receipt by the corporation of a statement or statements from the claimant requesting such advance or advances from time to time; provided, however, that if the DGCL requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the corporation of an undertaking by or on behalf of such director or officer to repay all amounts so advanced if it shall ultimately be determined by a final judicial decision from which there is no right of appeal that such director or officer is not entitled to be indemnified under this Article 10 or otherwise.

C. Procedure for Indemnification. To obtain indemnification under this Article 10, a claimant shall submit to the corporation a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification pursuant to the first sentence of this Section 10(C), a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (1) if requested by the claimant or if there are no Disinterested Directors (as hereinafter defined), by Independent Counsel (as hereinafter defined); or (2) by a majority vote of the Disinterested Directors, even though less than a quorum, or by a majority vote of a committee of Disinterested Directors designated by a majority vote of Disinterested Directors, even though less than a quorum. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within ten days after such determination.

D. Certain Remedies. If a claim under Section 10(A) is not paid in full by the corporation within 30 days after a written claim pursuant to Section 10(C) has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the reasonable expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any, has been tendered to the corporation) that the claimant has not met the standard of conduct which makes it permissible under the DGCL for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, Independent Counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the corporation (including its Board of Directors, Independent Counsel or stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

E. Binding Effect. If a determination shall have been made pursuant to Section 10(C) that the claimant is entitled to indemnification, the corporation shall be bound by such determination in any judicial proceeding commenced pursuant to Section 10(D).

F. Validity of this Article. The corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to Section 10(D) that the procedures and presumptions of this Article 10 are not valid, binding and enforceable and shall stipulate in such proceeding that the corporation is bound by all the provisions of this Article 10.

G. Nonexclusivity. The right to indemnification and to the advancement of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article 10 shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, bylaws, agreement, vote of stockholders or Disinterested Directors or otherwise. No repeal or modification of this Article 10 shall in any way diminish or adversely affect the rights of any present or former director or officer of the corporation or any predecessor thereof hereunder in respect of any occurrence or matter arising prior to any such repeal or modification.

H. Insurance. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

I. Indemnification of Other Persons. The corporation may grant rights to indemnification, and rights to the advancement by the corporation of expenses incurred in defending any proceeding in advance of its final disposition, to any present or former employee or agent of the corporation or any predecessor of the corporation to the fullest extent of the provisions of this Article 10 with respect to the indemnification and advancement of expenses of directors and officers of the corporation.

J. Severability. If any provision or provisions of this Article 10 shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this Article 10 (including, without limitation, each portion of any paragraph of this Article 10 containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this Article 10 (including, without limitation, each such portion of any paragraph of this Article 10 containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

K. Certain Definitions. For purposes of this Article 10:

(1) "Disinterested Director" means a director of the corporation who is not and was not a party to the matter in respect of which indemnification is sought by the claimant and otherwise has no material interest in the matter as determined by the Board.

(2) "Independent Counsel" means a law firm, a member of a law firm, or an independent practitioner that is experienced in matters of Delaware corporation law and shall include any such person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the corporation or the claimant in an action to determine the claimant's rights under this Article 10. Independent Counsel shall be selected by the Board of Directors.

ARTICLE XI
AMENDMENTS

Subject to Article 8, the corporation reserves the right to alter, amend, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation in the manner now or hereafter prescribed by the laws of the State of Delaware, and all rights conferred herein are granted subject to this reservation.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned, being a duly authorized officer of the Corporation, has executed this Amended and Restated Certificate of Incorporation the 30th day of September, 2013.

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

By: /s/ Scott Mathis
Name: Scott Mathis
Its: Chief Executive Officer

AMENDED AND RESTATED BYLAWS
OF
ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

ARTICLE I
OFFICES

The registered office of Algodon Wines & Luxury Development Group, Inc., a Delaware corporation, in the State of Delaware will be as provided for in the corporation's Certificate of Incorporation, as amended (the "Certificate of Incorporation"). The corporation will have offices at such other places as the Board of Directors may from time to time determine.

ARTICLE II
STOCKHOLDERS

A. Annual Meetings. The annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly come before the meeting will be held on the date and at the time and place, if any, fixed, from time to time, by resolution of the Board of Directors.

B. Special Meetings. Special meetings of stockholders may be called by those persons authorized to do so in the Certificate of Incorporation. In the case of a special meeting requested by stockholders, the Board of Directors shall, within 30 days of the corporation's receipt of a duly submitted request for such meeting, set a place, time and date for the meeting, which date shall be not later than 90 days from the date such request is received.

C. Notice of Meeting. Written notice stating the place, if any, date and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called, will be given not less than ten nor more than 60 days before the date of the meeting, except as otherwise required by law or the Certificate of Incorporation, either personally or by mail, facsimile transmission, electronic mail, overnight courier, to each stockholder of record entitled to vote at such meeting. If mailed, such notice will be deemed to be given when deposited in the United States mail, postage prepaid, addressed to the stockholder at the stockholder's address as it appears on the stock records of the corporation. Notice given by electronic transmission pursuant to this Section shall be deemed given: (1) if by facsimile transmission, when directed to a facsimile telecommunication number at which the stockholder has consented to receive notice; (2) if by electronic mail, when directed to the electronic mail address at which the stockholder has consented to receive notice; (3) if by posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (a) such posting, and (b) the giving of such separate notice; and (4) if by any other form of electronic transmission, when directed to the stockholder. An affidavit of the secretary or assistant secretary or of the transfer agent or other agent of the corporation that the notice has been given by personal delivery, by mail, or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

D. Waiver. Attendance of a stockholder of the corporation, either in person or by proxy, at any meeting, whether annual or special, will constitute a waiver of notice of such meeting, except where a stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. A written or electronic transmission of waiver of notice of any such meeting signed by a stockholder or stockholders entitled to such notice, whether before, at or after the time for notice or the time of the meeting, will be equivalent to notice. If such waiver is given by electronic transmission, the electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder. Neither the business to be transacted at, nor the purposes of, any meeting need be specified in any written waiver of notice.

E. Record Date for Meetings. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 or fewer than ten days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

F. Notice of Business to Be Transacted at Meetings of Stockholders. No business may be transacted at any meeting of stockholders, including the nomination or election of persons to the Board of Directors, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof) with respect to an annual meeting or a special meeting, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the meeting by any stockholder of the corporation (1) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2(F) and on the record date for the determination of stockholders entitled to vote at such meeting and (2) who complies with the notice procedures set forth in this Section 2(F). In addition to any other applicable requirements, for business to be properly brought before a meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the secretary of the corporation. The notice procedures set forth in this Section 2(F) shall not be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to, and in compliance with the requirements of, Rule 14a-8 of the Securities Exchange Act of 1934 (the "Exchange Act").

G. Notices to the Company.

(1) To be timely, a stockholder's notice to the secretary must be delivered to or mailed and received at the principal executive offices of the corporation not less than ninety days nor more than one hundred twenty days prior to the date of the meeting; provided, however, that in the event that public disclosure of the date of the meeting is first made less than 100 days prior to the date of the meeting, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth day following the day on which such public disclosure of the date of the meeting was made.

(2) To be in proper written form, a stockholder's notice to the secretary regarding any business other than nominations of persons for election to the Board of Directors must set forth as to each matter such stockholder proposes to bring before the annual meeting; (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting; (b) the name and record address of such stockholder; (c) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by such stockholder; (d) all other ownership interests of such stockholder, including derivatives, hedged positions, synthetic and temporary ownership techniques, swaps, securities, loans, timed purchases and other economic and voting interests; (e) a description of all other arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (f) a representation that such stockholder intends to appear in person or by proxy at the meeting to bring such business before the meeting.

(3) To be in proper written form, a stockholder's notice to the secretary regarding nominations of persons for election to the Board of Directors must set forth (a) as to each proposed nominee; (i) the name, age, business address and residence address of the nominee, (ii) the principal occupation or employment of the nominee, (iii) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by the nominee and (iv) any other information relating to the nominee that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice, (i) the name and record address of such stockholder, (ii) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by such stockholder, (iii) all other ownership interests of such stockholder, including derivatives, hedged positions, synthetic and temporary ownership techniques, swaps, securities, loans, timed purchases and other economic and voting interests, (iv) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (v) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (vi) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected. Each proposed nominee will be required to complete a questionnaire, in a form to be provided by the corporation, to be submitted with the stockholder's notice. The corporation may also require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as an independent director of the corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(4) No business shall be conducted at any meeting of stockholders, and no person nominated by a stockholder shall be eligible for election as a director, unless proper notice was given with respect to the proposed action in compliance with the procedures set forth in this Section 2(F). Determinations of the chairman of the meeting as to whether those procedures were complied with in a particular case shall be final and binding.

H. Quorum and Adjournment. Except as otherwise required by law, the Certificate of Incorporation or these Bylaws, the holders of not less than a majority of the shares entitled to vote at any meeting of the stockholders, present in person or by proxy, will constitute a quorum. If a quorum is not present at any meeting, the chairman of the meeting, or the stockholders, although less than a quorum, may adjourn the meeting to another time and place. When a meeting is adjourned to another time and place, if any, unless otherwise provided by these Bylaws, notice need not be given of the adjourned meeting if the date, time and place, if any, thereof by which the stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the stockholders may transact any business that might have been transacted at the original meeting. A determination of stockholders of record entitled to notice of or vote at a meeting of stockholders shall apply to any adjournment of such meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting. If the adjournment is for more than 30 days or, if after an adjournment, a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting.

I. Procedure. The order of business and all other matters of procedure at every meeting of the stockholders may be determined by the chairman of the meeting. The chairman of any meeting of the stockholders shall be the chairman of the Board of Directors or, in his or her absence, the most senior officer of the corporation present at the meeting. The secretary of the corporation shall act as secretary of all meetings of the stockholders, but, in the absence of the secretary, the presiding officer of the meeting may appoint any person to act as secretary of the meeting.

J. Vote Required. Except as otherwise provided by law or by the Certificate of Incorporation:

(1) Directors shall be elected by a plurality in voting power of the shares entitled to vote in the election of directors; and

(2) Whenever any corporate action other than the election of directors is to be taken, it shall be authorized by a majority in voting power of the shares entitled to vote on the subject matter.

K. Manner of Voting; Proxies.

(1) At each meeting of stockholders, each stockholder having the right to vote shall be entitled to vote in person or by proxy. Each stockholder shall be entitled to vote each share of stock having voting power and registered in such stockholder's name on the books of the corporation on the record date fixed for determination of stockholders entitled to vote at such meeting.

(2) Each person entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after one year from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only so long as, it is coupled with an interest sufficient in law to support an irrevocable power. Proxies shall be filed with the secretary of the corporation prior to the meeting being called to order. Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy, the following shall constitute valid means by which a stockholder may grant such authority:

a. A stockholder may execute a writing authorizing another person or persons to act for such stockholder as proxy. Execution may be accomplished by the stockholder or the stockholder's authorized officer, director, employee, or agent signing such writing or causing such person's signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature; and

b. A stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of electronic mail, or other means of electronic transmission to the person or persons who will be the holder of the proxy or to an agent of the proxy holder(s) duly authorized by such proxy holder(s) to receive such transmission; provided, however, that any such electronic mail or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic mail or other electronic transmission was authorized by the stockholder. If it is determined that any electronic mail or other electronic transmission is valid, the inspectors or, if there are no inspectors, such other persons making that determination, shall specify the information upon which they relied.

Any copy, facsimile telecommunication, or other reliable reproduction of a writing or electronic transmission authorizing a person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing or electronic transmission for any and all purposes for which the original writing or electronic transmission could be used; provided, however, that such copy, facsimile telecommunication, or other reproduction shall be a complete reproduction of the entire original writing or electronic transmission.

L. Conduct of the Meeting. At each meeting of stockholders, the presiding officer of the meeting shall fix and announce the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at the meeting and shall determine the order of business and all other matters of procedure. The Board of Directors may adopt by resolution such rules, regulations, and procedures for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with any such rules and regulations adopted by the Board of Directors, the presiding officer of the meeting shall have the right and authority to convene and to adjourn the meeting and to establish rules, regulations, and procedures, which need not be in writing, for the conduct of the meeting and to maintain order and safety. Without limiting the foregoing, he or she may:

(1) Restrict attendance at any time to bona fide stockholders of record and their proxies and other persons in attendance at the invitation of the presiding officer or Board of Directors;

(2) Place restrictions on entry to the meeting after the time fixed for the commencement thereof;

(3) Restrict dissemination of solicitation materials and use of audio or visual recording devices at the meeting;

(4) Adjourn the meeting without a vote of the stockholders, whether or not there is a quorum present;

(5) Make rules governing speeches and debate, including time limits and access to microphones; and

(6) The presiding officer of the meeting shall act in his or her absolute discretion and his or her rulings shall not be subject to appeal.

M. Inspectors of Election. The corporation may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (1) ascertain the number of shares of capital stock of the corporation outstanding and the voting power of each such share; (2) determine the shares of capital stock of the corporation represented at the meeting and the validity of proxies and ballots; (3) count all votes and ballots; (4) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; and (5) certify their determination of the number of shares of capital stock of the corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

N. Consent of Stockholders. Any action required or permitted to be taken at any meeting of the stockholders of the Corporation may be taken without a meeting without prior notice and without a vote if a consent in writing setting forth the action so taken shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III
DIRECTORS

A. Number. Subject to the provisions of the Certificate of Incorporation, the number of directors will be fixed from time to time exclusively by resolutions adopted by the Board of Directors.

B. Powers. The Board of Directors shall exercise all of the powers of the corporation except such as are, by applicable law, the Certificate of Incorporation, or these Bylaws, conferred upon or reserved to the stockholders of any class or classes or series thereof.

C. Resignations. Any director may resign at any time by giving notice in writing or by electronic transmission to the Board of Directors or the secretary; provided, however, that if such notice is given by electronic transmission, such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the director. Such resignation shall take effect at the date of receipt of such notice or at any later time specified therein. Acceptance of such resignation shall not be necessary to make it effective.

D. Regular Meetings. The Board of Directors shall meet on the same days as the annual meeting of the stockholders, provided a quorum is present, and no notice of such meeting will be necessary in order to legally constitute the meeting. Regular meetings of the Board of Directors will be held at such times and places as the Board of Directors may from time to time determine.

E. Special Meetings. Special meetings of the Board of Directors may be called at any time, at any place and for any purpose by the chairman of the board, the chief executive officer, or by a majority of the Board of Directors.

F. Notice of Meetings. Notice of every meeting of the Board of Directors will be given to each director at his usual place of business or at such other address as will have been furnished by him for such purpose. Such notice will be properly and timely given if it is (1) deposited in the United States mail not later than the third calendar day preceding the date of the meeting or (2) personally delivered, telegraphed, sent by facsimile or electronic transmission or communicated by telephone at least twenty-four hours before the time of the meeting. Such notice need not include a statement of the business to be transacted at, or the purpose of, any such meeting.

G. Waiver of Notice. Attendance of a director at a meeting of the Board of Directors will constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. A written waiver of notice signed by a director or directors entitled to such notice, whether before, at, or after the time for notice or the time of the meeting, will be equivalent to the giving of such notice.

H. Required Vote; Adjournment. Except as may be otherwise provided by law, the Certificate of Incorporation or these Bylaws, the act of a majority of the directors present at a meeting at which a quorum is present will be deemed the act of the Board of Directors. Less than a quorum may adjourn any meeting of the Board of Directors from time to time without notice.

I. Procedure. The order of business and all other matters of procedure at every meeting of the Board of Directors may be determined by the chairman of the Board of Directors or, in his or her absence, the most senior officer of the corporation present at the meeting. The secretary of the corporation shall act as secretary of all meetings of the Board of Directors, but, in the absence of the secretary, the presiding officer of the meeting may appoint any person to act as secretary of the meeting.

J. Participation in Meetings by Telephone. Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation will constitute presence in person at such meeting.

K. Action Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the board or committee. Any such consent may be in counterparts and will be effective on the date of the last signature thereon unless otherwise provided therein.

L. Fees and Compensation of Directors. Unless otherwise provided by the Certificate of Incorporation, or these Bylaws, the Board of Directors, by resolution or resolutions, may fix the compensation of directors. The directors may be reimbursed for their expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as a director. Nothing contained in these Bylaws shall preclude any director from serving the corporation in any other capacity and receiving compensation therefore. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE IV
COMMITTEES

A. Designation of Committees. The Board of Directors may establish one or more committees for the performance of delegated or designated functions to the extent permitted by law, each committee to consist of one or more directors of the corporation. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of such absent or disqualified member.

B. Committee Powers and Authority. Except to the extent otherwise required by law, the Board of Directors may provide, by resolution or by amendment to these Bylaws, that a committee may exercise all the power and authority of the Board of Directors in the management of the business and affairs of the corporation to the extent the Board of Directors deems it reasonable and appropriate to do so.

ARTICLE V
OFFICERS

A. Number. The officers of the corporation will be appointed or elected by the Board of Directors. The officers will be a chairman, a chief executive officer, a president, such number, if any, of executive vice presidents as the Board of Directors may from time to time determine, such number, if any, of vice presidents as the Board of Directors may from time to time determine, a secretary, such number, if any, of assistant secretaries as the Board of Directors may from time to time determine, and a treasurer. Any person may hold two or more offices at the same time.

B. Additional Officers. The Board of Directors may appoint such other officers as it may deem appropriate.

C. Term of Office; Resignation. All officers, agents and employees of the corporation will hold their respective offices or positions at the pleasure of the Board of Directors and may be removed at any time by the Board of Directors with or without cause. Any officer may resign at any time by giving written notice of his resignation to the chief executive officer, the president, or to the secretary, and acceptance of such resignation will not be necessary to make it effective unless the notice so provides. Any vacancy occurring in any office will be filled by the Board of Directors.

D. Duties. The officers of the corporation will perform the duties and exercise the powers as may be assigned to them from time to time by the Board of Directors or the president and chief executive officer.

E. Salaries. Subject to any applicable law, regulation or stock exchange rule to which the corporation may be subject, the salaries of all officers of the corporation shall be fixed by the Board of Directors from time to time, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the corporation.

ARTICLE VI
CAPITAL STOCK

A. Certificates. The shares of capital stock of the corporation may be represented by certificates or may be uncertificated. To the extent required by law, every holder of capital stock of the corporation represented by certificates, and upon request, every holder of uncertificated shares, shall be entitled to a certificate representing such shares. Certificates for shares of stock of the corporation shall be issued under the seal of the corporation, or a facsimile thereof, and shall be numbered and shall be entered in the books of the corporation as they are issued. Each certificate shall bear a serial number, shall exhibit the holder's name and the number of shares evidenced thereby, and shall be signed by the chairman of the Board or a vice chairman, if any, or the president, if any, or any vice president, and by the secretary. Any or all of the signatures on the certificate may be a facsimile. If any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, the certificate may be issued by the corporation with the same effect as if such person or entity were such officer, transfer agent, or registrar at the date of issue.

B. Registered Stockholders. The corporation will be entitled to treat the holder of record of any share or shares of stock of the corporation as the holder in fact thereof and, accordingly, will not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it has actual or other notice thereof, except as provided by law.

C. Transfer of Certificates. Shares of stock shall be transferrable on the books of the corporation pursuant to applicable law and such rules and regulations as the Board of Directors shall from time to time prescribe. Whenever any transfers of shares shall be made for collateral security and not absolutely and written notice thereof shall be given to the secretary or to such transfer agent or transfer clerk, such fact shall be stated in the entry of the transfer. Notwithstanding the foregoing, the transfer of a share may only be registered in the corporation's securities register upon:

(1) Presentation and surrender of the certificate representing such share with an endorsement, which complies with the Act, made on the certificate or delivered with the certificate, duly executed by an appropriate person as provided by the Act, together with reasonable assurance that the endorsement is genuine and effective, upon payment of all applicable taxes and in any reasonable fees prescribed by the Board; or

(2) In the case of shares electronically issued without a certificate, upon receipt of proper transfer instructions from the registered holder of the shares, a duly authorized attorney of the registered owner of the shares or an individual presenting proper evidence of succession, assignment or authority to the transfer of the shares.

D. Cancellation of Certificates. All certificates surrendered to the corporation will be canceled and, except in the case of lost, stolen or destroyed certificates, no new certificates will be issued until the former certificate or certificates for the same number of shares of the same class of stock have been surrendered and canceled.

E. Lost, Stolen, or Destroyed Certificates. The Board of Directors or chief executive officer may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed upon the making of an affidavit of that fact in a form acceptable to the Board of Directors or the chief executive officer by the person claiming the certificate or certificates to be lost, stolen or destroyed. In its discretion, and as a condition precedent to the issuance of any such new certificate or certificates, the Board of Directors or the chief executive officer may require that the owner of such lost, stolen or destroyed certificate or certificates, or such person's legal representative, give the corporation and its transfer agent or agents, registrar or registrars a bond in such form and amount as the Board of Directors or the chief executive officer may direct as indemnity against any claim that may be made against the corporation and its transfer agent or agents, registrar or registrars on account of the alleged loss, theft, or destruction of any such certificate or the issuance of such new certificate.

ARTICLE VII
FISCAL YEAR

The corporation's fiscal year will be as established by the Board of Directors.

ARTICLE VIII
AMENDMENTS

Subject to the laws of the State of Delaware, the Certificate of Incorporation and these Bylaws, the Board of Directors may amend these Bylaws or enact such other Bylaws as in their judgment may be advisable relating to the business of the corporation, the conduct of its affairs, and its rights or powers or the rights or powers of its stockholders, directors, officers, or employees.

ARTICLE IX
MISCELLANEOUS

A. Books and Records.

(1) Any books or records maintained by the corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of, or be in the form of, any information storage device or method; provided, however, that the books and records so kept can be converted into clearly legible paper form within a reasonable time. The corporation shall so convert any books or records so kept upon the request of any person entitled to inspect such records pursuant to the Certificate of Incorporation, these Bylaws, or the provisions of Delaware law.

(2) It shall be the duty of the secretary or other officer of the corporation who shall have charge of the stock ledger to prepare, or have prepared, and make, at least ten days before every meeting of the stockholders, a complete list of the stockholders entitled to vote thereat, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the stockholder's name. Nothing contained in this subsection (b) shall require the corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten days prior to the meeting during ordinary business hours, at the principal place of business of the corporation. At the meeting, the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence of the identity of the stockholders entitled to examine such list.

(3) Except to the extent otherwise required by law, the Certificate of Incorporation, or these Bylaws, the Board of Directors shall determine from time to time whether and, if allowed, when and under what conditions and regulations the stock ledger, books, records, and accounts of the corporation, or any of them, shall be open to inspection by the stockholders and the stockholders' rights, if any, in respect thereof. Except as otherwise provided by law, the stock ledger shall be the only evidence of the identity of the stockholders entitled to examine the stock ledger and the books, records, or accounts of the corporation.

B. Voting Shares in Other Business Entities. Any officer of the corporation designated by the Board of Directors may vote any and all shares of stock or other equity interest held by the corporation in any other corporation or other business entity, and may exercise on behalf of the corporation any and all rights and powers incident to the ownership of such stock or other equity interest.

C. Record Date for Distributions and Other Actions. In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution, or allotment of any rights, or the stockholders entitled to exercise any rights in respect of any change, conversion, or exchange of capital stock, or for the purpose of any other lawful action, except as may otherwise be provided in these Bylaws, the Board of Directors may fix a record date. Such record date shall not precede the date upon which the resolution fixing such record date is adopted, and shall not be more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

D. Electronic Transmission. For purposes of these Bylaws, "electronic transmission" means any form of communication, including but not limited to electronic mail, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

E. Certificate of Incorporation. Notwithstanding anything to the contrary contained herein, if any provision contained in these Bylaws is inconsistent with or conflicts with a provision of the Certificate of Incorporation, such provision of these Bylaws shall be superseded by the inconsistent provision in the Certificate of Incorporation to the extent necessary to give effect to such provision in the Certificate of Incorporation.

F. Delaware as Forum. Unless the corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of the corporation; (2) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the corporation to the corporation or the corporation's stockholders; (3) any action asserting a claim arising pursuant to any provision of the Delaware General corporation Law; or (4) any action asserting a claim governed by the internal affairs doctrine shall be a state or federal court located within the state of Delaware, in all cases subject to the court's having personal jurisdiction over the indispensable parties named as defendants. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the corporation shall be deemed to have notice of and consented to the provisions of this bylaw.

AMENDED AND RESTATED CERTIFICATE OF DESIGNATION
OF
ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

PURSUANT TO SECTION 151 OF THE
DELAWARE GENERAL CORPORATION LAW

Algodon Wines & Luxury Development Group, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), DOES HEREBY CERTIFY:

That pursuant to resolutions adopted by unanimous consent of the Board of Directors of the Corporation, resolutions adopted by stockholders holding a majority of the outstanding Common Stock of the Corporation, and resolutions adopted by stockholders holding a majority of the Series A Preferred Stock of the Corporation, the Certificate of Designation for the Series A Convertible Preferred Stock, $0.01 par value per share, dated October 1, 2012 be and is hereby amended and restated in its entirety as set forth below:

Series A Convertible Preferred Stock

1. **Designation.** A total of 11,000,000 shares of the Corporation's Preferred Stock shall be designated as "Series A Convertible Preferred Stock." As used herein, the term "Preferred Stock" means the shares of Series A Convertible Preferred Stock except as the context otherwise requires.

2. **Dividends.** Subject to provisions of law, the holders of record of shares of the Series A Convertible Preferred Stock shall be entitled to receive cash dividends, which shall be payable when, as and if declared by the Board of Directors, out of assets which are legally available for the payment of such dividends, including any special dividends declared by the Board of Directors as well as ordinary dividends, at an annual rate equal to $0.184 (or 8% based on the Series A Liquidation Value as defined below) per share of Series A Convertible Preferred Stock (which amount shall be subject to equitable adjustment whenever there shall occur a stock dividend, stock split, combination, reorganization, recapitalization, reclassification or other similar event), provided that such dividends shall not be currently payable and shall only be payable when and if specifically provided herein. Dividends shall be cumulative, without compounding, and shall accrue daily on each share of Series A Convertible Preferred Stock from the date of issue thereof. Dividends payable on the Series A Convertible Preferred Stock for any period less than a full year shall be computed on the basis of the actual number of days elapsed and a 365-day year. Upon the conversion of shares of the Series A Preferred Stock into Common Stock of the Corporation, all cumulative dividends with respect to such converted shares which have not been declared by the Board of Directors shall be cancelled.

3. **Liquidation, Dissolution or Winding Up.**

(a) **Treatment at Sale, Liquidation, Dissolution or Winding Up**. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any distribution or payment is made to any holders of any shares of Common Stock or any other class or series of capital stock of the Corporation designated to be junior to the Series A Convertible Preferred Stock, and subject to the liquidation rights and preferences of any class or series of Preferred Stock designated to be senior to, or on a parity with, the Series A Convertible Preferred Stock, the holders of shares of Series A Convertible Preferred Stock shall be entitled to be paid first out of the assets of the Corporation available for distribution to holders of the Corporation's capital stock whether such assets are capital, surplus or earnings, an amount equal to $2.30 per share of Series A Convertible Preferred Stock (which amount shall be subject to equitable adjustment whenever there shall occur a stock dividend, stock split, combination, reorganization, recapitalization, reclassification or other similar event) plus any dividends accrued or declared but unpaid on such shares (such amount, as so determined, is referred to herein as the "Series A Liquidation Value" with respect to such shares).

(b) **Insufficient Funds**. If upon such liquidation, dissolution or winding up the assets or surplus funds of the Corporation to be distributed to the holders of shares of Series A Convertible Preferred Stock and any other then-outstanding shares of the Corporation's capital stock ranking on a parity with respect to payment on liquidation with the Series A Convertible Preferred Stock (such shares being referred to herein as the "Series A Parity Stock") shall be insufficient to permit payment to such respective holders of the full Series A Liquidation Value and all other preferential amounts payable with respect to the Series A Convertible Preferred Stock and such Series A Parity Stock, then the assets available for payment or distribution to such holders shall be allocated among the holders of the Series A Convertible Preferred Stock and such Series A Parity Stock, pro rata, in proportion to the full respective preferential amounts to which the Series A Convertible Preferred Stock and such Series A Parity Stock are each entitled.

(c) **Certain Transactions Treated as Liquidation**. For purposes of this Section 3, (i) any acquisition of the Corporation by means of merger or other form of corporate reorganization or consolidation with or into another corporation in which outstanding shares of this Corporation, including shares of Series A Convertible Preferred Stock, are exchanged for securities or other consideration issued, or caused to be issued, by the other corporation or its subsidiary and, as a result of which transaction, the shareholders of this Corporation own 50% or less of the voting power of the surviving entity (other than a mere re-incorporation transaction), or (ii) a sale, transfer or lease (other than a pledge or grant of a security interest to a bona fide lender) of all or substantially all of the assets of the Corporation, shall be treated as a liquidation, dissolution or winding up of the Corporation and shall entitle the holders of Series A Convertible Preferred Stock to receive the amount that would be received in a liquidation, dissolution or winding up pursuant to Section 3(a) hereof, if the holders of at least 50% of the then outstanding shares of Series A Convertible Preferred Stock so elect by giving written notice thereof to the Corporation at least three days before the effective date of such event, or have voted in favor of such event at a shareholders meeting (or pursuant to a written consent in lieu of a meeting). The Corporation will provide the holders of Preferred Stock with notice of all transactions which are to be treated as a liquidation, dissolution or winding up pursuant to this Section 3(c) fifteen (15) days prior to the earlier of the vote relating to such transaction or the closing of such transaction.

(d) **Distributions of Property**. Whenever the distribution provided for in this Section 3 shall be payable in property other than cash, the value of such distribution shall be the fair market value of such property as determined in good faith by the Board of Directors, unless the holders of 50% or more of the then outstanding shares of Series A Convertible Preferred Stock request, in writing, that an independent appraiser perform such valuation, then by an independent appraiser selected by the Board of Directors and reasonably acceptable to 50% or more of the holders of Series A Convertible Preferred Stock. The cost of the independent appraiser shall be borne by the holders of the Series A Convertible Preferred Stock unless such valuation is 15% (or more) greater than the initial valuation as determined by the Board of Directors.

4. **Voting Power.**

Except as otherwise expressly provided in Section 9 hereof or as otherwise required by law, each holder of Series A Convertible Preferred Stock shall be entitled to vote on all matters and shall be entitled to that number of votes equal to the number of whole shares of Common Stock into which such holder's shares of Series A Convertible Preferred Stock could then be converted, pursuant to the provisions of Section 5 hereof, at the record date for the determination of shareholders entitled to vote on such matter or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is solicited. Except as otherwise expressly provided in Section 9 hereof or as otherwise required by law, the holders of shares of Preferred Stock and Common Stock shall vote together as a single class on all matters.

5. **Conversion Rights.** The holders of the Series A Convertible Preferred Stock shall have the following rights with respect to the conversion of such shares into shares of Common Stock:

(a) **General**. Subject to and in compliance with the provisions of this Section 5, any or all shares of the Series A Convertible Preferred Stock may, at the option of the holder thereof, be converted at any time into fully-paid and non-assessable shares of Common Stock, except that the Company shall not be required to convert less than 25,000 shares of Series A Convertible Preferred Stock in the event such holder seeks to convert less than all of such holder's shares. The number of shares of Common Stock that a holder of Series A Convertible Preferred Stock shall be entitled to receive upon conversion shall be the product obtained by multiplying the Series A Applicable Conversion Rate (determined as provided in Section 5(b)) by the number of shares of Series A Convertible Preferred Stock being converted at any time.

(b) **Applicable Conversion Rate**. The conversion rate in effect at any time for the Series A Convertible Preferred Stock (the "Series A Applicable Conversion Rate") shall be the quotient obtained by dividing $2.30 by the Series A Applicable Conversion Value, as defined in Section 5(c). Initially, the Series A Applicable Conversion Rate shall be one (1), and each share of Series A Convertible Preferred Stock shall initially be convertible into one (1) share of Common Stock.

(c) **Applicable Conversion Value**. The Series A Applicable Conversion Value in effect from time to time, except as adjusted in accordance with Section 5(d) hereof, shall be $2.30 with respect to the Series A Convertible Preferred Stock (the "Series A Applicable Conversion Value").

(d) **Adjustment to Series A Applicable Conversion Value**.

(i) **Upon Extraordinary Common Stock Event**. Upon the happening of an Extraordinary Common Stock Event (as hereinafter defined), the Series A Applicable Conversion Value (and all other conversion values set forth in Section 5(d)(i) above) shall, simultaneously with the happening of such Extraordinary Common Stock Event, be adjusted by multiplying the Series A Applicable Conversion Value by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such Extraordinary Common Stock Event and the denominator of which shall be the number of shares of Common Stock outstanding immediately after such Extraordinary Common Stock Event, and the product so obtained shall thereafter be the Series A Applicable Conversion Value. The Series A Applicable Conversion Value, as so adjusted, shall be readjusted in the same manner upon the happening of any successive Extraordinary Common Stock Event or Events. An "Extraordinary Common Stock Event" shall mean (A) the issuance of additional shares of Common Stock as a dividend or other distribution on outstanding shares of Common Stock, (B) a subdivision of outstanding shares of Common Stock into a greater number of shares of Common Stock, or (C) a combination or reverse stock split of outstanding shares of Common Stock into a smaller number of shares of Common Stock.

(ii) **Waiver of Adjustment to Series A Applicable Conversion Value.** Notwithstanding anything herein to the contrary, the operation of, and any adjustment of the Series A Applicable Conversion Value pursuant to, this Section 5(d) may be waived with respect to any specific share or shares of Series A Convertible Preferred Stock, either prospectively or retroactively and either generally or in a particular instance, by a writing executed by the registered holder of such share or shares. Any waiver pursuant to this Section 5(d)(ii) shall bind all future holders of shares of Series A Convertible Preferred Stock for which such rights have been waived. In the event that a waiver of adjustment of Series A Applicable Conversion Value under this Section 5(d)(ii) results in different Series A Applicable Conversion Values for shares of Series A Convertible Preferred Stock, the Secretary of the Corporation shall maintain a written ledger identifying the Series A Applicable Conversion Value for each share of Series A Convertible Preferred Stock. Such information shall be made available to any person upon request.

(e) **Automatic Conversion**.

(i) **Mandatory Conversion of Preferred Stock Upon Initial Public Offering**. Immediately upon the closing of a public offering pursuant to an effective registration statement filed pursuant to the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the Corporation in which the Corporation actually receives gross proceeds equal to or greater than $7,500,000 (calculated before deducting underwriting discounts and commissions and before deducting the expenses of the transaction) at a price per share of not less than $2.50 (following appropriate adjustment in the event of any stock dividends, stock split, combination or other similar recapitalization affecting such shares), all outstanding shares of Series A Convertible Preferred Stock shall be converted automatically into the number of shares of Common Stock into which such shares of Series A Convertible Preferred Stock are then convertible pursuant to Section 5 hereof without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent.

(ii) **Mandatory Conversion of Preferred Stock Upon Merger with Public Company or Comparable Transaction**. Immediately upon the closing of a merger between Mercari Communications Group, Ltd. (or another entity similarly situated), whose securities are registered under the Exchange Act (hereinafter referred to as "PubCo"), and the Corporation, or any other transaction in which PubCo effectively acquires all of the outstanding shares of the Corporation, all outstanding shares of Series A Convertible Preferred Stock shall be converted automatically into the number of shares of the Corporation's Common Stock into which such shares of Series A Convertible Preferred Stock are then convertible pursuant to Section 5 hereof without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent.

(iii) **Mandatory Conversion of Preferred Stock Upon Effectiveness of Registration Statement Under Section 12(b) or 12(g)**. Immediately upon the effectiveness of a Form 10 registration statement registering the Corporation's Common Stock under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, all outstanding shares of Series A Convertible Preferred Stock shall be converted automatically into the number of shares of the Corporation's Common Stock into which such shares of Series A Convertible Preferred Stock are then convertible pursuant to Section 5 hereof without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent.

(iv) **Surrender of Certificates Upon Mandatory Conversion**. Upon the occurrence of the conversion events specified in the preceding paragraphs (i), (ii) or (iii), the holders of the Series A Convertible Preferred Stock shall, upon notice from the Corporation, surrender the certificates representing such shares at the office of the Corporation or of its transfer agent for the Common Stock. Thereupon, there shall be issued and delivered to such holder a certificate or certificates for the number of shares of Common Stock into which the shares of Series A Convertible Preferred Stock so surrendered were convertible on the date on which such conversion occurred. The Corporation shall not be obligated to issue such certificates unless certificates evidencing the shares of Series A Convertible Preferred Stock being converted are either delivered to the Corporation or any such transfer agent, or the holder notifies the Corporation that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection therewith.

(f) **Dividends**. In the event the Corporation shall make or issue, or shall fix a record date for the determination of holders of Common Stock entitled to receive a dividend or other distribution (other than a distribution in liquidation or other distribution otherwise provided for herein) with respect to the Common Stock payable in (i) securities of the Corporation other than shares of Common Stock, or (ii) other assets (excluding cash dividends or distributions), then and in each such event provision shall be made so that the holders of the Series A Convertible Preferred Stock shall receive upon conversion thereof in addition to the number of shares of Common Stock receivable thereupon, the number of securities or such other assets of the Corporation which they would have received had their Series A Convertible Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the Conversion Date (as that term is hereafter defined in Section 5(j)), retained such securities or such other assets receivable by them during such period, giving application to all other adjustments called for during such period under this Section 5 with respect to the rights of the holders of the Series A Convertible Preferred Stock.

(g) **Capital Reorganization or Reclassification**. If the Common Stock issuable upon the conversion of the Series A Convertible Preferred Stock shall be changed into the same or different number of shares of any class or classes of capital stock, whether by capital reorganization, recapitalization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend provided for elsewhere in this Section 5, or a merger, consolidation or sale of all or substantially all of the Corporation's capital stock or assets to any other person), then and in each such event the holder of each share of Series A Convertible Preferred Stock shall have the right thereafter to convert such share into the kind and amount of shares of capital stock and other securities and property receivable upon such reorganization, recapitalization, reclassification or other change by the holders of the number of shares of Common Stock into which such shares of Series A Convertible Preferred Stock might have been converted immediately prior to such reorganization, recapitalization, reclassification or change, all subject to further adjustment as provided herein.

(h) **Merger, Consolidation or Sale of Assets**. If at any time or from time to time there shall be a merger or consolidation of the Corporation with or into another corporation (other than a merger or reorganization involving only a change in the state of incorporation of the Corporation), or the sale of all or substantially all of the Corporation's capital stock or assets to any other person, then, as a part of such reorganization, merger, or consolidation or sale, provision shall be made so that the holders of the Series A Convertible Preferred Stock shall thereafter be entitled to receive upon conversion of the Series A Convertible Preferred Stock the number of shares of stock or other securities or property of the Corporation, or of the successor corporation resulting from such merger or consolidation, to which such holder would have been entitled if such holder had converted its shares of Series A Convertible Preferred Stock immediately prior to such capital reorganization, merger, consolidation or sale. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 5 to the end that the provisions of this Section 5 (including adjustment of the Series A Applicable Conversion Value then in effect and the number of shares of Common Stock or other securities issuable upon conversion of such shares of Series A Convertible Preferred Stock) shall be applicable after that event in as nearly equivalent a manner as may be practicable.

(i) **Certificate as to Adjustments; Notice by Corporation**. In each case of an adjustment or readjustment of the Series A Applicable Conversion Rate, the Corporation at its expense will furnish each holder of Series A Convertible Preferred Stock with a certificate prepared by the Treasurer or Chief Financial Officer of the Corporation, showing such adjustment or readjustment, and stating in detail the facts upon which such adjustment or readjustment is based.

(j) **Exercise of Conversion Privilege**. To exercise its conversion privilege, a holder of Series A Convertible Preferred Stock shall surrender the certificate or certificates representing the shares being converted to the Corporation at its principal office, and shall give written notice to the Corporation at that office that such holder elects to convert such shares. Such notice shall also state the name or names (with address or addresses) in which the certificate or certificates for shares of Common Stock issuable upon such conversion shall be issued. The certificate or certificates for shares of Series A Convertible Preferred Stock surrendered for conversion shall be accompanied by proper assignment thereof to the Corporation or in blank. The date when such written notice is received by the Corporation, together with the certificate or certificates representing the shares of Series A Convertible Preferred Stock being converted, shall be the "Conversion Date." As promptly as practicable after the Conversion Date, the Corporation shall issue and shall deliver to the holder of the shares of Series A Convertible Preferred Stock being converted, or on its written order, such certificate or certificates as it may request for the number of whole shares of Common Stock issuable upon the conversion of such shares of Series A Convertible Preferred Stock in accordance with the provisions of this Section 5, rounded up to the nearest whole share as provided in Section 5(k), in respect of any fraction of a share of Common Stock issuable upon such conversion. Such conversion shall be deemed to have been effected immediately prior to the close of business on the Conversion Date, and at such time the rights of the holder as holder of the converted shares of Series A Convertible Preferred Stock shall cease and the person(s) in whose name(s) any certificate(s) for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares of Common Stock represented thereby.

(k) **No Issuance of Fractional Shares**. No fractional shares of Common Stock or scrip representing fractional shares shall be issued upon the conversion of shares of Series A Convertible Preferred Stock. Instead of any fractional shares of Common Stock which would otherwise be issuable upon conversion of Series A Convertible Preferred Stock, the Corporation shall round up to the next whole share of Common Stock issuable upon the conversion of shares of Series A Convertible Preferred Stock. The determination as to whether any fractional shares of Common Stock shall be rounded up shall be made with respect to the aggregate number of shares of Series A Convertible Preferred Stock being converted at any one time by any holder thereof, not with respect to each share of Series A Convertible Preferred Stock being converted.

(l) **Partial Conversion**. In the event some but not all of the shares of Series A Convertible Preferred Stock represented by a certificate(s) surrendered by a holder are converted, the Corporation shall execute and deliver to or on the order of the holder, at the expense of the Corporation, a new certificate representing the number of shares of Series A Convertible Preferred Stock which were not converted.

(m) **Reservation of Common Stock**. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A Convertible Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A Convertible Preferred Stock (including any shares of Series A Convertible Preferred Stock represented by any warrants, options, subscription or purchase rights for Series A Convertible Preferred Stock), and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Convertible Preferred Stock (including any shares of Series A Convertible Preferred Stock represented by any warrants, options, subscriptions or purchase rights for such Preferred Stock), the Corporation shall take such action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(n) **No Reissuance of Preferred Stock**. No share or shares of Series A Convertible Preferred Stock acquired by the Corporation by reason of redemption, purchase, conversion or otherwise shall be reissued, and all such shares shall be cancelled, retired and eliminated from the shares which the Corporation shall be authorized to issue. The Corporation shall from time to time take such appropriate corporate action as may be necessary to reduce the authorized number of shares of the Series A Convertible Preferred Stock.

6. **Reserved.**

7. **Registration of Transfer.** The Corporation will keep at its principal office a register for the registration of shares of Preferred Stock. Upon the surrender of any certificate representing shares of Preferred Stock at such place, the Corporation will, at the request of the record holders of such certificate, execute and deliver (at the Corporation's expense) a new certificate or certificates in exchange therefore representing the aggregate number of shares of Preferred Stock represented by the surrendered certificate. Each such new certificate will be registered in such name and will represent such number of shares of Preferred Stock as is required by the holder of the surrendered certificate and will be substantially identical in form to the surrendered certificate.

8. **Replacement.** Upon receipt of evidence reasonably satisfactory to the Corporation (an affidavit of the registered holder will be satisfactory) of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing shares of Preferred Stock, and in the case of any such loss, theft or destruction, upon receipt of an unsecured indemnity from the holder reasonably satisfactory to the Corporation or, in the case of such mutilation upon surrender of such certificate, the Corporation will (at its expense) execute and deliver in lieu of such certificate a new certificate of like kind representing the number of shares of Preferred Stock represented by such lost, stolen, destroyed or mutilated certificate and dated the date of such lost, stolen, destroyed or mutilated certificate.

9. **Restrictions and Limitations on Corporate Action and Amendments to Charter.** The Corporation shall not take any corporate action or otherwise amend its Articles of Incorporation without the approval by vote or written consent of the holders of at least 50.01% of the then outstanding shares of Preferred Stock, voting together as a single class except and to the extent that any series of Preferred Stock would be treated differently from other series of Preferred Stock, in which case such series shall be entitled to a separate series vote, each share of Preferred Stock to be entitled to that number of votes equal to the number of shares of Common Stock into which such share could then be converted pursuant to the provisions of Section 5, if such corporate action or amendment would:

(a) amend any of the rights, preferences, privileges of or limitations provided for herein for the benefit of any shares of Series A Convertible Preferred Stock;

(b) authorize or issue, or obligate the Corporation to authorize or issue, (i) additional shares (beyond the amount authorized herein) of Series A Convertible Preferred Stock, (ii) Series A Parity Stock (as defined in Section 3(b)) or (iii) shares of Preferred Stock senior to the Series A Convertible Preferred Stock with respect to liquidation preferences, dividend rights or redemption rights;

(c) decrease the authorized number of shares of Series A Convertible Preferred Stock;

(d) cause the Corporation to redeem, purchase or otherwise acquire for value (or pay into or set aside for a sinking fund for such purpose), any securities of the Corporation, pursuant to a redemption, purchase or other acquisition for cash of shares of Preferred Stock, which is effected pro rata with the holders thereof, in proportion to the full respective preferential amounts to which such holders are entitled;

(e) merge, consolidate or reorganize the Corporation, or sell all or substantially all of the Corporation's assets or effect any transaction or series of transactions in which more than 50% of the voting power of the Corporation is disposed;

(f) change the Corporation's line of business;

(g) commence voluntary bankruptcy proceedings;

(h) dissolve the Corporation, or take any formal or informal steps in preparation for dissolution;

(i) amend the Certificate of Incorporation or Bylaws of the Corporation; or

(j) amend any provisions of this Section 9.

10. **No Dilution or Impairment.** The Corporation will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of capital stock or assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of the Preferred Stock set forth herein, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holders of the Preferred Stock against dilution or other impairment. Without limiting the generality of the foregoing, the Corporation (a) will not increase the par value of any shares of stock receivable on the conversion of the Preferred Stock above the amount payable therefor on such conversion, and (b) will take all such action as may be necessary or appropriate in order that the Corporation may validly and legally issue fully paid and nonassessable shares of stock on the conversion of all Preferred Stock from time to time outstanding.

11. **Notices of Record Date.** In the event of:

(a) any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of capital stock of any class or any other securities or property, or to receive any other right; or

(b) any capital reorganization of the Corporation, any reclassification or recapitalization of the capital stock of the Corporation, any merger or consolidation of the Corporation, or any transfer of all or substantially all of the assets of the Corporation to any other corporation, or any other entity or person; or

(c) any voluntary or involuntary dissolution, liquidation or winding up of the Corporation;

then and in each such event the Corporation shall mail or cause to be mailed to each holder of Preferred Stock a notice specifying (i) the date on which any such record is to be taken for the purpose of such dividend, distribution or right and a description of such dividend, distribution or right, (ii) the date on which any such reorganization, reclassification, recapitalization, transfer, consolidation, merger, dissolution, liquidation or winding up is expected to become effective, and (iii) the time, if any, that is to be fixed, as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, recapitalization, transfer, consolidation, merger, dissolution, liquidation or winding up. Such notice shall be mailed by first class mail, postage prepaid, at least ten (10) days prior to the earlier of (A) the date specified in such notice on which such record is to be taken and (B) the date on which such action is to be taken.

12. **Notices.** Except as otherwise expressly provided, all notices referred to herein will be in writing and will be delivered by registered or certified mail, return receipt requested, postage prepaid and will be deemed to have been given when so mailed (a) to the Corporation, at its principal executive offices and (b) to any shareholder, at such shareholder's address as it appears in the stock records of the Corporation (unless otherwise indicated in writing by any such shareholder).

IN WITNESS WHEREOF, this Amended and Restated Certificate of Designation has been executed on behalf of the Corporation by its Chief Executive Officer, and attested by its Secretary, this 30th day of September, 2013.

Algodon Wines & Luxury Development Group, Inc.

By: /s/ Scott Mathis
Name: Scott Mathis
Title: Chief Executive Officer

Attest:

/s/ Tim Holderbaum
Tim Holderbaum, Secretary

Diversified Private Equity Corp.

2008 Equity Incentive Plan

1. Purpose

The purpose of the Diversified Private Equity Corp. 2008 Equity Incentive Plan (the "Plan") is to promote the long-term retention of key employees of Diversified Private Equity Corp. and its current and future subsidiaries (collectively, the "Company") and other persons or entities who are in a position to make significant contributions to the success of the Company, to further reward these employees and other persons or entities for their contributions to the Company's success, to provide additional incentive to these employees and other persons or entities to continue to make similar contributions in the future, and to further align the interests of these employees and other persons or entities with those of the Company's stockholders. These purposes will be achieved by granting to such employees and other persons and entities, in accordance with the provisions of this Plan, Options, Restricted Stock or Unrestricted Stock Awards or Performance Awards, for shares of the Company's common stock, $.01 par value per share ("Common Stock"), or Loans or Supplemental Grants, or combinations thereof ("Awards").

2. Aggregate Number of Shares

2.1 The aggregate number of shares of Common Stock for which Awards may be granted under the Plan will be 12,000,000 shares. Notwithstanding the foregoing, if there is any change in the capitalization of the Company, such as by stock dividend, stock split, combination of shares, exchange of securities, recapitalization or other event which the Board of Directors (the "Board") of the Company deems, in its sole discretion, to constitute a similar type event, the aggregate number and/or kind of shares for which Awards may be granted under the Plan shall be appropriately adjusted in a manner determined by the Board and consistent with any applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code") or any regulations promulgated thereunder. No fractional shares of Common Stock will be delivered under the Plan.

2.2 Treasury shares, reacquired shares and unissued shares of Common Stock may be used for purposes of the Plan, at the Company's sole discretion.

2.3 Shares of Common Stock that were issuable pursuant to an Award that has terminated but with respect to which such Award had not been exercised, shares of Common Stock that are issued pursuant to an Award but that are subsequently forfeited, and shares of Common Stock that were issuable pursuant to an Award that was payable in Common Stock or cash but that was satisfied in cash, shall be available for future Awards under the Plan.

3. Eligible Employees and Participants

3.1 All current and future key employees of the Company, including officers and directors who are employed by the Company ("Employees"), and all other persons or entities, including directors of the Company who are not Employees, consultants and/or members of advisory boards, and/or other parties who in the opinion of the Board are in a position to make a significant contribution to the success of the Company, shall be eligible to receive Awards under the Plan (a "Participant"). No eligible Participant shall have any right to receive an Award except as expressly provided in the Plan.

3.2 The Participants who shall receive Awards under the Plan shall be determined by the Board in its sole discretion. In making such determinations, the Board shall consider the positions and responsibilities of eligible Participants, their past performance and contributions to the Company's growth and expansion, the value of their services to the Company, the difficulty of finding qualified replacements, and such other factors as the Board deems pertinent in its sole discretion.

4. Administration

4.1 The Plan shall be administered by the Board, unless the Board determines to delegate such administration to a compensation committee of the Board. In addition to its other authority to determine, in its sole discretion, the Participants who shall be eligible to receive Awards, the Board or the Committee shall determine the Participants who shall receive Awards, the size of each Award including the number of shares of Common Stock subject to the Award, the type or types of each Award, the date on which each Award shall be granted, the terms and conditions of each Award including any applicable vesting schedule, whether to waive compliance by a Participant with any obligations to be performed by the Participant under an Award or waive any term or condition of an Award, whether to amend or cancel an existing Award in whole or part (except that the Board may not, without the consent of the holder of an Award or unless specifically authorized by the terms of an Award, take any action under this clause with respect to such Award if such action would adversely affect the rights of such holder), and the form or forms of instruments that are required or deemed appropriate under the Plan, including any written notices and elections required of Participants.

4.2 The Board may adopt such rules for the administration of the Plan as it deems necessary or advisable, in its sole discretion. For all purposes of the Plan, a majority of the members of the Board shall constitute a quorum, and the vote of a majority of the directors present where there shall be a quorum or the written consent of a majority of the members of the Board on a particular matter shall constitute the act of the Board on that matter. The Board shall have the exclusive right to construe the Plan and any Award, to settle all controversies regarding the Plan or any Award, to correct defects and omissions in the Plan and in any Award, and to take such further actions as the Board deems necessary or advisable, in its sole discretion, to carry out the purpose and intent of the Plan. Such actions shall be final, binding and conclusive upon all parties concerned.

4.3 No member of the Board shall be liable for any act or omission (whether or not negligent) taken or omitted in good faith, or for the good faith exercise of any authority or discretion granted in the Plan to the Board, or for any act or omission of any other member of the Board.

4.4 All costs incurred in connection with the administration and operation of the Plan shall be paid by the Company. Except for the express obligations of the Company under the Plan and under Awards granted in accordance with the provisions of the Plan, the Company shall have no liability with respect to any Award, or to any Participant or any transferee of shares of Common Stock from any Participant, including, but not limited to, any tax liabilities, capital losses, or other costs or losses incurred by any Participant or any such transferee.

5. Types of Awards

5.1 Options.

(a) An Option is an Award entitling the recipient on exercise thereof to purchase Common Stock at a specified exercise price. Both incentive stock options (an "ISO") as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and Options that are not incentive stock options (a "non-ISO"), may be granted under the Plan. ISOs shall be awarded only to Employees.

(b) The exercise price of an Option will be determined by the Board subject to the following minimum exercise price: (1) With respect to ISOs, the exercise price for each option granted hereunder shall be not less than 100% (110% in the case of an ISO granted to a ten percent shareholder) of the Fair Market Value (defined herein below) of the stock being optioned at the date of the grant of the option; and (2) with respect to non-ISOs, the exercise price for each option granted hereunder shall be not less than 100% of the Fair Market Value of the stock being optioned at the date of the grant of the option, subject to any minimum required by law or applicable regulation. A "ten-percent shareholder" is any person who at the time of grant owns, directly or indirectly, or is deemed to own by reason of the attribution rules of Section 424(d) of the Code, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any of its subsidiaries. In no case may the exercise price paid for Common Stock which is part of an original issue of authorized Common Stock be less than the par value per share of the Common Stock.

(c) The period during which an Option may be exercised will be determined by the Board, except that the period during which an ISO may be exercised will not exceed ten years (five years, in the case of an ISO granted to a ten-percent shareholder) from the day immediately preceding the date the Option was granted.

(d) An Option will become exercisable at such time or times, and on such terms and conditions, as the Board may determine. The Board may at any time accelerate the time at which all or any part of the Option may be exercised. Any exercise of an Option must be in writing, signed by the proper person and delivered or mailed to the Company, accompanied by (1) any documents required by the Board and (2) payment in full in accordance with Section 5.1(e) below for the number of shares for which the Option is exercised.

(e) Stock purchased on exercise of an Option must be paid for as follows: (1) in cash or check (acceptable to the Company in accordance with guidelines established for this purpose), bank draft or money order payable to the order of the Company; or (2) if so permitted by the instrument evidencing the Option (or in the case of an Option which is not an ISO, by the Board at or after grant of the Option), (i) through the delivery of shares of Common Stock which have been outstanding for at least six months (unless the Board expressly approves a shorter period) and which have a Fair Market Value on the last business day preceding the date of exercise equal to the exercise price; or (ii) by delivery of a promissory note of the Option holder to the Company, payable on such terms and conditions as the Board may determine; or (iii) by delivery of an unconditional and irrevocable undertaking by a broker to deliver promptly to the Company sufficient funds to pay the exercise price; or (iv) by any combination of the permissible forms of payment; provided, that if the Common Stock delivered upon exercise of the Option is an original issue of authorized Common Stock, at least so much of the exercise price as represents the par value of such Common Stock must be paid other than by the Option holder's promissory note.

(f) If the market price of shares of Common Stock subject to an Option exceeds the exercise price of the Option at the time of its exercise, the Board may cancel the Option and cause the Company to pay in cash or in shares of Common Stock (at a price per share equal to the Fair Market Value per share) to the person exercising the Option an amount equal to the difference between the Fair Market Value of the Common Stock which would have been purchased pursuant to the exercise (determined on the date the Option is canceled) and the aggregate exercise price which would have been paid. The Board may exercise its discretion to take such action only if it has received a written request from the person exercising the Option, but such a request will not be binding on the Board.

5.2. Restricted and Unrestricted Stock.

(a) A Restricted Stock Award entitles the recipient to acquire, for a purchase price not less than the par value, shares of Common Stock subject to the restrictions described in Section 5.2(d) below ("Restricted Stock").

(b) A Participant who is granted a Restricted Stock Award shall have no rights with respect to such Award unless the Participant accepts the Award by written instrument delivered or mailed to the Company accompanied by payment in full of the specified purchase price, if any, of the shares covered by the Award. Payment may be by certified or bank check or other instrument acceptable to the Board.

(c) A Participant who receives Restricted Stock shall have all the rights of a stockholder with respect to such stock, including voting and dividend rights, subject to the restrictions described in paragraph (d) below and any other conditions imposed by the Board at the time of grant. Unless the Board otherwise determines, certificates evidencing shares of Restricted Stock will remain in the possession of the Company until such shares are free of all restrictions under the Plan.

(d) Except as otherwise specifically provided by the Plan or the Award, Restricted Stock may not be transferred, sold, assigned, exchanged, pledged, gifted or otherwise disposed of, and if a Participant suffers a Status Change (as defined in Section 6.1 below) for any reason, must be offered to the Company for purchase for the amount of cash paid for the such stock, or forfeited to the Company if no cash was paid. These restrictions will lapse and the shares will become unrestricted ("Unrestricted Stock") at such time or times, and on such terms and conditions, as the Board may determine. The Board may at any time accelerate the time at which the restrictions on all or any part of the shares will lapse.

(e) The Board shall impose such other conditions and/or restrictions on the Restricted Stock granted pursuant to the Plan as it may deem advisable, including, without limitation, a requirement that Participants pay a stipulated purchase price for the Restricted Stock, restrictions based upon the achievement of specific performance goals (Company-wide, divisional, and/or individual), time-based restrictions on vesting following the attainment of the performance goals, and/or restrictions under applicable Federal or state securities laws.

(f) Any Participant making, or required by an Award to make, an election under Section 83(b) of the Code with respect to Restricted Stock shall deliver to the Company, within ten days of the filing of such election with the Internal Revenue Service, a copy of such election.

(g) The Board may, at any time an Award described in this Section 5 is granted, provide that any or all the Common Stock delivered pursuant to the Award will be Restricted Stock.

(h) The Board may, in its sole discretion, approve the sale to any Participant of shares of Common Stock free of restrictions under the Plan for a price which is not less than the par value of the Common Stock, provided that the value of such shares on the date of grant, is in lieu of a reasonable amount of cash compensation.

5.3 Performance Awards. A Performance Award entitles the recipient to receive, without payment, an Award or Awards described in this Section 5 following the attainment of such performance goals, during such measurement period or periods, and on such other terms and conditions, all as the Board may determine. Performance goals may be related to overall corporate performance, operating group or business unit performance, personal performance or such other category of performance as the Board may determine. Financial performance may be measured by revenue, operating income, net income, earnings per share, number of days' sales outstanding in accounts receivable, productivity, return on equity, common stock price, price-earnings multiple, or such other financial factors as the Board may determine.

5.4 Loans and Supplemental Grants

(a) The Company may make a loan to a Participant ("Loan"), either in connection with the purchase of Common Stock under the Award or the payment of any Federal, state and local income tax with respect to income recognized as a result of the Award. The Board shall have the authority, in its sole discretion, to determine whether to make a Loan, the amount, the terms and conditions of the Loan, including the interest rate (which may be zero), whether the Loan is to be secured or unsecured or with or without recourse against the borrower, the terms on which the Loan is to be repaid and the terms and conditions, if any, under which the Loan may be forgiven. In no event shall any Loan have a term (including extensions) in excess of ten years.

(b) In connection with any Award, the Board may grant a cash award to the Participant ("Supplemental Grant") not to exceed an amount equal to (1) the amount of any Federal, state and local income tax on ordinary income for which the Participant may be liable with respect to the Award, determined by assuming taxation at the highest marginal rate, plus (2) an additional amount on a grossed-up basis intended to make the Participant whole on an after-tax basis after discharging all the Participant's income tax liabilities arising from all payments under this Section 5. Any payments under this Section 5.4(b) shall be made at the time the Participant incurs Federal income tax liability with respect to the Award.

6. Events Affecting Outstanding Awards

6.1 Termination of Service by Death or Disability. If a Participant ceases to be an Employee or if there is a termination of the consulting service or other relationship in respect of which a non-Employee Participant was granted an Award (such termination of employment or other relationship being hereinafter referred to as a "Status Change") by reason of death or permanent disability (as determined by the Board), the following rules shall apply, unless otherwise determined by the Board:

(a) All Options held by the Participant at the time of such Status Change, to the extent then exercisable, will continue to be exercisable by the Participant's heirs, executor, administrator or other legal or personal representative, for a period of six months after the Participant's Status Change. After the expiration of such six month period, all such Options shall terminate. In no event, however, shall an Option remain exercisable beyond the latest date on which it could have been exercised without regard to this Section 6. All Options held by a Participant at the time of such Status Change that are not then exercisable shall terminate upon such Status Change.

(b) All Restricted Stock held by the Participant at the time of such Status Change shall immediately become free of all restrictions and conditions.

(c) Any payment or benefit under a Performance Award or Supplemental Grant to which the Participant was not irrevocably entitled at the time of such Status Change shall be forfeited and the Award canceled as of the time of such Status Change.

6.2 Termination of Service Other Than by Death or Disability. If a Participant suffers a Status Change other than by reason of death or permanent disability (as determined by the Board), the following rules shall apply, unless otherwise determined by the Board at the time of grant of an Award:

(a) All Options held by the Participant at the time of such Status Change, to the extent then exercisable, will continue to be exercisable by the Participant for a period of one month after the Participant's Status Change. After the expiration of such one month period, all such Options shall terminate. In no event however, shall an Option remain exercisable beyond the latest date on which it could have been exercised without regard to this Section 6. All Options held by a Participant at the time of such Status Change that are not then exercisable shall terminate upon such Status Change.

(b) All Restricted Stock held by the Participant at the time of such Status Change shall immediately become free of all restrictions and conditions, unless such Status Change results from a voluntary resignation or termination for Cause (as defined in Section 6.2(d)), in which event all Restricted Stock held by the Participant at the time of the Status change shall be transferred to the Company (and, in the event the certificates representing such Restricted Stock are held by the Company, such Restricted Stock shall be so transferred without any further action by the Participant).

(c) Any payment or benefit under a Performance Award or Supplemental Grant to which the Participant was not irrevocably entitled at the time of such Status Change shall be forfeited and the Award canceled as of the date of such Status Change.

(d) A termination by the Company of a Participant's employment with or service to the Company shall be for "Cause" only if the Board determined that the Participant: (1) was guilty of gross negligence or willful misconduct in the performance of his or her duties for the Company; or (2) had failed to perform the requirements of their job position or function in any material respect; or (3) had breached or violated, in a material respect, any agreement between the Participant and the Company or any of the Company's policy statements regarding conflicts-of-interest, insider trading or confidentiality; or (4) had committed a material act of dishonesty or breach of trust; or (5) had engaged in conduct that was potentially detrimental to the business, reputation, character and standing of the Company; or (6) had committed a felony. Determination of Cause shall be made by the Board in its sole discretion.

(e) For all purposes of this Section 6.2 and Section 6.3: (1) if a Participant is an Employee of a subsidiary of and such subsidiary ceases to be subsidiary of the Company, then the Participant's employment with the Company will be deemed to have been terminated by the Company without Cause, unless the Participant is transferred to the Company or another subsidiary of the Company; and (2) the employment with the Company of a Participant will not be deemed to have been terminated if the Participant is transferred from the Company to a subsidiary of the Company, or vice versa, or from one subsidiary of the Company to another.

6.3 Change in Control.

(a) In the event of a Change in Control (as defined in Section 6.3(b)), the following rules will apply, unless otherwise expressly provided by the Board at the time of the grant of an Award or unless determined by the Board in accordance with Section 6.3(c) or (d):

(1) Fifty percent (50%) of each unvested outstanding Option shall automatically become exercisable in full six months after the occurrence of such Change in Control or, if sooner, upon a termination by the Company of the Participant's employment with or service to the Company for any reason other than for Cause (as defined in Section 6.2(d)). This provision shall not prevent an Option from becoming exercisable sooner as to Common Stock or cash that would otherwise have become available under such Option or Right during such period.

(2) Fifty percent (50%) of each unvested outstanding share of Restricted Stock shall automatically become free of all restrictions and conditions six months after the occurrence of such Change in Control or, if sooner, upon a termination by the Company of the Participant's employment with or service to the Company for any reason other than for Cause (as defined in Section 6.2(d)). This provision shall not prevent the earlier lapse of any restrictions or conditions on Restricted Stock that would otherwise have lapsed during such period.

(3) Conditions on Performance Awards and Supplemental Grants which relate only to the passage of time and continued employment shall automatically terminate six months after the occurrence of such Change in Control or, if sooner, upon a termination by the Company of the participant's employment with or service to the Company for any reason other than for Cause (as defined in Section 6.2(d)). This provision shall not prevent the earlier lapse of any conditions relating to the passage of time and continued employment that would otherwise have lapsed during such period. Performance or other conditions (other than conditions relating only to the passage of time and continued employment) shall continue to apply unless otherwise provided in the instrument evidencing the Awards or in any other agreement between the Participant and the Company or unless otherwise agreed to by the Board.

(b) A "Change in Control" means: (1) the acquisition or receipt, in any manner, by any person (as defined for purposes of the 1934 Act) or any group of persons acting in concert, of direct or indirect beneficial ownership (as defined for the purposes of the 1934 Act) of 50% or more of the combined voting securities ordinarily having the right to vote for the election of directors of the Company; or (2) a change in the constituency of the Board with the result that individuals (the "Incumbent Directors") who are members of the Board on the Effective Date (as specified in Section 9) cease for any reason to constitute at least a majority of the Board, provided that any individual who is elected to the Board after the Effective Date and whose nomination for election was unanimously approved by the Incumbent Directors shall be considered an Incumbent Director beginning on the date of his or her election to the Board; or (3) the sale, exchange or other disposition of all or a significant portion of the Company's business or assets, or the execution by the Company of a binding agreement providing for such a transaction; or (4) an initial public offering of the Company's Common Stock wherein a registration statement is filed with, and declared effective by, the Securities Exchange Commission other than on Forms S-4 or S-8 (or successors thereto), upon the consummation of which the stock so registered is listed on a United States securities exchange or included in the NASDAQ stock market system, or any other transaction following which the Company becomes a reporting company under the Securities Act of 1934, as amended, with regard to its shares of common stock.

(c) The Board shall have discretion, on a case by case basis, to increase the percentage of unvested outstanding Options or Restricted Stock that shall vest under Sections 6.3(a)(1) or (2) upon a Change in Control.

(d) The vesting schedule set forth in Section 6.3(a) shall not apply if provision is made in writing in connection with a Change in Control for the assumption of outstanding Awards or the substitution for such Awards of new awards covering the securities of a successor entity or an affiliate thereof, with appropriate adjustments as to the number and kind of securities and, if applicable, exercise prices, in which event such outstanding Awards shall continue or be replaced, as the case may be, in the manner and under the terms so provided.

7 Grant and Acceptance of Awards

7.1 Board's approval of a grant of an Award under the Plan, including the names of Participants and the size of the Award, including the number of shares of Common Stock subject to the Award, shall be reflected in minutes of meetings held by the Board or in written consents signed by members of the Board. Once approved by the Board, each Award shall be evidenced by such written instrument, containing such terms as are required by the Plan and such other terms, consistent with the provisions of the Plan, as may be approved from time to time by the Board.

7.2 Each instrument may be in the form of agreements to be executed by both the Participant and the Company, or certificates, letters or similar instruments, which need not be executed by the Participant but acceptance of which shall evidence agreement to the terms thereof.

7.3 Except as specifically provided by the Plan or the instrument evidencing an Award, a Participant shall not become a stockholder of the Company until (a) the Participant makes any required payments in respect of the Common Stock issued or issuable pursuant to the Award; (b) the Participant furnishes the Company with any required agreements, certificates, letters or other instruments; and (c) the Participant actually receives the shares of Common Stock. Subject to any terms and conditions imposed by the Plan or the instrument evidencing an Award, upon the occurrence of all of the conditions set forth in the immediately preceding sentence, a Participant shall have all rights of a stockholder with respect to shares of Common Stock, including, but not limited to, the right to vote such shares and to receive dividends and other distributions paid with respect to such shares.

7.4 Notwithstanding any other provision of the Plan, the Company shall not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove any restriction from shares of Common Stock previously delivered under the Plan (a) until all conditions to the Award have been satisfied or removed; (b) until, in the opinion of counsel to the Company, all applicable Federal and state laws and regulations have been complied with; (c) if the outstanding Common Stock is at the time listed on any stock exchange or included for quotation on an inter-dealer system, until the shares to be delivered have been listed or included or authorized to be listed or included on such exchange or system upon official notice or notice of issuance; (d) if it might cause the Company to issue or sell more shares of Common Stock than the Company is then legally entitled to issue or sell; and (e) until all other legal matters in connection with the issuance and delivery of such shares have been approved by counsel to the Company. If the sale of Common Stock has not been registered under the Securities Act of 1933, as amended, the Company may require, as a condition to exercise of an Award, such representations or agreements as counsel to the Company may consider appropriate to avoid violation of such Act and may require that the certificates evidencing such Common Stock bear an appropriate legend restricting transfer. If an Award is exercised by the Participant's legal representative, the Company shall be under no obligation to deliver Common Stock pursuant to such exercise until the Company is satisfied as to the authority of such representative.

8 Tax Withholding

8.1 The Company shall withhold from any cash payment made pursuant to an Award an amount sufficient to satisfy all Federal, state and local withholding tax requirements (the "Withholding Requirements"). In the case of an Award pursuant to which Common Stock may be delivered, the Board shall have the right to require that the Participant or other appropriate person remit to the Company an amount sufficient to satisfy the Withholding Requirements, or make other arrangements satisfactory to the Board with regard to such requirements, prior to the delivery of any Common Stock. If and to the extent that such withholding is required, the Board may permit a Participant to elect at such time and in such manner as the Board may determine to have the Company hold back from the shares of Common Stock to be delivered, or to deliver to the Company, Common Stock having a value calculated to satisfy the withholding requirement. If at the time an ISO is exercised, the Board determines that the Company could be liable for Withholding Requirements with respect to a disposition of the Common Stock received upon exercise, the Board may require as a condition of exercise that the person exercising the ISO agree (a) to inform the Company promptly of any disposition (within the meaning of Section 424(c) of the Code) of Common Stock received upon exercise; and (b) to give such security as the Board deems adequate to meet the potential liability of the Company for the Withholding Requirements and to augment such security form time to time in any amount reasonably deemed necessary by the Board to preserve the adequacy of such security.

8.2 By accepting an Award, the Participant acknowledges that he has reviewed with his own tax advisor(s) the Federal, state, and local tax consequences of the acquisition of Common Stock. Participant further acknowledges that he is relying solely on such advisor(s) and not on any statements or representations of the Company or any of its agents. Participant understands and agrees that he, and not the Company, shall be responsible for his own tax liability that may arise as a result of the transactions contemplated by this Agreement. Participant understands that Section 83 of the Code taxes as ordinary income the difference between the purchase price for the Common Stock and the Fair Market Value of the Common Stock as of the date any forfeiture restrictions on the Common Stock terminate or lapse. Participant understands that he may elect to be taxed at the time the Common Stock is issued, rather than when and as the forfeiture restrictions terminate or lapse (if ever), by filing an election under Section 83(b) of the Code with the Internal Revenue Service within thirty days from the date the Common Stock was issued. PARTICIPANT ACKNOWLEDGES THAT IT IS HIS SOLE RESPONSIBILITY (AND NOT THE COMPANY'S) TO FILE TIMELY THE ELECTION UNDER SECTION 83(b), EVEN IF PARTICIPANT REQUESTS THE COMPANY OR ITS REPRESENTATIVES TO MAKE THAT FILING ON HIS BEHALF.

9. Stockholder Approval, Effective Date and Term of Plan

The Plan was adopted by the Board on August 28, 2008 ("Effective Date"), and approved by a majority of the Company's stockholders on September 2, 2008. No Award shall be granted more than ten years after the Effective Date.

10. Effect, Amendment, Suspension and Termination

Neither adoption of the Plan nor the grant of Awards to a Participant will affect the Company's right to grant to such Participant awards that are not subject to the Plan, to issue to such Participant Common Stock as a bonus or otherwise, or adopt other plans or arrangements under which Common Stock may be issued to Employees or other persons or entities. The Board reserves the right, at any time and from time to time, to amend the Plan in any way, or to suspend or terminate the Plan, effective as of the date specified by the Board when it takes such action; provided that any such action shall not affect any Awards granted before the actual date on which such action is taken by the Board; and further provided that the approval of the Company's stockholders shall be required whenever necessary for the Plan to continue to satisfy the conditions of Section 422 of the Code with respect to the award of ISOs (unless the Board determines that ISOs shall no longer be granted under the Plan), any bylaw, rule or regulation of the primary market system or stock exchange on which the Company's Common Stock is then listed or admitted to trading, or any other applicable law, rule or regulation.

11. Other Provisions

11.1 This Plan or any Award is not and shall not be deemed to constitute a contract of employment between the Company and any Employee or other individual and nothing contained in the Plan or any Award shall confer upon any Employee or other Participant the right to continue in the employ of, or to continue to provide service to, the Company or any affiliated corporation, or interfere in any way with the right of the Company or any affiliated corporation to terminate the employment or service of any Employee or other Participant for any reason.

11.2 Corporate action constituting an offer by the Company of Common Stock to any Participant under the terms of an Award shall be deemed completed as of the date of grant of the Award, regardless of when the instrument, certificate, or letter evidencing the Award is actually received or accepted by the Participant.

11.3 Except as otherwise specifically provided by an Award (other than an ISO), neither any Award nor a Participant's rights under any Award or under the Plan may be assigned or transferred in any manner other than by will or under the laws of descent and distribution. An Award may be exercised only by the Participant to whom such Award was granted (or by such Participant's heirs, estate, beneficiary or personal or legal representative under Section 6.1). The foregoing shall not, however, restrict a Participant's rights with respect to unrestricted stock or the outright transfer of cash, nor shall it restrict the ability of a Participant's heirs, estate, beneficiaries, or personal or legal representatives to enforce the terms of the Plan with respect to Awards granted to the Participant.

11.4 The Plan, and all Awards granted hereunder, shall be governed by and construed in accordance with the laws of the State of Delaware. The headings of the Sections of the Plan are for convenience of reference only and shall not affect the interpretation of the Plan. All pronouns and similar references in the Plan shall be construed to be of such number and gender as the context requires or permits. If any provision of the Plan is determined to be unenforceable for any reason, then that provision shall be deemed to have been deleted or modified to the extent necessary to make it enforceable, and the remaining provisions of the Plan shall be unaffected.

11.5 All notices with respect to the Plan shall be in writing and shall be hand delivered or sent by certified mail or reputable overnight delivery service, expenses prepaid. Notices to the Company or the Board shall be delivered or sent to the Company's headquarters to the attention of its Chief Executive Officer. Notices to any Participant or holder of shares of Common Stock issued pursuant to an Award shall be sufficient if delivered or sent to such person's address as it appears in the regular records of the Company or the Company's transfer agent.

11.6 If there is any change in the capitalization of the Company, such as by stock dividend, stock split, combination of shares, exchange of securities, recapitalization or other event which the Board deems, in its sole discretion, to constitute a similar type event, the Board may make such adjustments to the number and/or kind of shares of stock or securities subject to Awards then outstanding or subsequently granted, any exercise prices relating to such Awards and any other provision of such Awards affected by such change, as the Board may determine in its sole discretion consistent with any applicable provisions of the Code or any regulations promulgated thereunder. The Board may also make such adjustments to take into account material changes in law or in accounting practices or principles, mergers, consolidations, acquisitions, dispositions or similar corporate transactions, or any other event, as the Board may determine in its sole discretion.

11.7 Notwithstanding the provisions of Section 6.3, in the event of a sale of 50% or more of the Common Stock of the Company to any third party, in one or a series of transactions (any such sale being referred to as a "Go-Along Sale"), then the Board, in its sole discretion, may require the holder of any Common Stock acquired hereunder to sell all of such Common Stock at the same time as the completion of the sale for the same consideration as received by the other selling shareholders. The Company shall provide the stockholder with a written notice (a "Go-Along Notice") at least ten days prior to the proposed closing of the Go-Along Sale. Such Go-Along Notice shall set forth: (a) the name and address of the proposed purchaser in the Go-Along Sale and the proposed closing date for such Go-Along Sale; (b) whether the Company has determined to exercise its right to require the stockholder to sell his Common Stock pursuant to this Section; and (c) the proposed amount and form of consideration to be paid for the Common Stock and the terms and conditions of payment. At the closing of a Go-Along Sale, the stockholder shall cause the stock certificates evidencing all of the stockholder's Common Stock (with stock powers duly executed) to be delivered to the purchaser free and clear of all liens, charges, encumbrances and rights of third parties of any kind and shall take all actions necessary to vest in the purchaser at such closing good and marketable title to all of the stockholder's Common Stock, free and clear of all liens, charges, encumbrances and rights of third parties. In addition, the stockholder shall deliver to the purchaser at each such closing any opinions of counsel and certificates that the purchaser may reasonably request. The closing of any sale pursuant to this Section shall take place on such date and at such time as the Company specifies to the stockholder by not less than three days' prior notice.

11.8 The Board may agree at any time, upon request of a Participant, to defer the date on which any payment under an Award shall be made.

11.9 In any case that a Participant purchases Common Stock under an Award for a price equal to the par value of the Common Stock, the Board may determine, in its sole discretion, that such price has been satisfied by past services rendered by the Participant.

11.10 Determinations by the Board under the Plan (including without limitation determinations of the persons to receive Awards, the form, amount and timing of such Awards, the terms and provisions of such Awards and the agreements or certificates evidencing same) need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Awards under the Plan. All determinations, interpretations, decisions or other actions made or taken by the Board pursuant to the provisions of the Plan shall be final, conclusive and binding for all purposes and upon all persons, including without limitation the Company, its stockholders, directors, Employees, Participants, and Participants' estates and beneficiaries.

11.11 For the purposes of the Plan and any Award granted hereunder, unless otherwise determined by the Board, the term "Fair Market Value" of Common Stock on or as of a specified date shall mean the market value as reasonably determined from time to time by the Board administering the Plan in good faith in accordance with Section 409A of the Code. Determinations of Fair Market Value will be final and binding on both the Company and the Participant.

11.12 Notwithstanding any terms of the Plan to the contrary, the Plan may be amended or modified by the Board at any time following the effective date of the Plan to the extent necessary to prevent application of or noncompliance with Section 409A of the Code.

AMENDMENT NO. 1
TO
DIVERSIFIED PRIVATE EQUITY CORP.
2008 EQUITY INCENTIVE PLAN

In accordance with Section 10 of the Diversified Private Equity Corp. 2008 Equity Incentive Plan (the "Plan"), and pursuant to the Joint Action Taken by the Board of Directors and Shareholders Without a Meeting, dated January 18th, 2011, the Plan is hereby amended as follows:

(1) In view of the fact that as a result of the 14:59 to 1 reverse stock split of the Corporation's Common Stock, effective September 30, 2010, the previously authorized 12,000,000 shares of the Corporation's Common Stock reserved for grants of Awards under the Plan was reduced to 822,481 "post-reverse stock split" shares, and (2) to meet the present needs of the Corporation, the aggregate number of post-reverse stock split shares of Common Stock for which Awards may be granted under the Plan is hereby increased from 833,481 to 5,000,000, so that the first sentence of Section *2*.1 of the Plan shall be deleted and replaced with the following: "The aggregate number of shares of Common Stock for which Awards may be granted under the Plan will be 5,000,000 shares, such shares reflecting the Corporation's September 30, 2010 reverse stock split.

ACKNOWLEDGED:

/s/ Scott L. Mathis
Scott L. Mathis
Chief Executive Officer and Secretary

AMENDMENT NO. 2
TO
DIVERSIFIED PRIVATE EQUITY CORP.
2008 EQUITY INCENTIVE PLAN

In accordance with Section 10 of the Diversified Private Equity Corp. 2008 Equity Incentive Plan (the "Plan"), and pursuant to the Joint Action Taken by the Board of Directors and Shareholders Without a Meeting, dated September 14, 2012, the following has been approved:

WHEREAS, the number of shares of common stock issued by Diversified Private Equity Corp. (hereinafter "DPEC Common Stock") reserved for grants of Awards under the Plan was increased in January 2011 to 5,000,000 following a prior reduction in the number of such reserved shares resulting from the reverse stock split in September 2010 of shares of DPEC Common Stock; and

WHEREAS, to give the Board and management of the Corporation sufficient flexibility to be able to grant future awards of shares under the Plan, it is necessary to increase from 5,000,000 to 9,000,000 the number of post-reverse stock split shares available for awards made under the Plan;

NOW, THEREFORE, THE PLAN IS HEREBY AMENDED AS FOLLOWS:

The number of shares of Common Stock for which Awards may be granted under the Plan is hereby increased from 5,000,000 to 9,000,000, so that the first sentence of Section 2.1 of the Plan shall be deleted and replaced with the following:

"The aggregate number of shares of Common Stock for which Awards may be granted under the Plan will be 9,000,000 shares (such shares reflecting the Corporation's September 30, 2010 reverse stock split)."

ACKNOWLEDGED:

/s/ Scott L. Mathis
Scott L. Mathis
Chief Executive Officer and Secretary

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

2008 EQUITY INCENTIVE PLAN
OPTION CERTIFICATE

This Certificate, when executed by a duly authorized officer of ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC. (the "Company"), evidences the grant to the Optionee named herein of an Option to purchase shares of the Common Stock of the Company.

1. Optionee: _____

2. Number of shares of Common Stock subject to Option: _____

3. Option Exercise Price: _____ per share

4. Date of Grant: _____

5. Expiration Date of Option: _____

6. This Option is: _____ An Incentive Stock Option
_____A Non-Qualified Stock Option

7. The Option becomes exercisable on:

[date] with respect to [number of shares] shares of Common Stock subject to the Option.

The Option is subject to, and governed by, all of the terms of the Company's 2008 Equity Incentive Plan (the "Plan"), including the provisions with respect to acceleration and early termination. Terms defined in the Plan are used in this Certificate as so defined.

This Certificate is not a security and does not represent the Option described herein but, rather, describes the Option granted to the Optionee as reflected on the books and records of the Company. Neither this Certificate nor the Option represented hereby are assignable or transferable by the Optionee except as otherwise permitted under the Plan.

Date: _____

OPTIONEE ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

_____ By:_____

Employment Agreement

This Agreement is made as of the 1st day of January 2003 (the "Effective Date"), by and between DIVERSIFIED BIOTECH HOLDINGS CORP., a Delaware corporation located at 500 Fifth Avenue, 56th Floor, New York, New York 10110 (the "Company"), and SCOTT L. MATHIS, an individual residing at 33 Union Square West, Apt. 4F, New York, New York 10003 ("Executive").

Recitals

1. The Company desires to secure for itself the expertise, knowledge and experience of Executive with respect to the Company's business, in an executive capacity as set forth herein. Except where expressly provided otherwise, references herein to the "Company" shall be deemed to include the Company's operating subsidiaries.

2. Executive is willing to work for the Company in such an executive capacity on the terms and conditions set forth in this Agreement (the "Agreement").

NOW, THEREFORE, in consideration of the terms, covenants, conditions and agreements set forth hereinbelow, Executive and the Company agree to the following:

1. Employment.

The Company hereby employs Executive, and Executive hereby accepts employment from the Company, upon the terms and conditions provided herein (the "Agreement").

2. Executive's Duties.

Executive hereby agrees to serve the Company faithfully and honestly and to use his reasonable best efforts and abilities as Chief Executive Officer and Chairman of the Board of Directors of the Company and its principal operating subsidiaries. Executive shall be based in the Company's principal executive offices which are currently located at 500 Fifth Avenue, 56th Floor, New York, New York 10110. Executive shall report to the Board of Directors of the Company (the "Board") and his responsibilities shall include the performance of the duties customarily associated with the positions of Chief Executive Office and Chairman and such other duties of a nature commensurate with such positions as may be assigned to him from time to time by the Board.

3. Term.

The Company shall continue the employment of Executive, and Executive shall continue performing services for the Company, for an initial period of two years commencing on the Effective Date and ending on the second anniversary of the Effective Date (the "Initial Term"). Executive's employment under this Agreement shall automatically be extended for consecutive one-year periods commencing on and after the second anniversary of the Effective Date, until either the Company or Executive gives the other party at least three-months' written notice prior to the then-applicable "Expiration Date" (as defined below) of its or his desire to terminate this Agreement, unless such employment shall have been earlier terminated as hereinafter set forth. For purposes of this Agreement, (i) the terms "Employment Period" or "Term" shall mean the Initial Term and all extensions thereof, if any, as aforesaid, and (ii) the term "Expiration Date" shall mean, if the Employment Period is extended on and after the Initial Term, a date which is the anniversary of the Effective Date in any subsequent calendar year.

4. Compensation; Expenses; Benefits; Sale of Company Stock. Subject to the provisions of this Agreement, the Company shall pay and provide the following compensation and other benefits to Executive during the Employment Period as compensation for all services rendered hereunder.

(a) Base Salary. In consideration for all services rendered by Executive to the Company (including serving as a member of the Board of Directors or any committee thereof), the Company hereby agrees to pay compensation to Executive commencing as of the Effective Date, an annual base salary ("Base Salary") at the rate of $250,000 per year to be paid in accordance with the Company's prevailing payroll practices for its executive officers as are in effect from time to time (but in no event less frequently than monthly). With respect to each contract renewal beyond the Initial Term, Executive shall be entitled to a five per-cent (5%) increase in his Base Salary over the amount paid in the prior year.

(b) Bonus. Executive shall be eligible to receive a periodic or annual bonus (the "Bonus") to be determined by the Board (or any duly constituted sub-committee thereof), in the exercise of its discretion, to be based on corporate profitability, stock price, or such other criteria as may be determined by the Board or sub-committee. The Bonus shall be prorated for any period of service less than a full calendar year during the calendar year in which this Agreement expires; provided, however, that if Executive's employment is terminated by the Company (or any successor thereto) for Cause (as defined below) or Executive resigns from his employment other than for Good Reason (as defined below) before the date on which the relevant Bonus is paid, Executive shall not receive any portion of such Annual Bonus.

(c) Commissions and Investment Banking Origination Fees. Executive shall receive stock brokerage commissions and investment banking origination fees consistent with standard and customary practices employed at InvestPrivate, Inc.

(d) Reimbursement of Expenses. The Company shall reimburse Executive in accordance with the Company's policies in effect from time to time for travel, entertainment and other expenses incurred by Executive in the performance of his duties and responsibilities hereunder. In addition, the Company shall reimburse Executive for the following expenses: (i) legal expenses incurred in connection with his past, current and future employment with any broker-dealer firm; (ii) use of home office; (iii) up to 25% of telephone cost relating to his home office; (iv) internet connection at his home office; (v) mobile phone; and (vi) up to $1,000.00 per month for a leased automobile, including insurance and parking.

(e) Executive Benefits; Vacation. During the Employment Period, Executive shall be included, to the extent eligible thereunder, in all employee benefit plans, programs and arrangements (including, without limitation, any plans, programs or arrangements providing for retirement benefits, profit sharing, disability benefits, health and life insurance or vacation and paid holidays) that shall be established by the Company for, or made available to, its senior executives. Executive shall be entitled to annual paid vacation during the Employment Period consistent with standard Company practices applicable to executives.

(f) Restrictions on Sale of Company Stock. Subject to any restrictions imposed by applicable law or regulations, for the duration of this Agreement, including any extensions thereof, Executive shall not in any calendar year sell or convey actual or beneficial ownership of more than 20% of the Company common and preferred stock which he owns, except to a member of his immediate family or to any trust established for his benefit or under his primary control; provided, however, that following an IPO (as defined herein), Executive shall be entitled to sell up to 33.33% of such stock in each 12-month period commencing on the date of the IPO (subject to any lock-up arrangements imposed by the underwriters on an IPO) , and further provided that upon the occurrence of a Change of Control (as defined herein), the restriction set forth in this provision shall terminate. For purposes of calculating the maximum number of shares that Executive can sell pursuant to this provision, the number of shares owned shall not include any unexercised stock options or warrants, but shall include all shares acquired from the exercise of such options or warrants.

5. Termination of Employment. Subject to the notice and other provisions of this Section 5, the Company shall have the right to terminate Executive's employment hereunder, and Executive shall have the right to resign, at any time for any reason or for no stated reason.

(a) Termination for Cause or Resignation Without Good Reason. If, prior to the expiration of the Term, Executive's employment is terminated by the Company for Cause (as defined below) or if Executive resigns for any reason from his employment hereunder other than for Good Reason (as defined below), Executive shall be entitled to payment of (A) any unpaid pro rata portion of the Base Salary through and including the date of termination or resignation, (B) payment in lieu of accrued unused vacation days as described in Section 4(e) above, (C) any unreimbursed expenses under Section 4(d) above, and (D) any other benefits accrued, but unpaid, under programs described under Section 4(e) above. Except to the extent required by applicable law, Executive shall have no right under this Agreement or otherwise to receive any other compensation or to participate in any other plan, program or arrangement after the date of such termination or resignation.

(b) "Cause" shall mean (A) any act or omission that constitutes a breach by Executive of any of his material obligations under the Agreement, which is not cured within thirty (30) days of written notice thereof from the Company; (B) the continued failure or refusal of Executive to perform the duties required of him as an Executive of the Company after reasonable notice and opportunity to so perform (not less than thirty (30) days); (C) any material misuse or misappropriation by Executive of property or assets of the Company, or any breach of a confidentiality agreement relating to information concerning the Company; (D) Executive's conviction of a felony (other than minor vehicular or traffic offenses which may be considered felonies in some jurisdictions); (E) any other misconduct by Executive which is materially injurious to the financial condition or business reputation of the Company; or (F) any legal or regulatory sanctions that materially limit Executive's ability to perform hereunder; provided, however, in the event that Executive's duties hereunder have been materially changed without his consent, it shall not be a breach of this Agreement by Executive or otherwise constitute Cause for Executive to fail to perform such materially changed duties. Any termination of Executive by the Company for any reason or in any manner other than for "Cause" as defined above, shall be deemed to be a termination without Cause.

(c) "Good Reason" shall mean (A) any breach of this Agreement by the Company, which is not cured within thirty (30) days of written notice from Executive, (B) the assignment of Executive, without Executive's consent, to a position, responsibilities or duties of a lesser title, position or status, or lesser degree of responsibility than Executive's title, position, status or responsibilities specified herein, including, without limitation, a change in reporting structure, (C) the relocation of the Company's principal executive offices outside the metropolitan New York area or any requirement by the Company that Executive be based anywhere other than the Company's principal executive offices, without Executive's consent; or (D) the assignment of Executive, without his consent, to undertake responsibilities or perform functions or activities, inconsistent with his obligations to the Company, or any request to perform, act or undertake responsibilities which do or could result in the violation, breach or non-compliance with any law or regulation, ethical or professional licensing standards and requirements or this Agreement.

(d) Notice and Date of Termination for Cause or Without Good Reason. Termination of Executive's employment by the Company for Cause or by Executive for Good Reason, shall be communicated by delivery to Executive or the Company, as the case may be, of a written notice from the Company or Executive, respectively, stating that Executive has been terminated for Cause or Executive has terminated his employment for Good Reason, specifying the particulars thereof and the effective date of such termination. The date of any other resignation by Executive or termination by the Company shall be the date specified in a written notice of resignation from Executive to the Company, or in a written notice of termination from the Company to Executive, as applicable.

(e) Termination Without Cause or for Good Reason. If, prior to the expiration of the Term, the Company terminates Executive's employment without Cause or Executive terminates his employment for Good Reason, Executive shall be entitled to all payments and benefits referred to in Section 5(a) hereof. In addition, the Company shall pay or continue to provide as applicable, to Executive as severance (the "Severance Amount") (i) an amount equal to (x) his Base Salary for the remainder of the then applicable Term plus (y) his Base Salary for six months (the time period encompassed by (x) and (y) being hereinafter referred to as the "Severance Period"), and (ii) all of the benefits or payments in respect of such benefits as set forth in Section 4(a) above for the Severance Period; provided, however, that, in no event, however, shall the Severance Period exceed one year from the date of termination. The Severance Amount shall be payable, other than for benefits which continue but for which no actual payment to Executive is required, in a cash lump sum payable to Executive at such times as they would ordinarily be paid had Executive remained employed by the Company.

(f) Death Prior to the Expiration of Severance Period. In the event of Executive's death after a termination without Cause or for Good Reason as described in Section 5(e) above, but prior to the expiration of the Severance Period, the Severance Amount shall be paid or continue to be provided, as applicable, to Executive's estate, for a period not to exceed six months.

(g) Notice and Date of Termination Without Cause or for Good Reason. The date of termination of employment without Cause or for Good Reason shall be the date specified in a written notice of termination to Executive or to Company, as applicable.

(h) Termination Due to Disability. In the event of Executive's Disability (as hereinafter defined), the Company shall continue to provide his compensation and other benefits as described in Section 4 and its subsections for a period measured from the date, after using any available sick leave, that the Disability commences, and continuing until (i) the Disability ceases or (ii) until Executive's employment hereunder is terminated, whichever is less; provided, however, that during any period of Disability the Company shall only have the right to terminate Executive's employment, upon ten (10) days' written notice, if, after expending any available sick leave, such Disability continues for a period of six (6) months. Notwithstanding anything contained in this Agreement to the contrary, if Executive's employment should terminate due to Disability that continues for more than six (6) months, Executive shall be entitled to (A) payment of his Base Salary and benefits under Section 4(a) above, for a period equal to an additional six (6) months thereafter, and (B) any unreimbursed expenses under Section 4(d) above. As used in this Agreement, the term "Disability" shall mean a physical or mental incapacity that substantially prevents Executive from performing his duties hereunder.

(i) Death. Except for any payments or obligations arising prior to the date of Executive's death or life insurance benefits arising as a result of Executive's death, no salary or benefits shall be provided or continued under this Agreement following the date of Executive's death. In the event of Executive's death, any Base Salary earned by Executive up to the date of death and unpaid and any vacation accrued up to the date of death shall be paid to Executive's beneficiary within thirty (30) days of Executive's death, as well as any unreimbursed expenses under Section 4(d) above.

6. Effect of Change of Control

(a) New Term of Employment. Notwithstanding anything to the contrary in this Agreement, upon a Change of Control (as defined in Section 6(d) below), the Company (or its successor) shall continue the employment of Executive, and Executive shall continue performing services for the Company, for a period of one year commencing on the date of the Change of Control (the "New Employment Period").

(b) Acceleration of Options. Notwithstanding anything to the contrary in any of the applicable option agreements, upon a Change of Control, all outstanding stock options granted by the Company or any of its affiliates to Executive shall become fully vested and immediately exercisable on the date of the Change of Control, unless the Board of Directors in office prior to the announcement of the potential Change of Control determines otherwise, in which case such options shall be accorded no less favorable treatment than is generally accorded to other Company employees.

(c) Right of Termination. Notwithstanding anything to the contrary in this Agreement, during a thirty (30) day period commencing on the first anniversary of the date of the Change of Control, Executive shall have the right to resign from his employment with the Company (or its successor) for any reason and receive an amount equal to one (1) times the amount of his annual Base Salary, as is then in effect. All payments made under this Section 6(c) shall be made by the Company (or its successor) in a lump-sum amount no later than thirty (30) days after the date of Executive's termination of employment.

(d) Definition of Change of Control.

"Change of Control" shall mean:

(a) on or prior to an initial public offering via registered sale pursuant to the Securities Act of 1933, as amended, of the Company's common stock ("IPO"),

(i) the merger of the Company with or into another corporation as a result of which Executive shall own less than 25% of the outstanding common stock (on a fully diluted basis, assuming exercise of all options and warrants, whether or not then exercisable) of the surviving company (or parent thereof);

(ii) the sale of all or substantially all of the assets of the Company to an entity not controlled by Executive; or

(iii) the sale (in a single transaction or series of related transactions, provided that Mathis is not a party directly or indirectly in any such transaction(s)) of shares of capital stock of the Company to any person or entity as a result of which Executive shall own less than 25% of the outstanding Common Stock (on a fully diluted basis, assuming exercise of all options and warrants, whether or not then exercisable); provided, however, that an IPO shall not constitute a Change of Control; and

(b) following an IPO,

(i) when a "person" (as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), including a "group" (as defined in Section 13(d) and 14(d) of the Exchange Act), either directly or indirectly becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of 20% or more of either (1) the Company's then outstanding Common Stock or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors; provided, however, that the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from the Company; (2) any acquisition by the Company; or (3) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; provided further, however, that there shall not be a Change of Control under this provision if Executive continues to be the beneficial owner of 20% or more of the class of the Company's securities the acquisition of which would have otherwise constituted a Change of Control;

(ii) when, during any period of 12 consecutive months during the Employment Period, the individuals who, at the beginning of such period, constitute the Board (the "Company Incumbent Directors"), cease for any reason other than death to constitute at least a majority thereof; provided, however, that a director who was not a director at the beginning of such 12-month period shall be deemed to be a Company Incumbent Director if such director was elected by, or on the recommendation of or with the approval of at least two-thirds of the directors of the Company, who then qualified as Company Incumbent Directors;

(iii) when the stockholders of the Company approve a reorganization, merger or consolidation of the Company without the consent or approval of a majority of the Company Incumbent Directors;

(iv) the consummation of a reorganization, merger or consolidation of the Company with or into another entity or any other corporate reorganization, if more than 60% of the combined voting power of the continuing or surviving entity's securities outstanding immediately after such reorganization, merger or consolidation is owned by persons who were not stockholders of the Company immediately prior to such reorganization, merger, consolidation; or

(v) the sale or other disposition of all or substantially all of the assets of the Company.

7. Covenant Not To Compete; Confidential Information.

(a) During the Employment Period, Executive shall not work for, provide services to, or receive compensation in any form from any firm (excluding all subsidiaries and affiliates of the Company) that is engaged as a broker-dealer, investment banker, in any other financial capacity or business, or in any way engaged in business that competes with one or more of the Company's principal businesses.

(b) Executive agrees to receive Confidential Information (as hereinafter defined) of the Company in confidence, and not to disclose to others, assist others in the application of, or use for his own gain or that of another, such information, or any part thereof, unless and until it has become public knowledge or has come into the possession of Executive or such others by legal and equitable means or is required to be disclosed by law or judicial or administrative order. Executive further agrees that, upon termination of his employment with the Company, he will return to the Company all documents, records and notebooks containing Confidential Information and similar repositories of Confidential Information, including copies thereof, then in Executive's possession, whether prepared by him or others. For purposes of this section, Confidential Information shall mean information disclosed to Executive or known by Executive as a consequence of or through his employment by the Company, not generally known in the industry in which the Company is or may become engaged, about the Company's business, products, processes and services and, in each case, which the Company treats as confidential or proprietary. Executive's obligations under this section shall survive any termination or expiration of this Agreement and Executive's employment hereunder, until two years after such termination or expiration.

8. Ownership of Work Product; Executive's Right to Solicit.

(a) Executive hereby agrees that, in the event his employment hereunder is terminated for any reason, any and all investment banking transactions (defined as fee-based services relating to mergers, acquisitions, public and private debt and equity financings, and similar types of transactions), confidential data, and other proprietary information (collectively "Work Product") that originates or originated with the Company which Executive learns of or comes into possession of during his employment with the Company shall be and is the sole and exclusive property of the Company. Executive further agrees that he shall not use, or attempt to use or otherwise exploit, any Work Product that originates or originated with the Company, and that whenever requested to do so by the Company, at its expense, shall execute and sign any and all instruments and do all other reasonable things which the Company in its reasonable judgment may deem necessary or appropriate in order to assign, transfer, convey or otherwise make available to the Company the sole and exclusive right, title and interest in and to any Work Product that originates or originated with the Company. Notwithstanding the foregoing, any Work Product that originates or originated with Executive shall be and is the sole and exclusive property and possession of Executive. The Company hereby agrees that in the event Executive's employment hereunder is terminated for any reason, the Company shall not use, or attempt to use or otherwise exploit any Work Product that originates or originated with Executive, and that whenever requested to do so by the Executive, at its expense, shall execute and sign any and all instruments and do all other reasonable things which the Executive in its reasonable judgment may deem necessary or appropriate in order to assign, transfer, convey or otherwise make available to the Executive the sole and exclusive right, title and interest in and to any Work Product that originates or originated with Executive. To the extent the value of any Work Product that Executive elects to use or exploit following termination is enhanced by the efforts of the Company or any of its employees other than Executive, Executive shall compensate the Company for the fair market value of such enhancement.

(b) Executive agrees that, in the event Executive's employment with the Company terminates for any reason, Executive will not solicit or cause the solicitation of, for a period of one year from the date of termination, any of the brokerage or investment banking clients or prospective clients of the Company who Executive served or whose names became known to Executive while in the employ of the Company; provided however, Executive shall be permitted to solicit those brokerage or investment banking clients known to Executive prior to joining the Company.

(c) Executive shall not, for a one year period following any such termination, be permitted to solicit, induce, or attempt to persuade any employees or consultants of the Company, who at the time of such termination (or within ninety days prior thereto) were employed by, on provided consulting services to, the Company, to terminate their relationship with the Company and work with Executive elsewhere.

9. Rights and Remedies Upon Breach.

(a) Executive acknowledges and agrees that a violation of any of the restrictive covenants contained in this Agreement shall cause irreparable harm to the Company and the Company shall be entitled to specific performance of this Agreement or an injunction without proof of special damages. If Executive breaches any of the provisions of Paragraphs 7 and 8 (the "Restrictive Covenants"), the Company shall have the following rights and remedies, each of which shall be independent of the other and severally enforceable, and all of which shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or equity:

(i) The right and remedy to have the Restrictive Covenants specifically enforced by any court or arbitration panel of competent jurisdiction including, without limitation, the right to entry against Executive of restraining orders and injunctions, preliminary, mandatory, temporary and permanent, without proof of special damages, against actual violations, and whether or not then continuing, of such covenants, it being acknowledged and agreed that any such breach will cause irreparable injury to the Company and that money damages will not provide an adequate remedy to the Company; and

(ii) The right and remedy to require Executive to account for and pay over to the Company all compensation or profits derived or received by Executive in connection with any transactions constituting a breach of the Restrictive Covenants.

(b) Subject to the provisions pertaining to arbitrability of disputes, nothing contained in this Agreement shall limit the rights and remedies, at law or in equity, of the Company or Executive in the event of a breach by any party of any of its or his obligations pursuant to this Agreement.

10. Indemnification; Insurance.

(a) In serving as an officer and director of the Company, and thereafter, Executive shall be entitled to rely upon the rights to indemnification provided in Article X of the Company's By-Laws, a copy of which has been provided to Executive. During the term of this Agreement, and for any subsequent period in which Executive shall continue to be entitled to indemnification as therein provided, and the Company shall not make any change in this Article X that would adversely affect Executive's rights thereunder. Notwithstanding the foregoing, the Company shall, in any event, indemnify Executive to the fullest extent permitted by law. Moreover, Executive shall also be entitled to coverage under the Company's directors and officers insurance policy (which the Company agrees to maintain throughout the Employment Period).

(b) Should the Company determine to obtain a life insurance policy for Executive in which the Company would be beneficiary, Executive shall take all steps reasonably required to obtain such policy.

11. Miscellaneous Provisions.

(a) Entire Agreement, Etc. This Agreement contains all of the representations, warranties, and agreements of the parties hereto with respect to the subject matter hereof, and all prior understandings, representations, and warranties (whether oral or written) with respect to such matters are superseded. This Agreement may not be amended, modified, waived, discharged, or terminated except by an instrument in writing signed by the party or an executive officer of a corporate party against whom enforcement of the change, waiver, discharge, or termination is sought.

(b) Governing Law; Dispute Resolution Provision. This Agreement and the legal relations between the parties hereto will be governed by and construed in accordance with the laws of the State of New York without reference to the principles of conflict of laws. Any dispute arising from this Agreement shall be heard before a duly constituted panel of arbitrators before NASD Regulation Inc.'s Office of Dispute Resolution or other mutually agreeable entity that provides comparable arbitration facilities. Such arbitration shall be convened in New York, New York. Judgment upon the award rendered may be entered in any court having jurisdiction thereof or such court may be asked to judicially confirm the award and order its enforcement, as the case may be. Notwithstanding the foregoing, any action that seeks injunctive relief pertaining to alleged violations of Sections 7 and 8 hereunder may be brought in any state or federal court sitting in New York, New York that would have otherwise have subject matter jurisdiction over such a dispute.

(c) Attorneys' Fees; Expenses. In the event of any dispute or litigation arising out of, relating to or in connection with this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs, to be paid by the losing party. With respect to the execution and delivery of this Agreement, each party shall bear its own expenses except that the Company shall reimburse Executive for his actual out-of-pocket legal expenses in an amount not to exceed $5,000.

(d) Assignment. This Agreement shall inure to the benefit of and be binding on the successors, assigns, heirs and legal representatives, as the case may be, of each of the parties hereto. Except as expressly provided herein, no assignment of this Agreement or any rights hereunder shall be effective without the written consent of the remaining parties hereto.

(e) Designations and Notices. Any notices or other communications required or permitted hereunder, except as may otherwise be provided in this Agreement, will be deemed given five business days after such notice is mailed by certified mail, return receipt requested, postage prepaid, addressed to each party as set forth on the first page hereof, or to such other address as any party shall designate by notice duly given hereunder.

(f) Survival of Representations and Warranties. The representations and warranties of the parties herein shall survive the execution of this Agreement.

(g) Further Assurances. Each of the parties hereto agrees to execute such instruments and take such further action, if any, as may be reasonably requested by any other party hereto in order to assure such requesting party of the rights and benefits intended by this Agreement, it being understood that the expense of any such action shall be borne by the party requesting the same.

(h) Non-Waiver. The failure or refusal of either party to insist upon the strict performance of any provision of this Agreement or to exercise any right in any one or more instances or circumstances shall not be construed as a waiver or relinquishment of such provision or right, nor shall such failure or refusal be deemed a custom or practice contrary to such provision or right.

(i) Severability. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted. In lieu of such illegal, invalid, or unenforceable provision, any court or duly constituted arbitration panel shall be empowered to substitute as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provisions as may be legal, valid and enforceable.

(j) Construction. The provisions of this Agreement shall be deemed prepared jointly by the parties hereto with the intent that no provision hereof is to be strictly construed against any party by reason of the preparation or negotiation of this Agreement.

(k) Headings. The headings of the various sections and paragraphs of this Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement.

(l) Counterparts. This Agreement may be executed in two or more counterparts and in duplicate originals, each of which will be considered one and the same agreement. Machine-duplicated and/or facsimile copies of the Agreement, disclosing affixed signatures to other copies, may be relied upon as prima facie evidence of the fact of counterpart execution. If executed in duplicate, each duplicate copy shall be as valid as an original copy. No distinction shall be made between an originally typed document and machine-copies and/or facsimile documents, provided that the copies disclose the signatures of the parties.

IN WITNESS WHEREOF, the parties hereto have set their signatures as of the date first above written.

DIVERSIFIED BIOTECH HOLDINGS CORP.

By: /s/ Ronald Robbins
Ronald Robbins
Executive Vice President

/s/ Scott L. Mathis
SCOTT L. MATHIS

STANDARD FORM OF LOFT LEASE

The Real Estate Board of New York, Inc.

Agreement of Lease, made as of July 1 in the year 2006 between 135 FIFTH AVENUE LLC, having an office at 441 Lexington Ave., 10th F1, New York, NY party of the first part, hereinafter referred to as OWNER or Landlord, and DIVERSIFIED BIOTECH HOLDINGS CORP. having an office at party of the second part, hereinafter referred to as TENANT.

Witnesseth: Owner hereby leases to Tenant and Tenant hereby hires from Owner the Demised Premises in the Building for the Term at an Annual Rent, all as defined in Article 41.

which Tenant agrees to pay in lawful money of the United States which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, in equal monthly installments in advance on the first day of each month during said term, at the office of Owner or such other place as Owner may designate, without any setoff or deduction whatsoever, except that Tenant shall pay the first monthly installment(s) on the execution hereof (unless this lease be a renewal).

In the event that, at the commencement of the term of this lease, or thereafter, Tenant shall be in default in the payment of rent to Owner pursuant to the terms of another lease with Owner or with Owner's predecessor in interest. Owner may at Owner's option and without notice to Tenant add the amount of such arrears to any monthly installment of rent payable hereunder, and the same shall be payable to Owner as additional rent.

The parties hereto, for themselves, their heirs, distributees, executors, administrators, legal representatives, successors and assigns, hereby covenant as follows:

Rent: 1. Tenant shall pay the rent as above and as hereinafter provided.

Occupancy: 2. Tenant shall use and occupy the demised premises for the Permitted Use as defined in Article 41 provided such use in accordance with the certificate of occupancy for the building, if any, and for no other purpose.

Alterations:

3. Tenant shall make no changes in or to the demised premises of any nature without Owner's prior written consent. Subject to the prior written consent of Owner, and to the provisions of this article, Tenant, at Tenant's expense, may make alterations, installations, additions or improvements which are non- structural and which do not affect utility services or plumbing and electrical lines, in or to the interior of the demised premises, using contractors or mechanics first approved in each instance by Owner. Tenant shall, at its expense, before making any alterations, additions, installations or improvements obtain all permits, approvals and certificates required by any governmental or quasi-governmental bodies and (upon completion) certificates of final approval thereof, and shall deliver promptly duplicates of all such permits, approvals and certificates to Owner. Tenant agrees to carry, and will cause Tenant's contractors and sub-contractors to carry, such worker's compensation, general liability, personal and property damage insurance as Owner may require. If any mechanic's lien is filed against the demised premises, or the building of which the same forms a part, for work claimed to have been done for, or materials furnished to, Tenant, whether or not done pursuant to this article, the same shall be discharged by Tenant within thirty (30) days thereafter, at Tenant's expense, by payment or filing a bond as permitted by law. All fixtures and all paneling, partitions, railings and like installations, installed in the demised premises at any time, either by Tenant or by Owner on Tenant's behalf, shall, upon installation, become the property of Owner and shall remain upon and be surrendered with the demised premises unless Owner, by notice to Tenant no later than twenty (20) days prior to the date fixed as the termination of this lease, elects to relinquish Owner's right thereto and to have them removed by Tenant, in which event the same shall be removed from the demised premises by Tenant prior to the expiration of the lease, at Tenant's expense. Nothing in this article shall be construed to give Owner title to, or to prevent Tenant's removal of, trade fixtures, moveable office furniture and equipment, but upon removal of same from the demised premises, or upon removal of other installations as may be required by Owner, Tenant shall immediately, and at its expense, repair and restore the demised premises to the condition existing prior to any such installations, and repair any damage to the demised premises or the building due to such removal. All property permitted or required to be removed by Tenant at the end of the term remaining in the demised premises after Tenant's removal shall be deemed abandoned and may, at the election of Owner, either be retained as Owner's property or removed from the demised premises by Owner, at Tenant's expense.

Repairs:

4. Owner shall maintain and repair the exterior of and the public portions of the building. Tenant shall, throughout the term of this lease, take good care of the demised premises including the bathrooms and lavatory facilities (if the demised premises encompass the entire floor of the building), the windows and window frames, and the fixtures and appurtenances therein, and at Tenant's sole cost and expense promptly make all repairs thereto and to the building, whether structural or non-structural in nature, caused by, or resulting from, the carelessness, omission, neglect or improper conduct of Tenant, Tenant's servants, employees, invitees, or licensees, and whether or not arising from Tenant's conduct or omission, when required by other provisions of this lease, including Article 6. Tenant shall also repair all damage to the building and the demised premises caused by the moving of Tenant's fixtures, furniture or equipment. All the aforesaid repairs shall be of quality or class equal to the original work or construction. If Tenant fails, after ten (10) days notice, to proceed with due diligence to make repairs required to be made by Tenant, the same may be made by Owner at the expense of Tenant, and the expenses thereof incurred by Owner shall be collectible, as additional rent, after rendition of a bill or statement therefor. If the demised premises be or become infested with vermin, Tenant shall, at its expense, cause the same to be exterminated. Tenant shall give Owner prompt notice of any defective condition in any plumbing, heating system or electrical lines located in the demised premises and following such notice, Owner shall remedy the condition with due diligence, but at the expense of Tenant, if repairs are necessitated by damage or injury attributable to Tenant, Tenant's servants, agents, employees, invitees or licensees as aforesaid. Except as specifically provided in Article 9 or elsewhere in this lease, there shall be no allowance to Tenant for a diminution of rental value and no liability on the part of Owner by reason of inconvenience, annoyance or injury to business arising from Owner, Tenant or others making or failing to make any repairs, alterations, additions or improvements in or to any portion of the building or the demised premises, or in and to the fixtures, appurtenances or equipment thereof. It is specifically agreed that

Tenant shall not be entitled to any setoff or reduction of rent by reason of any failure of Owner to comply with the covenants of this or any other article of this lease. Tenant agrees that Tenant's sole remedy at law in such instance will be by way of an action for damages for breach of contract. The provisions of this Article 4 with respect to the making of repairs shall not apply in the case of fire or other casualty with regard to which Article 9 hereof shall apply.

SEE ARTICLE 69

Window Cleaning:

5. Tenant will not clean nor require, permit, suffer or allow any window in the demised premises to be cleaned from the outside in violation of Section 202 of the New York State Labor Law or any other applicable law, or of the Rules of the Board of Standards and Appeals, or of any other Board or body having or asserting jurisdiction.

Requirements of Law, Fire Insurance, Floor Loads:

6. Prior to the commencement of the lease term, if Tenant is then in possession, and at all times thereafter. Tenant shall, at Tenant's sole cost and expense, promptly comply with all present and future laws, orders and regulations of all state, federal, municipal and local governments, departments, commissions and boards and any direction of any public officer pursuant to law, and all orders, rules and regulations of the New York Board of Fire Underwriters, Insurance Services Office, or any similar body which shall impose any violation, order or duty upon Owner or Tenant with respect to the demised premises, whether or not arising out of Tenant's use or manner of use thereof, or, with respect to the building, if arising out of Tenant's use or manner of use of the demised premises of the building (including the use permitted under the lease). Except as provided in Article 30 hereof, nothing herein shall require Tenant to make structural repairs or alterations unless Tenant has, by its manner of use of the demised premises or method of operation therein, violated any such laws, ordinances, orders, rules, regulations or requirements with respect thereto. Tenant shall not do or permit any act or thing to be done in or to the demised premises which is contrary to law, or which will invalidate or be in conflict with public liability, fire or other policies of insurance at any time carried by or for the benefit of Owner. Tenant shall not keep anything in the demised premises except as now or hereafter permitted by the Fire Department, Board of Fire Underwriters, Fire Insurance Rating Organization and other authority having jurisdiction, and then only in such manner and such quantity so as not to increase the rate for fire insurance applicable to the building, nor use the demised premises in a manner which will increase the insurance rate for the building or any property located herein over that in effect prior to the commencement of Tenant's occupancy. If by reason of failure to comply with the foregoing the fire insurance rate shall, at the beginning of this lease or at any time thereafter, be higher than it otherwise would be, then Tenant shall reimburse Owner, as additional rent hereunder, for that portion of all fire insurance premiums thereafter paid by Owner which shall have been charged because of such failure by Tenant. In any action or proceeding wherein Owner and Tenant are parties, a schedule or "make-up" or rate for the building or demised premises issued by a body making fire insurance rates applicable to said premises shall be conclusive evidence of the facts therein stated and of the several items and charges in the fire insurance rates then applicable to said premises. Tenant shall not place a load upon any floor of the demised premises exceeding the floor load per square foot area which it was designed to carry and which is allowed by law. Owner reserves the right to prescribe the weight and position of all safes, business machines and mechanical equipment. Such installations shall be placed and maintained by Tenant, at Tenant's expense, in settings sufficient, in Owner's judgement to absorb and prevent vibration, noise and annoyance. SEE ARTICLE 70

*Tenant shall have no obligation to cure violations which existed prior to Tenant's occupancy.

Subordination:

7. This lease is subject and subordinate to all ground or underlying leases and to all mortgages which may now or hereafter affect such leases or the real property of which the demised premises are a part, and to all renewals, modifications, consolidations, replacements and extensions of any such underlying leases and mortgages. This clause shall be self-operative and no further instrument of subordination shall be required by any ground or underlying lessor or by any mortgagee, affecting any lease or the real property of which the demised premises are a part. In confirmation of such subordination, Tenant shall from time to time execute promptly any certificate that Owner may request.

Tenant's Liability Insurance Property Loss, Damage, Indemnity:

8. Owner or its agents shall not be liable for any damage to property of Tenant or of others entrusted to employees of the building, nor for loss of, or damage to, any property of Tenant by theft or otherwise, nor for any injury or damage to persons or property resulting from any cause of whatsoever nature, unless caused by, or due to, the negligence of Owner, its agents, servants or employees; Owner or its agents shall not be liable for any damage caused by other tenants or persons in, upon or about said building or caused by operations in connection of any private, public or quasi public work. If at any time any windows of the demised premises are temporarily closed, darkened or bricked up (or permanently closed, darkened or bricked up, if required by law) for any reason whatsoever including, but not limited to, Owner's own acts, Owner shall not be liable for any damage Tenant may sustain thereby, and Tenant shall not be entitled to any compensation therefor nor abatement or diminution of rent, nor shall the same release Tenant from its obligations hereunder nor constitute an eviction. Tenant shall indemnify and save harmless Owner against and from all liabilities, obligations, damages, penalties, claims, costs and expenses for which Owner shall not be reimbursed by insurance, including reasonable attorney's fees, paid, suffered or incurred as a result of any breach by Tenant, Tenant's agents, contractors, employees, invitees, or licensees, of any covenant or condition of this lease, or the carelessness, negligence or improper conduct of Tenant, Tenant's agents, contractors, employees, invitees or licensees. Tenant's liability under this lease extends to the acts and omissions of any subtenant, and any agent, contractor, employee, invitee or licensee of any subtenant. In case any action or proceeding is brought against Owner by reason of any such claim, Tenant, upon written notice from Owner, will, at Tenant's expense, resist or defend such action or proceeding by counsel approved by Owner in writing, such approval not to be unreasonably withheld.

Destruction, Fire and Other Casualty:

9. (a) If the demised premises or any part thereof shall be damaged by fire or other casualty, Tenant shall give immediate notice thereof to Owner and this lease shall continue in full force and effect except as hereinafter set forth. (b) If the demised premises are partially damaged or rendered partially unusable by fire or other casualty, the damages thereto shall be repaired by, and at the expense of, Owner, and the rent and other items of additional rent, until such repair shall be substantially completed, shall be apportioned from the day following the casualty according to the part of the demised premises which is usable. (c) If the demised premises are totally damaged or rendered wholly unusable by fire or other casualty, then the rent and other items of additional rent as hereinafter expressly provided shall be proportionately paid up to the time of the casualty and thenceforth shall cease until the date when the demised premises shall have been repaired and restored by Owner (or sooner reoccupied in part by Tenant then rent shall be apportioned as provided in subsection (b) above), subject to Owner's right to elect not to restore the same as hereinafter provided. (d) If the demised premises are rendered wholly unusable or (whether or not the demised premises are damaged in whole or in part) if the building shall be so damaged that Owner shall decide to demolish it or to rebuild it, then, in any of such events, Owner may elect to terminate this lease by written notice to Tenant, given within ninety (90) days after such fire or casualty, or thirty (30) days after adjustment of the insurance claim for such fire or casualty, whichever is sooner, specifying a date for the expiration of the lease, which date shall not be more than sixty (60) days after the giving of such notice, and upon the date specified in such notice the term of this lease shall expire as fully and completely as if such date were the date set forth above for the termination of this lease, and Tenant shall forthwith quit, surrender and vacate the demised premises without prejudice however, to Owner's rights and remedies against Tenant under the lease provisions in effect prior to such termination, and any rent owing shall be paid up to such date, and any payments of rent made by Tenant which were on account of any period subsequent to such date shall be returned to Tenant. Unless Owner shall serve a termination notice as provided for herein, Owner shall make the repairs and restorations under the conditions of (b) and (c) hereof, with all reasonable expedition, subject to delays due to adjustment of insurance claims, labor troubles and causes beyond Owner's control. *After any such casualty, Tenant shall cooperate with Owner's restoration by removing from the demised premises as promptly as reasonably possible, all of Tenant's salvageable inventory and movable equipment, furniture, and other property. Tenant's liability for rent shall resume five (5) days after written notice from Owner that the demised premises are substantially ready for Tenant's occupancy. (e) Nothing contained hereinabove shall relieve Tenant from liability that may exist as a result of damage from fire or other casualty. Notwithstanding the foregoing, including Owner's obligation to restore under subparagraph (b) above, each party shall look first to any insurance in its favor before making any claim against the other party for recovery for loss or damage resulting from fire or other casualty, and to the extent that such insurance is in force and collectible, and to the extent permitted by law. Owner and Tenant each hereby releases and waives all right of recovery with respect to subparagraphs (b), (d) and (e) above, against the other or any one claiming through or under each of them by way of subrogation or otherwise. The release and waiver herein referred to shall be deemed to include any loss or damage to the demised premises and/or to any personal property, equipment, trade fixtures, goods and merchandise located therein. The foregoing release and waiver shall be in force only if both releasors' insurance policies contain a clause providing that such a release or waiver shall not invalidate the insurance. If, and to the extent, that such waiver can be obtained only by the payment of additional premiums, then the party benefitting from the waiver shall pay such premium within ten (10) days after written demand or shall be deemed to have agreed that the party obtaining insurance coverage shall be free of any further obligation under the provisions hereof with respect to waiver of subrogation. Tenant acknowledges that Owner will not carry insurance on Tenant's furniture and/or furnishings or any fixtures or equipment, improvements, or appurtenances removable by Tenant, and agrees that Owner will not be obligated to repair any damage thereto or replace the same. (f) Tenant hereby waives the provisions of Section 227 of the Real Property Law and agrees that the provisions of this article shall govern and control in lieu thereof.

Eminent Domain:

10. If the whole or any part of the demised premisesshall be acquired or condemned by Eminent Domain for any public or quasi public use or purpose, then and in that event, the term of this lease shall cease and terminate from the date of title vesting in such proceeding

and Tenant shall have no claim for the value of any unexpired term of said lease. Tenant shall have the right to make an independent claim to the condemning authority for the value of Tenant's moving expenses and personal property, trade fixtures and equipment, provided Tenant is entitled pursuant to the terms of the lease to remove such property, trade fixtures and equipment at the end of the term, and provided further such claim does not reduce Owner's award.

Assignment, Mortgage, Etc.:

11. Tenant, for itself, its heirs, distributees, executors, administrators, legal representatives, successors and assigns, expressly covenants that it shall not assign, mortgage or encumber this agreement, nor underlet, or suffer or permit the demised premises or any part thereof to be used by others, without the prior written consent of Owner in each instance. Transfer of the majority of the stock of a corporate Tenant or the majority partnership interest of a partnership Tenant shall be deemed an assignment. If this lease be assigned, or if the demised premises or any part thereof be underlet or occupied by anybody other than Tenant, Owner may, after default by Tenant, collect rent from the assignee, undertenant or occupant, and apply the net amount collected to the rent herein reserved, but no such assignment, underletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, undertenant or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained. The consent by Owner to an assignment or underletting shall not in any wise be construed to relieve Tenant from obtaining the express consent in writing of Owner to any further assignment or underletting.

Electric Current:

12. Rates and conditions in respect to submetering or rent inclusion, as the case may be, to be added in RIDER attached hereto. Tenant covenants and agrees that at all times its use of electric current shall not exceed the capacity of existing feeders to the building or the risers or wiring installation, and Tenant may not use any electrical equipment which, in Owner's opinion, reasonably exercised, will overload such installations or interfere with the use thereof by other tenants of the building. The change at any time of the character of electric service shall in no wise make Owner liable or responsible to Tenant, for any loss, damages or expenses which Tenant may sustain.

Access to Premises:

13. Owner or Owner's agents shall have the right (but shall not be obligated) to enter the demised premises in any emergency at any time, and, at other reasonable times, to examine the same and to make such repairs, replacements and improvements as Owner may deem necessary and reasonably desirable to any portion of the building, or which Owner may elect to perform in the demised premises after Tenant's failure to make repairs, or perform any work which Tenant is obligated to perform under this lease, or for the purpose of complying with laws, regulations and other directions of governmental authorities. Tenant shall permit Owner to use, maintain and replace pipes and conduits in and through the demised premises, and to erect new pipes and conduits therein provided, wherever possible, they are within walls or otherwise concealed. Owner may, during the progress of any work in the demised premises, take all necessary materials and equipment into said premises without the same constituting an eviction, nor shall Tenant be entitled to any abatement of rent while such work is in progress, nor to any damages by reason of loss or interruption of business or otherwise. *Throughout the term hereof Owner shall have the right to enter the demised premises at reasonable hours for the purpose of showing the same to prospective purchasers or mortgagees of the building, and during the last six (6) months of the term for the purpose of showing the same to prospective tenants, and may, during said six (6) months period, place upon the demised premises the usual notices "To Let" and "For Sale" which notices Tenant shall permit to remain thereon without molestation. If Tenant is not present to open and permit an entry into the demised premises, Owner or Owner's agents may enter the same whenever such entry may be necessary or permissible by master key or forcibly, and provided reasonable care is exercised to safeguard Tenant's property, such entry shall not render Owner or its agents liable therefor, nor in any event shall the obligations of Tenant hereunder be affected. If during the last month of the term Tenant shall have removed all or substantially all of Tenant's property therefrom, Owner may immediately enter, alter, renovate or redecorate the demised premises without limitation or abatement of rent, or incurring liability to Tenant for any compensation, and such act shall have no effect on this lease or Tenant's obligation hereunder.

Rider to be added if necessary.

***If as a result of fire or other casualty, the Demised Premises shall be damaged in whole or in part and if Landlord fails to commence the repair thereof within three (3) months following such destruction and thereafter fails to diligently complete such repair, Tenant may terminate this Lease by giving Landlord written notice which shall state the termination date of this Lease, which date shall not be less than five (5) nor more than sixty (60) days after the giving of such notice, whereupon the terms hereof shall end on the date specified in such notice as if such date were the original date set forth herein for the expiration of the Term.**

***Notwithstanding the foregoing, Landlord shall not make any such change which would materially reduce the Building services and facilities now available to Tenant or materially impede Tenant's means of access to the Demised Premises.**

SEE ARTICLE 71

Vault, Vault Space, Area:

14. No vaults, vault space or area, whether or not enclosed or covered, not within the property line of the building is leased hereunder, anything contained in or indicated on any sketch, blue print or plan, or anything contained elsewhere in this lease to the contrary notwithstanding. Owner makes no representation as to the location of the property line of the building. All vaults and vault space and all such areas not within the property line of the building, which Tenant may be permitted to use and/or occupy, is to be used and/or occupied under a revocable license, and if any such license be revoked, or if the amount of such space or area be diminished or required by any federal, state or municipal authority or public utility, Owner shall not be subject to any liability, nor shall Tenant be entitled to any compensation or diminution or abatement of rent, nor shall such revocation, diminution or requisition be deemed constructive or actual eviction. Any tax, fee or charge of municipal authorities for such vault or area shall be paid by Tenant, if used by Tenant, whether or not specifically leased hereunder.

Occupancy:

15. Tenant will not at any time use or occupy the demised premises in violation of the certificate of occupancy issued for the building of which the demised premises are a part. Tenant has inspected the demised premises and accepts them as is, subject to the riders annexed hereto with respect to Owner's work, if any. In any event, Owner makes no representation as to the condition of the demised premises and Tenant agrees to accept the same subject to violations, whether or not of record. If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business, Tenant shall be responsible for, and shall procure and maintain, such license or permit.

Bankruptcy:

16. (a) Anything elsewhere in this lease to the contrary notwithstanding, this lease may be cancelled by Owner by sending of a written notice to Tenant within a reasonable time after the happening of any one or more of the following events: (1) the commencement of a case in bankruptcy or under the laws of any slate naming Tenant as the debtor; or (2) the making by Tenant of an assignment or any other arrangement for the benefit of creditors under any stale statute. Neither Tenant nor any person claiming through or under Tenant, or by reason of any statute or order of court, shall thereafter be entitled to possession of the premises demised, but shall forthwith quit and surrender the demised premises. If this lease shall be assigned in accordance with its terms, the provisions of this Article 16 shall be applicable only to the party then owning Tenant's interest in this lease.

(b) lt is stipulated and agreed that in the event of the termination of this lease pursuant to (a) hereof, Owner shall forthwith, notwithstanding any other provisions of this lease to the contrary, be entitled to recover from Tenant, as and for liquidated damages, an amount equal to the difference between the rental reserved hereunder for the unexpired portion of the term demised and the fair and reasonable rental value of the demised premises for the same period. In the computation of such damages the difference between any installment of rent becoming due hereunder after the date of termination and the fair and reasonable rental value of the demised premises for the period for which such installment was payable shall be discounted to the date of termination at the rate of four percent (4%) per annum. If the demised premises or any part thereof be relet by Owner for the unexpired term of said lease, or any part thereof, before presentation of proof of such liquidated damages to any court, commission or tribunal, the amount of rent reserved upon such reletting shall be deemed to be the fair and reasonable rental value for the part or the whole of the demised premises so re-let during the term of the re-letting. Nothing herein contained shall limit or prejudice the right of the Owner to prove for and obtain as liquidated damages by reason of such termination, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved, whether or not such amount be greater, equal to, or less than the amount of the difference referred to above.

Default:

17. (1) If Tenant defaults in fulfilling any of the covenants of this lease other than the covenants for the payment of rent or additional rent; or if the demised premises becomes vacant or deserted, or if this lease be rejected under §365 of Title 11 of the U.S. Code (Bankruptcy Code); or if any execution or attachment shall be issued against Tenant or any of Tenant's property whereupon the demised premises shall be taken or occupied by someone other than Tenant; or if Tenant shall be in default with respect to any other lease between Owner and Tenant; or if Tenant shall have failed, after five (5) days written notice, to redeposit with Owner any portion of the security deposited hereunder which Owner has applied to the payment of any rent and additional rent due and payable hereunder; or if Tenant fails to move into or take possession of the demised premises within thirty (30) days after the commencement of the term of this lease, of which fact Owner shall be the sole judge; then in any one or more of such events, upon Owner serving a written fifteen (15) days notice upon Tenant specifying the nature of said default, and upon the expiration of said fifteen (15) days, if Tenant shall have failed to comply with or remedy such default, or if the said default or omission complained of shall be of a nature that the same cannot be completely cured or remedied within said fifteen (15) day period, and if Tenant shall not have diligently commenced during such default within such fifteen (15) day period, and shall not thereafter with reasonable diligence and in good faith, proceed to remedy or cure such default, then Owner may serve a written five (5) days notice of cancellation of this lease upon Tenant, and upon the expiration of said five (5) days this lease and the term thereunder shall end and expire as fully and completely as if the expiration of such five (5) day period were the day herein definitely fixed for the end and expiration of this lease and the term thereof, and Tenant shall then quit and surrender the demised premises to Owner, but Tenant shall remain liable as hereinafter provided.

(2) If the notice provided for in (1) hereof shall have been given, and the term shall expire as aforesaid; or if Tenant shall be in default in the payment of the rent reserved herein or any item of additional rent herein mentioned, or any part of either, or in making any other payment herein required; then, and in any of such events, Owner may without notice, re-enter the demised premises either by force or otherwise, and dispossess Tenant by summary proceedings or otherwise, and the legal representative of Tenant or other occupant of the demised premises, and remove their effects and hold the demised premises as if this lease had not been made, and Tenant hereby waives the service of notice of intention to re-enter or to institute legal proceedings to that end. If Tenant shall make default hereunder prior to the date fixed as the commencement of any renewal or extension of this lease, Owner may cancel and terminate such renewal or extension agreement by written notice.

Remedies of Owner and Waiver of Redemption:

18. In case of any such default, re-entry, expiration and/or dispossess by summary proceedings or other wise, (a) the rent, and additional rent, shall become due thereupon and be paid up to the time of such re-entry, dispossess and/or expiration, (b) Owner may re-let the demised premises or any part or parts thereof, either in the name of Owner or otherwise, for a term or terms, which may at Owner's option be less than or exceed the period which would otherwise have constituted the balance of the term of this lease, and may grant concessions or free rent or charge a higher rental than that in this lease, (c) Tenant or the legal representatives of Tenant shall also pay to Owner as liquidated damages for the failure of Tenant to observe and perform said Tenant's covenants herein contained, any deficiency between the rent hereby reserved and or covenanted to be paid and the net amount, if any, of the rents collected on account of the subsequent lease or leases of the demised premises for each month of the period which would otherwise have constituted the balance of the term of this lease. The failure of Owner to re-let the demised premises or any part or parts thereof shall not release or affect Tenant's liability for damages. In computing such liquidated damages there shall be added to the said deficiency such expenses as Owner may incur in connection with re-letting, such as legal expenses, reasonable attorneys' fees, brokerage, advertising, and for keeping the demised premises in good order or for preparing the same for re-letting. Any such liquidated damages shall be paid in monthly installments by Tenant on the rent day specified in this lease, and any suit brought to collect the amount of the deficiency for any month shall not prejudice in any way the rights of Owner to collect the deficiency for any subsequent month by a similar proceeding. Owner, in putting the demised premises in good order or preparing the same for re-rental may, at Owner's option, make such alterations, repairs, replacements, and/or decorations in the demised premises as Owner, in Owner's sole judgment, considers advisable and necessary for the purpose of re-letting the demised premises, and the making of such alterations, repairs, replacements, and/or decorations shall not operate or be construed to release Tenant from liability hereunder as aforesaid. Owner shall in no event be liable in any way whatsoever for failure to re-let the demised premises, or in the event that the demised premises are re-let, for failure to collect the rent thereof under such re-letting, and in no event shall Tenant be entitled to receive any excess, if any, of such net rents collected over the sums payable by Tenant to Owner hereunder. In the event of a breach or threatened breach by Tenant of any of the covenants or provisions hereof. Owner shall have the right of injunction and the right to invoke any remedy allowed at law or in equity as if re-entry, summary proceedings and other remedies were not herein provided for. Mention in this lease of any particular remedy, shall not preclude Owner from any other remedy, in law or in equity. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws.

Fees and Expenses:

19. If Tenant shall default in the observance or performance of any term or covenant on Tenant's part to be observed or performed under, or by virtue of, any of the terms or provisions in any article of this lease, after notice if required, and upon expiration of the applicable grace period, if any, (except in an emergency), then, unless otherwise provided elsewhere in this lease, Owner may immediately, or at any time thereafter, and without notice, perform the obligation of Tenant thereunder. If Owner, in connection with the foregoing, or in connection with any default by Tenant in the covenant to pay rent hereunder, makes any expenditures or incurs any obligations for the payment of money, including but not limited to reasonable attorneys' fees, in instituting, prosecuting or defending any action or proceeding, and prevails in any such action or proceeding, then Tenant will reimburse Owner for such sums so paid or obligations incurred with interest and costs. The foregoing expenses incurred by reason of Tenant's default shall be deemed to be additional rent hereunder and shall be paid by Tenant to Owner within ten (10) days of rendition of any bill or statement to Tenant therefor. If Tenant's lease term shall have expired at the time of making of such expenditures or incurring of such obligations, such sums shall be recoverable by Owner as damages.

Building Alterations and Management:

20. Owner shall have the right, at any time, without the same constituting an eviction and without incurring liability to Tenant therefor, to change the arrangement and or location of public entrances, passageways, doors, doorways, corridors, elevators, stairs, toilets or other public parts of the building, and to change the name, number or designation by which the building may be known. There shall be no allowance to Tenant for diminution of rental value and no liability on the part of Owner by reason of inconvenience, annoyance or injury to business arising from Owner or other Tenant making any repairs in the building or any such alterations, additions and improvements. Furthermore, Tenant shall not have any claim against Owner by reason of Owner's imposition of any controls of the manner of access to the building by Tenant's social or business visitors, as Owner may deem necessary, for the security of the building and its occupants.

No Representations by Owner:

21. Neither Owner nor Owner's agents have made any representations or promises with respect to the physical condition of the building, the land upon which it is erected, the demised premises, the rents, leases, expenses of operation, or any other matter or thing affecting or related to the demised premises or the building, except as herein expressly set forth, and no rights, easements or licenses are acquired by Tenant by implication or otherwise except as expressly set forth in the provisions of this lease. Tenant has inspected the building and the demised premises and is thoroughly acquainted with their condition and agrees to take the same "as-is" on the date possession is tendered, and acknowledges that the taking of possession of the demised premises by Tenant shall be conclusive evidence that the said premises, and the building of which the same form a part, were in good and satisfactory condition at the time such possession was so taken, except as to latent defects. All understandings and agreements heretofore made between the parties hereto are merged in this contract, which alone fully and completely expresses the agreement between Owner and Tenant, and any executory agreement hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of it in whole or in part, unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification, discharge or abandonment is sought.

End of Term:

22. Upon the expiration or other termination of the term of this lease. Tenant shall quit and surrender to Owner the demised premises, "broom-clean", in good order and condition, ordinary wear and damages which Tenant is not required to repair as provided elsewhere in this lease excepted, and Tenant shall remove all its property from the demised premises. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this lease. If the last day of the term of this Lease, or any renewal thereof, falls on Sunday, this lease shall expire at noon on the preceding Saturday, unless it be a legal holiday, in which case it shall expire at noon on the preceding business day.

Quiet Enjoyment:

23. Owner covenants and agrees with Tenant that upon Tenant paying the rent and additional rent and observing and performing all the terms, covenants and conditions, on Tenant's part to be observed and performed. Tenant may peaceably and quietly enjoy the premises hereby demised, subject, nevertheless, to the terms and conditions of this lease including, but not limited to, Article 34 hereof, and to the ground leases, underlying leases and mortgages hereinbefore mentioned.

Failure to Give Possession:

24. If Owner is unable to give possession of the demised premises on the date of the commencement of the term hereof because of the holding-over or retention of possession of any tenant, undertenant or occupants, or if the demised premises are located in a building being constructed, because such building has not been sufficiently completed to make the premises ready for occupancy or because of the fact that a certificate of occupancy has not been procured, or if Owner has not completed any work required to be performed by Owner, or for any other reason. Owner shall not be subject to any liability for failure to give possession on said date and the validity of the lease shall not be impaired under such circumstances, nor shall the same be construed in any wise to extend the term of this lease, but the rent payable hereunder shall be abated (provided Tenant is not responsible for Owner's inability to obtain possession or complete any work required) until after Owner shall have given Tenant notice that Owner is able to deliver possession in the condition required by this lease. If permission is given to Tenant to enter into possession of the demised premises, or to occupy premises other than the demised premises, prior to the date specified as the commencement of the term of this lease, Tenant covenants and agrees that such possession and/ or occupancy shall be deemed to be under all the terms, covenants, conditions and provisions of this lease, except the obligation to pay the fixed annual rent set forth in page one of this lease. The provisions of this article are intended to constitute "an express provision to the contrary" within the meaning of Section 223-a of the New York Real Property Law.

No Waiver:

25. The failure of Owner to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this lease, or of any of the Rules or Regulations, set forth or hereafter adopted by Owner, shall not prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by Owner of rent with knowledge of the breach of any covenant of this lease shall not be deemed a waiver of such breach, and no provision of this lease shall be deemed to have been waived by Owner unless such waiver be in writing signed by Owner. No payment by Tenant, or receipt by Owner, of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement of any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Owner may accept such check or payment without prejudice to Owner's right to recover the balance of such rent or pursue any other remedy in this lease provided. All checks tendered to Owner as and for the rent of the demised premises shall be deemed payments for the account of Tenant. Acceptance by Owner of rent from anyone other than Tenant shall not be deemed to operate as an attornment to Owner by the payor of such rent, or as a consent by Owner to an assignment or subletting by Tenant of the demised premises to such payor, or as a modification of the provisions of this lease. No act or thing done by Owner or Owner's agents during the term hereby demised shall be deemed an acceptance of a surrender of said premises, and no agreement to accept such surrender shall be valid unless in writing signed by Owner. No employee of Owner or Owner's agent shall have any power to accept the keys of said premises prior to the termination of the lease, and the delivery of keys to any such agent or employee shall not operate as a termination of the lease or a surrender of the demised premises.

Waiver of Trial by Jury:

26. It is mutually agreed by and between Owner and Tenant that the respective parlies hereto shall, and they hereby do, waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other (except for personal injury or property damage) on any matters whatsoever arising out of or in any way connected with this lease, the relationship of Owner and Tenant, Tenant's use of or occupancy of demised premises, and any emergency statutory or any other statutory remedy. It is further mutually agreed that in the event Owner commences any proceeding or action for possession, including a summary proceeding for possession of the demised premises, Tenant will not interpose any counterclaim, of whatever nature or description, in any such proceeding, including a counterclaim under Article 4, except for statutory mandatory counterclaims.

Inability to Perform:

27. This Lease and the obligation of Tenant to pay rent hereunder and perform all of the other covenants and agreements hereunder on part of Tenant to be performed shall in no wise be affected, impaired or excused because Owner is unable to fulfill any of its obligations under this lease, or to supply, or is delayed in supplying, any service expressly or impliedly to be supplied, or is unable to make, or is delayed in making, any repairs, additions, alterations or decorations, or is unable to supply, or is delayed in supplying, any equipment, fixtures or other materials, if Owner is prevented or delayed from doing so by reason of strike or labor troubles, or any cause whatsoever beyond Owner's sole control including, but not limited to, government preemption or restrictions, or by reason of any rule, order or regulation of any department or

subdivision thereof of any government agency, or by reason of the conditions which have been or are affected, either directly or indirectly, by war or other emergency.

Bills and Notices:

28. Except as otherwise in this lease provided, a bill statement, notice or communication which Owner may desire or be required to give to Tenant, shall be deemed sufficiently given or rendered if, in writing, delivered to Tenant personally, or sent by registered or certified mail addressed to Tenant at the building of which the demised premises form a part, or at the last known residence address or business address of Tenant, or left at any of the aforesaid premises addressed to Tenant, and the time of the rendition of such bill or statement and of the giving of such notice or communication shall be deemed to be the time when the same is delivered to Tenant, mailed, or left at the premises as herein provided. Any notice by Tenant to Owner must be served by registered or certified mail addressed to Owner at the address first hereinabove given, or at such other address as Owner shall designate by written notice.

Water Charges:

29. If Tenant requires, uses or consumes water for any purpose in addition to ordinary lavatory purposes (of which fact Owner shall be the sole judge) Owner may install a water meter and thereby measure Tenant's water consumption for all purposes. Tenant shall pay Owner for the cost of the meter and the cost of the installation. Throughout the duration of Tenant's occupancy, Tenant shall keep said meter and installation equipment in good working order and repair at Tenant's own cost and expense. In the event Tenant fails to maintain the meter and installation equipment in good working order and repair (of which fact Owner shall be the sole judge) Owner may cause such meter and equipment to be replaced or repaired, and collect the cost thereof from Tenant as additional rent. Tenant agrees to pay for water consumed, as shown on said meter as and when bills are rendered, and in the event Tenant defaults in the making of such payment. Owner may pay such charges and collect the same from Tenant as additional rent. Tenant covenants and agrees to pay, as additional rent, the sewer rent, charge or any other tax, rent or levy which now or hereafter is assessed, imposed or a lien upon the demised premises, or the realty of which they are a part, pursuant to any law, order or regulation made or issued in connection with the use, consumption, maintenance or supply of water, the water system or sewage or sewage connection or system. If the building, the demised premises, or any part thereof, is supplied with water through a meter through which water is also supplied to other premises, Tenant shall pay to Owner, as additional rent, *

on the first day of each month, ~~% ($) of the total meter charge~~s as Tenant's portion. Independently of, and in addition to, any of the remedies reserved to Owner hereinabove or elsewhere in this lease, Owner may sue for and collect any monies to be paid by Tenant, or paid by Owner, for any of the reasons or purposes hereinabove set forth.

Sprinklers:

30. Anything elsewhere in this lease to the contrary notwithstanding, if the New York Board of Fire Underwriters or the New York Fire Insurance Exchange or any bureau, department or official of the federal, state or city government recommend or require the installation of a sprinkler system, or that any changes, modifications, alterations, or additional sprinkler heads or other equipment be made or supplied in an existing sprinkler system by reason of Tenant's business, the location of partitions, trade fixtures, or other contents of the demised premises, or for any other reason, or if any such sprinkler system installations, modifications, alterations, additional sprinkler heads or other such equipment, become necessary to prevent the imposition of a penalty or charge against the full allowance for a sprinkler system in the fire insurance rate set by said Exchange or any other body making fire insurance rates, or by any fire insurance company, Tenant shall, at Tenant's expense, promptly make such sprinkler system installations, changes, modifications, alterations, and supply additional sprinkler heads or other equipment as required, whether the work involved shall be structural or non-structural in nature. Tenant shall pay to Owner as additional rent the sum of $, on the first day of each month during the term of this lease, as Tenant's portion of the contract price for sprinkler supervisory service.

Elevators, Heat, Cleaning:

31. As long as Tenant is not in default under any the covenants of this lease, beyond the applicable grace period provided in this lease for the curing of such defaults, Owner shall: (a) provide necessary passenger elevator facilities on business days from 8 a.m. to 6 p.m. and on Saturdays from 8 a.m. to 1 p.m.; (b) if freight elevator service is provided, same shall be provided only on regular business days, Monday through Friday inclusive, and on those days only between the hours of 9 a.m. and 12 noon and between 1 p.m. and 5 p.m.; (c) furnish heat, water and other services supplied by Owner to the demised premises, when and as required by law, on business days from 8 a.m. to 6 p.m. and on Saturdays from 8 a.m. to 1 p.m.; (d) clean the public halls and public portions of the building which are used in common by all tenants. Tenant shall, at Tenant's expense, keep the demised premises, including the windows, clean and in order, to the reasonable satisfaction of Owner, and for that purpose shall employ person or persons, or corporations approved by Owner. Tenant shall pay to Owner the cost of removal of any of Tenant's refuse and rubbish from the building. Bills for the same shall be rendered by Owner to Tenant at such time as Owner may elect, and shall be due and payable hereunder, and the amount of such bills shall be deemed to be, and be paid as additional rent. Tenant shall, however, have the option of independently contracting for the removal of such rubbish and refuse in the event that Tenant does not wish to have same done by employees of Owner. Under such circumstances, however, the removal of such refuse and rubbish by others shall be subject to such rules and regulations as, in the judgment of Owner, are necessary for the proper operation of the building. Owner reserves the right to stop service of the heating, elevator, plumbing and electric systems, when necessary, by reason of accident or emergency, or for repairs, alterations, replacements or improvements, which in the judgment of Owner are desirable or necessary to be made, until said repairs, alterations, replacements or improvements shall have been completed. If the building of which the demised premises are a part supplies manually operated elevator service. Owner may proceed diligently with alterations necessary to substitute automatic control elevator service without in any way affecting the obligations of Tenant hereunder.

Space to be filled in or deleted.

*the Water Charge as defined in Article 41

*Security Deposit defined in Article 41

Security:

32. Tenant has deposited with Owner the ~~sum of~~$ * as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this lease. It is agreed that in the event Tenant defaults in respect of any of the terms, provisions and conditions of this lease, including, but not limited to, the payment of rent and additional rent, Owner may use, apply or retain the whole or any part of the security so deposited to the extent required for the payment of any rent and additional rent, or any other sum as to which Tenant is in default, or for any sum which Owner may expend, or may be required to expend, by reason of Tenant's default in respect of any of the terms, covenants and conditions of this lease, including but not limited to, any damages or deficiency in the re-letting of the demised premises, whether such damages or deficiency accrued before or after summary proceedings or other re-entry by Owner. In the event that Tenant shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this lease, the security shall be returned to Tenant after the date fixed as the end of the lease, and after delivery of entire possession of the demised premises to Owner. In the event of a sale of the land and building or leasing of the building, of which the demised premises form a part. Owner shall have the right to transfer the security to the vendee or lessee, and Owner shall thereupon be released by Tenant from all liability for the return of such security; and Tenant agrees to look to the new Owner solely for the return of said security, and it is agreed that the provisions hereof shall apply to every transfer or assignment made of the security to a new Owner. Tenant further covenants that it will not assign or encumber, or attempt to assign or encumber, the monies deposited herein as security, and that neither Owner nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

Captions:

33. The Captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this lease nor the intent of any provision thereof.

Definitions:

34. The term "Owner" as used in this lease means only the owner of the fee or of the leasehold of the building, or the mortgagee in possession for the time being, of the land and building (or the owner of a lease of the building or of the land and building) of which the demised premises form a part, so that in the event of any sale or sales of said land and building or of said lease, or in the event of a lease of said building, or of the land and building, the said Owner shall be and hereby is entirely freed and relieved of all covenants and obligations of Owner hereunder, and it shall be deemed and construed without further agreement between the parties or their successors in interest, or between the parties and the purchaser, at any such sale, or the said lessee of the building, or of the land and building, that the purchaser or the lessee of the building has assumed and agreed to carry out any and all covenants and obligations of Owner hereunder. The words "re-enter" and "re-entry" as used in this lease are not restricted to their technical legal meaning. The term "rent" includes the annual rental rate whether so expressed or expressed in monthly installments, and "additional rent." "Additional rent" means all sums which shall be due to Owner from Tenant under this lease, in addition to the annual rental rate. The term "business days" as used in this lease, shall exclude Saturdays, Sundays and all days observed by the State or Federal Government as legal holidays, and those designated as holidays by the applicable building service union employees service contract, or by the applicable Operating Engineers contract with respect to HVAC service. Wherever it is expressly provided in this lease that consent shall not be unreasonably withheld, such consent shall not be unreasonably delayed.

Adjacent Excavation Shoring:

35. If an excavation shall be made upon land adjacent to the demised premises, or shall be authorized to be made, Tenant shall afford to the person causing or authorized to cause such excavation, a license to enter upon the demised premises for the purpose of doing such work as said person shall deem necessary to preserve the wall or the building, of which demised premises form a part, from injury or damage, and to support the same by proper foundations, without any claim for damages or indemnity against Owner, or diminution or abatement of rent.

Rules and Regulations:

36. Tenant and Tenant's servants, employees, agents, visitors, and licensees shall observe faith fully, and comply strictly with, the Rules and Regulations annexed hereto and such other and further reasonable Rules and Regulations as Owner or Owner's agents may from time to time adopt. Notice of any additional Rules or Regulations shall be given in such manner as Owner may elect. In case Tenant disputes the reasonableness of any additional Rules or Regulations hereafter made or adopted by Owner or Owner's agents, the parties hereto agree to submit the question of the reasonableness of such Rules or Regulations for decision to the New York office of the American Arbitration Association, whose determination shall be final and conclusive upon the parties hereto. The right to dispute the reasonableness of any additional Rules or Regulations upon Tenant's part shall be deemed waived unless the same shall be asserted by service of a notice, in writing, upon Owner, within fifteen (15) days after the giving of notice thereof. Nothing in this lease contained shall be construed to impose upon Owner any duty or obligation to enforce the Rules and Regulations or terms, covenants or conditions in any other lease, as against any other tenant, and Owner shall not be liable to Tenant for violation of the same by any other tenant, its servants, employees, agents, visitors or licensees.

Glass:

37. Owner shall replace, at the expense of Tenant, any and all plate and other glass damaged or broken from any cause whatsoever in and about the demised premises. Owner may insure, and keep insured, at Tenant's expense, all plate and other glass in the demised premises for and in the name of Owner. Bills for the premiums therefor shall be rendered by Owner to Tenant at such times as Owner may elect, and shall be due from, and payable by, Tenant when rendered, and the amount thereof shall be deemed to be, and be paid as, additional rent.

Estoppel Certificate:

38. Tenant, at any time, and from time to time, upon at least ten (10) days prior notice by Owner, shall execute, acknowledge and deliver to Owner, and/or to any other person, firm or corporation specified by Owner, a statement certifying that this lease is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified and stating the modifications), stating the dates to which the rent and additional rent have been paid, and stating whether or not there exists any default by Owner under this lease, and, if so, specifying each such default.

Directory Board Listing:

39. If, at the request of. and as accommodation to, Tenant, Owner shall place upon the directory board in the lobby of the building, one or more names of persons or entities other than Tenant, such directory board listing shall not be construed as the consent by Owner to an assignment or subletting by Tenant to such persons or entities.

Successors and Assigns:

40. The covenants, conditions and agreements contained in this lease shall bind and inure to the benefit of Owner and Tenant and their respective heirs, distributees, executors, administrators, successors, and except as otherwise provided in this lease, their assigns. Tenant shall look only to Owner's estate and interest in the land and building for the satisfaction of Tenant's remedies for the collection of at judgement (or other judicial process) against Owner in the event of any default by Owner hereunder, and no other property or assets of such Owner (or any partner, member, officer or director thereof, disclosed or undisclosed), shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under, or with respect to, this lease, the relationship of Owner and Tenant hereunder, or Tenant's use and occupancy of the demised premises.

Space to be filled in or deleted.

See rider attached.

In Witness Whereof, Owner and Tenant have respectively signed and sealed this lease as of the day and year first above written.

Witness for Owner:

Witness for Tenant

LANDLORD:
135 FIFTH AVENUE LLC CORP. SEAL

[L.S]

TENANT:
DIVERSIFIED BIOTECH HOLDINGS CORP.

CORP. SEAL

IMPORTANT - PLEASE READ

RULES AND REGULATIONS ATTACHED TO AND MADE A PART OF THIS LEASE IN ACCORDANCE WITH ARTICLE 36.

1. The sidewalks, entrances, driveways, passages, courts, elevators, vestibules, stairways, corridors or halls shall not be obstructed or encumbered by Tenant or used for any purpose other than for ingress or egress from the demised premises and for delivery of merchandise and equipment in a prompt and efficient manner, using elevators and passageways designated for such delivery by Owner. There shall not be used in any space, or in the public hall of the building, either by Tenant or by jobbers or others in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and sideguards. If said premises are situated on the ground floor of the building. Tenant shall further, at Tenant's expense, keep the sidewalk and curb in front of said premises clean and free from ice, snow, dirt and rubbish.

2. The water and wash closets and plumbing fixtures shall not be used for any purposes other than those for which they were designed or constructed, and no sweepings, rubbish, rags, acids or other substances shall be deposited therein, and the expense of any breakage, stoppage, or damage resulting from the violation of this rule shall be borne by Tenant, whether or not caused by Tenant, its clerks, agents, employees or visitors.

3. No carpet, rug or other article shall be hung or shaken out of any window of the building; and Tenant shall not sweep or throw, or permit to be swept or thrown, from the demised premises, any dirt or other substances into any of the corridors of halls, elevators, or out of the doors or windows or stairways of the building, and Tenant shall not use, keep, or permit to be used or kept, any foul or noxious gas or substance in the demised premises, or permit or suffer the demised premises to be occupied or used in a manner offensive or objectionable to Owner or other occupants of the buildings by reason of noise, odors, and or vibrations, or interfere in any way, with other tenants or those having business therein, nor shall any bicycles, vehicles, animals, fish, or birds be kept in or about the building. Smoking or carrying lighted cigars or cigarettes in the elevators of the building is prohibited.

4. No awnings or other projections shall be attached to the outside walls of the building without the prior written consent of Owner.

5. No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by Tenant on any part of the outside of the demised premises or the building, or on the inside of the demised premises if the same is visible from the outside of the demised premises, without the prior written consent of Owner, except that the name of Tenant may appear on the entrance door of the demised premises. In the event of the violation of the foregoing by Tenant, Owner may remove same without any liability, and may charge the expense incurred by such removal to Tenant. Interior signs on doors and directory tablet shall be inscribed, painted or affixed for Tenant by Owner at the expense of Tenant, and shall be of a size, color and style acceptable to Owner.

6. Tenant shall not mark, paint, drill into, or in any way deface any part of the demised premises or the building of which they form a part. No boring, cutting or stringing of wires shall be permitted, except with the prior written consent of Owner, and as Owner may direct. Tenant shall not lay linoleum, or other similar floor covering, so that the same shall come in direct contact with the floor of the demised premises, and, if linoleum or other similar floor covering is desired to be used, an interlining of builder's deadening felt shall be first affixed to the floor, by a paste or other material, soluble in water, the use of cement or other similar adhesive material being expressly prohibited.

7. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made in existing locks or mechanism thereof. Tenant must, upon the termination of his tenancy, restore to Owner all keys of stores, offices and toilet rooms, either furnished to, or otherwise procured by, Tenant, and in the event of the loss of any keys, so furnished, Tenant shall pay to Owner the cost thereof.

8. Freight, furniture, business equipment, merchandise and bulky matter of any description shall be delivered to and removed from the demised premises only on the freight elevators and through the service entrances and corridors, and only during hours, and in a manner approved by Owner. Owner reserves the right to inspect all freight to be brought into the building, and to exclude from the building all freight which violates any of these Rules and Regulations of the lease, of which these Rules and Regulations are a part.

9. Tenant shall not obtain for use upon the demised premises ice, drinking water, towel and other similar services, or accept barbering or bootblacking services in the demised premises, except from persons authorized by Owner, and at hours and under regulations fixed by Owner. Canvassing, soliciting and peddling in the building is prohibited and Tenant shall cooperate to prevent the same.

10. Owner reserves the right to exclude from the building all persons who do not present a pass to the building signed by Owner. Owner will furnish passes to persons for whom any Tenant requests same in writing. Tenant shall be responsible for all persons for whom it requests such pass, and shall be liable to Owner for all acts of such persons. Notwithstanding the foregoing. Owner shall not be required to allow Tenant or any person to enter or remain in the building, except on business days from 8:00 a.m. to 6:00 p.m. and on Saturdays from 8:00 a.m. to 1:00 p.m. Tenant shall not have a claim against Owner by reason of Owner excluding from the building any person who does not present such pass.

11. Owner shall have the right to prohibit any advertising by Tenant which in Owner's opinion, tends to impair the reputation of the building or its desirability as a loft building, and upon written notice from Owner, Tenant shall refrain from or discontinue such advertising.

12. Tenant shall not bring, or permit to be brought or kept, in or on the demised premises, any inflammable, combustible, explosive, or hazardous fluid, material, chemical or substance, or cause or permit any odors of cooking or other processes, or any unusual or other objectionable odors, to permeate in, or emanate from, the demised premises.

13. Tenant shall not use the demised premises in a manner which disturbs or interferes with other tenants in the beneficial use of their

premises.

14. Refuse and Trash. (1) Compliance by Tenant. Tenant covenants and agrees, at its sole cost and expense, to comply with all present and future laws, orders, and regulations, of all state, federal, municipal, and local governments, departments, commissions and boards regarding the collection, sorting, separation and recycling of waste products, garbage, refuse and trash. Tenant shall sort and separate such waste products, garbage, refuse and trash into such categories as provided by law. Each separately sorted category of waste products, garbage, refuse and trash shall be placed in separate receptacles reasonably approved by Owner. Tenant shall remove, or cause to be removed by a contractor acceptable to Owner, at Owner's sole discretion, such items as Owner may expressly designate. (2) Owner's Rights in Event of Noncompliance. Owner has the option to refuse to collect or accept from Tenant waste products, garbage, refuse or trash (a) that is not separated and sorted as required by law or (b) which consists of such items as Owner may expressly designate for Tenant's removal, and to require Tenant to arrange for such collection at Tenant's sole cost and expense, utilizing a contractor satisfactory to Owner. Tenant shall pay all costs, expenses, fines, penalties, or damages that may be imposed on Owner or Tenant by reason of Tenant's failure to comply with the provisions of this Building Rule 15, and, at Tenant's sole cost and expense, shall indemnity, defend and hold Owner harmless (including reasonable legal fees and expenses) from and against any actions, claims and suits arising from such noncompliance, utilizing counsel reasonably satisfactory to Owner.

Address

Premises

TO

STANDARD FORM OF

Loft Lease

Dated in the year

Rent Per Year

Rent Per Month

Term
From
To

Drawn by _____

Checked by _____

Entered by _____

Approved by _____

INDEX TO LEASE RIDER

Rider attached to and forming a part of Lease dated as of July 1, 2006 between 135 FIFTH AVENUE LLC, Landlord, and DIVERSIFIED BIOTECH HOLDINGS CORP., Tenant

41. **DEFINITIONS:**

For the purposes of this Lease the following definitions shall apply:

(a) "Abatement Months" shall mean July 2006 and July 2007.

(b) "Annual Rent" shall mean $115,500.

(c) "Annual Rent Increase Date" shall mean July 1, 2007.

(d) "Annual Rent Multiplier" shall mean 103%.

(e) "Broker" shall mean Kaufman Organization.

(f) "Building" shall mean 135 Fifth Avenue, New York, NY.

(g) "Demised Premises" shall mean entire tenth floor.

(h) "Landlord's Notice Address" shall mean 441 Lexington Avenue, 10th floor, New York, New York 10017

(i) "Landlord's Work" shall mean none.

(j) "Liability Insurance Amount" shall mean $1,000,000.

(k) "Percentage" shall mean 10%.

(I) "Permitted Use" shall mean general executive and administrative office use.

(m) "Real Estate Taxes" shall mean all taxes and assessments levied or imposed upon the Building and the land upon which it is erected (including, but not limited to, any taxes or assessments by or on behalf of New York City's Business Improvement Districts) and also any tax or assessment levied, assessed or imposed at any time by any governmental authority in connection with the receipt of income or rents from said land and/or Building to the extent that same shall be in lieu of all or a portion of any of the aforesaid taxes or assessments payable during any year following the Tax Base Year and the expenses (including attorneys' and appraisers' fees) incurred by Landlord in connection with any application or proceedings to reduce the amount of Real Estate Taxes.

(n) "Security Deposit" shall mean $32,500.

(o) "Tax Base Year" shall mean the twelve month period from July 1, 2006 to June 30, 2007.

(p) "Tax Year" shall mean each similar twelve (12) month period following the Tax Base Year.

(q) "Term" shall mean the term of this lease which shall commence July 1, 2006 and end June 30, 2011 (or until such Term shall sooner cease or expire as herein provided).

(r) "Tenant's Notice Address" shall mean 135 Fifth Avenue, Tenth Floor, New York, NY 10010.

(s) "Water Charge" shall mean $100 per month.

42. **ANNUAL RENT:**

On the Annual Rent Increase Date and on each anniversary thereof during the Term, the Annual Rent shall be increased to an amount equal to the Annual Rent for the immediately preceding lease year in question, multiplied by the Annual Rent Multiplier.

Provided Tenant is not then in default of any material obligation of Tenant under this Lease after notice and beyond any applicable cure period, and further provided Tenant promptly completes Tenant's alterations as provided in 49(c) hereof, Tenant shall be entitled to an abatement in the Annual Rent for the Abatement Months.

43. **REAL ESTATE TAXES:**

(a) In the event that Real Estate Taxes payable during any Tax Year shall exceed the amount of Real Estate Taxes payable during the Tax Base Year, Tenant shall pay to Landlord as additional rent an amount equal to the Percentage of the excess ("Tax Payment"). For each Tax Year Landlord shall furnish Tenant a statement of Real Estate Taxes payable during such Tax Year and a statement of the Real Estate Taxes payable during the Tax Base Year (the "Tax Statement"). If the Real Estate Taxes payable during any Tax Year exceed the Real Estate Taxes payable during the Tax Base Year, the Tax Payment shall be due from Tenant to Landlord as additional rent within twenty (20) days after receipt of the Tax Statement.

(b) The amount of Real Estate Taxes actually paid by Landlord for the Tax Base Year shall be used in the computation of the amount of additional rent payable hereunder until the amount of the Real Estate Taxes payable during the Tax Base Year are finally determined through legal proceedings, settlement or otherwise. In the event of any such adjustment, the adjusted amount of such taxes shall thereafter determine the amount of additional rent payable by Tenant hereunder, the additional rent theretofore paid or payable hereunder shall be recomputed on the basis of such adjustment, as the case may be, and Tenant shall pay to Landlord the adjusted amount, within twenty (20) days after being billed therefor or Landlord shall issue Tenant a credit for the adjusted amount against the next rent bill.

(c) If, after Tenant shall have made a payment of additional rent hereunder, Landlord shall receive a refund of any portion of the Real Estate Taxes on which a payment of additional rent shall have been based, Landlord shall promptly after receiving the net refund (e.g. after deduction of all expenses, including, but not limited to, attorneys' and appraisers' fees) credit Tenant the Percentage of same on its next rent bill. In no event shall the Annual Rent (exclusive of the additional rents under this Article) be reduced.

(d) If the fiscal tax year of the taxing authority is changed, Landlord may make appropriate adjustments to the computations and billing periods hereunder.

44. **WATER CHARGES:**

If the rate charged to Landlord for water in the Building increases, or if Tenant's usage increases, the Water Charge shall be proportionately increased.

45. **SECURITY DEPOSIT:**

(a) The Security Deposit shall be in the form of an irrevocable letter of credit in the form attached hereto as Exhibit A ("Letter of Credit") issued by a bank which is a member of the New York Clearinghouse Association having an office in Manhattan, New York where said letter may be presented for payment, and acceptable to Landlord in the original principal amount of the Security Deposit with Landlord (or any transferee designated by Landlord), as beneficiary, with an expiration date that is no earlier than ninety (90) days after the stated expiration date of the Lease. Alternatively, the Letter of Credit may have an expiration date no earlier than the first anniversary of the date it is issued, with a provision that the Letter of Credit is automatically renewed for one year periods until the required expiration date stated above, unless the issuing bank provides at least sixty (60) days prior notice to the beneficiary of the Letter of Credit of its intent not to renew. Such notice shall be delivered to Landlord to the address and in the manner set forth herein for notices, and to any other beneficiary to the address it provides to the bank. Landlord (and/or the beneficiary) shall have the right to draw on the Letter of Credit if Tenant defaults hereunder, including any failure to provide an acceptable replacement Letter of Credit to Landlord at least thirty (30) days prior to the expiration of any Letter of Credit then in effect. If Landlord draws down on the Letter of Credit any sums not otherwise applied as a result of Tenant's default shall be held as cash security hereunder. If Landlord cashes the Letter of Credit it may, at its option, hold cash as security or require a replacement Letter of Credit.

(b) At Tenant's option, the Security Deposit under this Lease may be in the form of cash instead of a Letter of Credit.

46. **LATE PAYMENTS:**

Rental payments (including items of additional rent) are due on the first of the month. If rental payments are not received by the fifth of the month, a rent surcharge of 5% of the late payment will be imposed.

47. **ADDITIONAL RENT:**

All sums of money, other than the Annual Rent, which are payable by Tenant to Landlord under this Lease shall be deemed to be additional rent.

48. **CONDITION OF PREMISES:**

Neither the Landlord nor its agents have made any representations with respect to the Building, the land upon which it is erected or the Demised Premises except as expressly set forth herein, and no rights, easements or licenses are acquired by the Tenant by implication or otherwise except as expressly set forth in the provisions of this Lease. Except as otherwise specifically provided in this Lease, the Demised Premises shall be delivered to Tenant in an "as is" condition and Tenant hereby accepts the same "as is". The Tenant shall be responsible for all non-structural repairs in and about the Demised Premises and any structural repairs therein or in the Building resulting from the acts or negligence of Tenant, its employees, agents, contractors or representatives or invitees.

49. **TENANT ALTERATIONS:**

(a) Tenant shall not make any changes or alterations in or to the Demised Premises of any nature, except those that are solely of a decorative nature (such as painting, carpeting and wall covering), without Landlord's prior written consent, which consent shall not be unreasonably withheld. Any such work shall be performed only by contractors and mechanics approved in writing by Landlord; provided Landlord shall have the right, at Landlord's option, to have any work relating to the Building's structure or utility or mechanical systems performed by contractors designated by Landlord, provided the cost thereof is competitive. Any work shall be subject to periodic inspections by Landlord's representatives and Tenant shall reimburse Landlord for the reasonable cost thereof. In addition, any work shall (i) be done at Tenant's sole cost and expense and be promptly paid for, (ii) comply with all applicable laws and (iii) be performed as promptly as practicable and in a good workmanlike manner using first grade quality materials.

(b) Notwithstanding the provision of Article 3 hereof, any alterations, fixtures, equipment or installations by Tenant in or about the Demised Premises, including, but not limited to, any piping, wiring, cable and/or telecommunications equipment, shall be removed by Tenant at the expiration or earlier termination of the Lease hereof unless Landlord shall elect to require Tenant to leave same. If Tenant fails to remove same and restore the Demised Premises Tenant shall pay Landlord for the cost of such removal and restoration.

(c) Promptly upon the commencement of the Term hereof, Tenant shall perform the following work in the Demised Premises in a workmanlike manner pursuant to plans to be previously approved by Landlord:

(1) Refurbish private bathrooms above building standard.
(2) Build new pantry.
(3) Furnish and install minimum of 7.5 ton split A/C unit and all ductwork required for distribution of air conditioning throughout the Demised Premises in accordance with New York City Department of Building codes inclusive of all filings, work permits and equipment use permits, copies of which are to be provided to Landlord.

(d) Notwithstanding anything contained in this Lease, Landlord shall determine, at the time it approves or disapproves Tenant's proposed alterations, whether such alterations shall be removed upon the expiration or earlier termination of this Lease.

50. **UTILITIES:**

Landlord shall not provide electricity to the Demised Premises and Tenant shall contract directly with the public utility company for electrical service. Notwithstanding anything in this Lease to the contrary, Tenant shall under no circumstances cause any gas service to be supplied to the Demised Premises.

51. **TENANT'S INSURANCE:**

During the term hereof Tenant shall, at its own cost and expense, provide and keep in force (i) for the mutual benefit of Landlord and Tenant, commercial general liability insurance against claims for bodily injury, death or property damage occurring in or about the Demised Premises and the access ways thereto, with single limit coverage of not less than the Liability Insurance Amount and (ii) for the benefit of Tenant, property damage insurance covering all of Tenant's fixtures, installations and personalty in the Demised Premises. The policies of insurance shall be obtained and fully paid for by Tenant upon the commencement of the Term and an original copy or Certificate of Insurance shall be promptly delivered to Landlord prior to Tenant taking possession of the Demised Premises. Tenant shall procure and fully pay for renewals of such insurance from time to time at least thirty (30) days before the expiration thereof, and Tenant shall promptly deliver to Landlord an original copy or certificate thereof.

52. **LIENS:**

Tenant shall not grant or create, or permit to be created, any security interest in or lien upon the Demised Premises or any equipment, machinery, fixtures or items of personal property affixed therein. The foregoing shall not prohibit equipment financing provided the same is not affixed to the Demised Premises, can be readily removed therefrom without causing damage and does not create a lien against the Building or the property on which the Building is located.

53. **OCCUPANCY:**

Landlord does not represent, warrant or guaranty that the Tenant's permitted use and occupation of the Demised Premises is lawful or permissible under the zoning ordinance or otherwise permitted by law and Tenant agrees that Tenant will not use or occupy the Demised Premises in violation of any such law. Tenant covenants and agrees that the Demised Premises shall not be used for residential purposes nor shall any animal of any kind or nature whatsoever be kept or harbored in the Demised Premises. In the event that any governmental authority shall hereafter at any time contend or declare by notice, violation, order or in any other manner whatsoever that the Demised Premises are used or occupied in violation of law then Tenant shall immediately discontinue such use or occupation of the Demised Premises.

54. **TENANT'S CONDUCT:**

Tenant agrees not to engage in or permit any activities in or about the Demised Premises which will in any way create a nuisance or create a disturbance to any other occupant of the Building, expose the Demised Premises or the Building or the occupants of the Building to any danger, or subject the Landlord to any possible increase of insurance premiums, or possible or actual cancellation of insurance. Any approved work or obligation of Tenant hereunder shall be performed only by a licensed person or firm (when required by law) and labor so as not to cause any jurisdictional or other labor dispute in the Building.

55. **BROKERAGE:**

Landlord and Tenant agree that no broker or person other than Broker was instrumental or had any part in bringing about this Lease. Landlord and Tenant agree that should any claim be made for a brokerage commission or other compensation by any other person, each shall hold the other harmless from and against any and all such claims, liability, costs and expenses in connection therewith arising out of the acts or omissions of the indemnifying party. Landlord shall pay any commission payable to Broker pursuant to separate agreement.

56. **ASSIGNMENT, SUBLETTING:**

A. Tenant may assign this Lease, sublease the Demised Premises in whole (but not in part) provided that:

(i) Landlord's prior written consent to said assignment or sublease be obtained, which consent shall not be unreasonably withheld or delayed;

(ii) a request to assign or sublease be made to Landlord in writing giving full particulars and details of the proposed assignment or sublease and said written request be received by Landlord no later than sixty (60) days prior to the date the term of the proposed assignment or sublease is to commence;

(iii) Tenant shall remain responsible for the payment of all rent herein reserved and for the performance of all other terms, covenants and conditions herein contained;

(iv) the assignee or subtenant agrees to perform faithfully and be bound by all the terms, covenants and conditions of this Lease and that Tenant shall deliver to Landlord, promptly after execution, an executed copy of said assignment or sublease together with an agreement of assumption of performance by the assignee or subtenant; and

(v) Tenant shall pay Landlord an amount equal to fifty (50%) percent of all amounts paid to Tenant by any such assignee or subtenant in excess of the amounts payable by Tenant hereunder after deducting all reasonable direct costs incurred by Tenant in connection with any such assignment or sublet (to be amortized over the term of the sublease on a straight line basis without interest), including, but not limited to, brokerage commissions, attorneys' fees and the cost of any approved alterations or improvements made by Tenant in the Demised Premises to effect such assignment or sublet as evidenced by paid and receipted bills therefor.

B. Landlord shall have the option of either (i) accepting, or (ii) rejecting the proposed assignment or sublease, or (iii) electing to recapture the Demised Premises. If Landlord elects to recapture the Demised Premises, such election shall be exercised by giving written notice to Tenant within thirty (30) days after receipt of Tenant's notice, and such recapture notice shall, if given, cancel and terminate this Lease effective as of the date stated in Tenant's notice for the commencement of the term of the proposed assignment or sublease as fully and completely as if that date had been originally set forth herein for the expiration of the Term.

C. Any transfer of a controlling interest in Tenant shall be deemed an assignment hereunder. Notwithstanding the foregoing, Tenant shall have the right, without the consent of Landlord, to assign this Lease or to sublet all or a portion of the Demised Premises to (i) any corporation or entity which owns, is owned by, or is under the common ownership with, Tenant; (ii) any corporation or entity into which or with which Tenant merges or consolidates for reasonable business purposes and not merely for the convenience of obtaining this Lease (iii) any corporation or entity which acquires all or substantially all of the business and assets of Tenant, provided that in any of the foregoing events, (x) such assignee shall expressly agree in writing for the benefit of Landlord to assume all of Tenant's obligations hereunder accruing after the effective date of assignment and (y) Tenant shall remain liable for the performance of all of Tenant's obligations hereunder. In addition, Tenant shall have the right to allow any of the corporations or entities described in the preceding sentence to occupy portions of the Demised Premises in accordance with the provisions of this Lease.

57. **LANDLORD'S CONSENT:**

If Tenant shall request Landlord's approval or consent and Landlord shall fail or refuse to give such consent or approval, Tenant shall not be entitled to any damages for any withholding or delay of such approval or consent by Landlord, it being intended that Tenant's sole remedy shall be an action for injunction or specific performance and that such remedy shall be available only in those cases where Landlord shall have expressly agreed in writing not to unreasonably withhold its consent or approval.

58. **LIMITATION OF LANDLORD'S LIABILITY:**

Landlord, its partners and principals, disclosed or undisclosed, shall have no personal liability under this Lease. Tenant shall look only to Landlord's interest in the Building for the satisfaction of Tenant's remedies for the collection of a judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default by Landlord hereunder, and no other property or assets of Landlord or its partners or principals, disclosed or undisclosed, shall be subject to lien, levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to this Lease, the relationship of Landlord and Tenant hereunder or Tenant's use or occupancy of the Demised Premises. If Tenant shall acquire a lien on such other property or assets by judgment or otherwise, Tenant shall promptly release such lien by executing and delivering to Landlord any instrument, prepared by Landlord, required for such lien to be released.

59. **TENANT HOLDOVER:**

In the event Tenant fails to quit and surrender to Landlord the Demised Premises upon the expiration or other termination of the Term, Landlord shall be entitled to a judgment by confession of possession of the Demised Premises in any summary preceding or other proceeding instituted by Landlord to recover possession of the Demised Premises. In addition, in the event of such holdover, Tenant shall pay Landlord use and occupancy at a rate per month equal to twice the amount of the greater of (a) the Annual Rent, plus all items of additional rent payable by Tenant under this Lease immediately preceding such termination, or (b) the then current fair market value of the use and occupancy of the Demised Premises at the time of the expiration or other termination of this Lease, in each case for the period from the date of expiration or any such termination to the date Tenant actually quits and surrenders to Landlord the Demised Premises leaving same in the condition required by this Lease. The foregoing amount shall be payable by Tenant to Landlord as liquidated damages, the parties recognizing and agreeing that in the event of any such holdover the actual amount of damages that may be suffered by Landlord as a result thereof may be difficult if not impossible to ascertain.

60. **ATTORNEYS' FEES:**

If Landlord, in connection with any default by Tenant under this Lease, including but not limited to the covenant to pay rent hereunder, makes any expenditures, including, but not limited to, the cost of sending notices, including but not limited to reasonable attorneys' fees incurred in connection therewith, or incurs any obligations for the payment of money, then Tenant will reimburse Landlord for such sums so paid or obligations incurred with interest and costs of collection. Tenant acknowledges and agrees that the preparation and service of a Three-Day Notice of Default shall be reimbursable at a rate of no less than $250 per notice. The foregoing expenses incurred shall be deemed to be additional rent hereunder and shall be paid by Tenant to Landlord within ten (10) days of rendition of a bill or statement therefor. If the Term shall have expired at the time of making any such expenditures or incurring any such obligations, such sums shall be recoverable by Landlord as damages.

61. **ACCESS RIGHTS:**

At the commencement of the Lease, Landlord shall supply Tenant with a set of keys for all doors to the Demised Premises. During the term of the Lease Tenant shall not change the locks on the doors to the Demised Premises without Landlord's prior written consent. Any proposed change in the locks approved by Landlord shall be performed by a locksmith designated by Landlord, at Tenant's cost and expense, and Tenant shall supply Landlord with a new set of keys for any new door locks. In addition, Tenant shall promptly notify Landlord of the access codes for security or alarm systems installed in the Demised Premises and any subsequent changes thereto.

62. **ENFORCEMENT:**

Irrespective of the place of execution or performance, this Lease shall be governed by and construed in accordance with the laws of the State of New York. If any provision of this Lease or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Lease and the application of that provision to other persons or circumstances shall not be affected, but rather shall be enforced to the extent permitted by law. This Lease shall be construed without regard to any presumption or other rule requiring ambiguities to be construed against the party causing this Lease to be drafted. Each covenant, agreement, obligation or other provision of this Lease on Tenant's part to be performed, shall be deemed and construed as a separate and independent covenant of Tenant, not dependent on any other provision of this Lease and of a substantive nature. All terms and words used in this Lease, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require.

63. **POSSIBLE UPGRADING OF PASSENGER ELEVATOR SERVICE:**

Landlord reserves the right during the Term, at Landlord's cost and expense, to upgrade the passenger elevator facilities in the Building. In the event Landlord elects to do same, Landlord shall have the right, upon written notice to Tenant, to use a portion of the Demised Premises, as specified in Landlord's notice, for any necessary modification of the elevator shafts to either create one or two new passenger elevators and upon any such notice the Demised Premises shall be deemed reduced to the extent of the space designated in Landlord's notice. Landlord shall perform any such installation in a reasonable manner so as to minimize interference with Tenant's business and to protect Tenant's property. Upon the completion of any such installation, Landlord shall, at Landlord's cost and expense, promptly restore the Demised Premises to the extent practical to the condition it was in prior thereto. In consideration of the provision of any such upgraded passenger elevator service, Tenant agrees that there shall be no abatement of or reduction in the Rent or Additional Rent payable hereunder.

64. **CONSUMMATION OF LEASE:**

Tenant has executed this Lease and paid the rent and security upon the distinct understanding that said Lease shall not be deemed consummated, binding or effective until the same is signed by Landlord and returned to Tenant. In the event that, for any reason, Landlord shall refuse to sign the Lease, then Tenant and Landlord (upon returning any moneys paid by the proposed Tenant), shall have no liability in connection with any proposed transaction.

65. **ENVIRONMENTAL MATTERS:**

Landlord represents and warrants that, to the best of its knowledge, there is no hazardous material on the land or in the Demised Premises. Landlord shall deliver to Tenant a form ACP5 verifying the absence of asbestos in the Demised Premises. Should any hazardous material have been present in the Demised Premises prior to the tenancy created hereunder, it shall be Landlord's obligation to remove same.

66. **COMPLIANCE WITH LAWS:**

Landlord shall deliver possession of the Demised Premises to Tenant free of all municipal violations.

67. **MOVE-IN:**

Tenant shall have access to the freight or regular elevator, as applicable, without charge during normal business hours on the date it moves into the Demised Premises.

68. **RULES AND REGULATIONS:**

Landlord agrees that it shall not enforce the rules and regulations more stringently against Tenant than against any other tenant of the Building. Additionally, no rules and regulations shall increase Tenant's monetary obligations or materially reduce Tenant's rights under this Lease.

69. **FURTHER REGARDING ARTICLE 4**

Landlord shall maintain and repair (i) the walls (but not the facades), foundation, structural support columns running through the Demised Premises, if any; (ii) the roof of the Building, (iii) the plumbing, heating, ventilation, electrical, sprinkler, telecommunications risers, equipment, panels and cabling from the minimum point of entry into the Building up to the Demised Premises (unless installed by Tenant) and other systems and installations serving the Demised Premises and the common areas of the Building and land; and (iv) the exterior of the Building.

70. **FURTHER REGARDING ARTICLE 6**

Landlord shall, at its own cost and expense, comply with all other laws, rules, orders, regulations, ordinances, building, fire or health codes and other similar requirements affecting the Building (the "Requirements") which require structural repairs to or structural alteration of the Building or the Demised Premises. Without limiting the generality of the foregoing, except as hereinafter otherwise provided, Landlord shall be required, at its own expense, to make all alterations and installations in and to the Building and the Demised Premises and to take any other action and incur any other expenses in order to comply with New York City Local Law #5, or any amendment thereof or any law or ordinance similar or as successor thereto, including, without limitation, the installation of sprinkler and/or smoke or fire detection systems, or any other similar systems; provided, however, that if such law requires any alterations or installations with respect to partitioning or any other installations made by Tenant, such work shall be done by Tenant at its sole cost and expense.

71. **FURTHER REGARDING ARTICLE 13**

Except in the event of an emergency or where such entry is required by law, Landlord's right of entry shall be exercised following reasonable advance notice to Tenant. Landlord agrees that while exercising such right of entry or making such repairs, replacements or improvements, Landlord shall use best efforts to avoid interfering with Tenant's business or disrupting same. Landlord shall not forcibly enter the Demised Premises except in the event of an emergency or where required by law.

72. **CONFLICT OF PROVISIONS:**

In the event of any conflict between any of the provisions of this Rider and any of the provisions, printed or typewritten, of the printed portion of this Lease, the provisions of this Rider shall control.

73. **TENANT'S ATTORNEY:**

In any negotiations, transactions or litigation between Landlord and Tenant, Tenant agrees that it will not be represented by Noah Klarish, the law firm of Hutner Klarish LLP or any law firm with which Mr. Klarish is affiliated. A violation of this covenant by Tenant shall be deemed a material breach of this Lease.

AMENDMENT OF LEASE

AMENDMENT dated as of September 1, 2010, between 135 FIFTH AVENUE LLC, having an office at 441 Lexington Avenue, New York, New York 10017 ("Landlord"), and DIVERSIFIED PRIVATE EQUITY CORP. (formerly known as Diversified Biotech Holdings Corp.), having an office at 135 Fifth Avenue, New York, New York 10010 ("Tenant").

WITNESSETH:

WHEREAS, Landlord and Tenant are parties to a certain lease dated as of July 1, 2006 (hereinafter called the "Lease") for the entire tenth floor, in the building known as 135 Fifth Avenue, New York, New York as more particularly described in the Lease, and

WHEREAS, the parties hereto desire to amend the Lease upon the terms, covenants and conditions hereinafter provided;

NOW, THEREFORE, for value received, the parties agree as follows:

1. Effective as of the date hereof, the subdivisions of Article 41 of the Lease listed below shall be amended as follows:

(b) "Annual Rent" shall mean $138,600.

(c) "Annual Rent Increase Date" shall mean September 1, 2011.

(e) "Broker" shall mean none.

(n) "Security Deposit" shall mean $39,000. Accordingly, Tenant is depositing with Landlord, upon execution hereof, $6,500, which together with the previously deposited funds, shall total the Security Deposit.

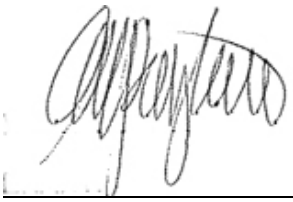
(o) "Tax Base Year" shall mean the twelve month period from July 1, 2010 to June 30, 2011.

(q) "Term" shall mean the term of this lease which commenced July 1, 2006 and shall end August 31, 2015 (or until such Term shall sooner cease or expire as herein provided).

2. Except as herein modified and amended, the Lease is hereby ratified and confirmed.

IN WITNESS WHEREOF, the undersigned have duly executed this Amendment as of the date first above written.

LANDLORD:
135 FIFTH AVENUE LLC



By _____

TENANT:
DIVERSIFIED PRIVATE EQUITY CORP.

By /s/ Scott L. Mathis

By signature below, Guarantor consents to this Amendment and agrees that the previously executed Guaranty of Lease applies to the Lease as amended hereby

/s/ Scott L. Mathis
Scott L. Mathis

ALGODON GLOBAL PROPERTIES, LLC

AND

DPEC CAPITAL, INC.

WARRANT AGREEMENT

Dated as of July 18, 2008

WARRANT AGREEMENT dated as of July 18, 2008 between ***ALGODON GLOBAL PROPERTIES, LLC,*** a Delaware limited liability company (the "Company"), and ***DPEC CAPITAL, INC.*** (the "Placement Agent") and its assignees or designees (each hereinafter sometimes referred to with DPEC Capital, Inc. as a "Holder" or the "Holders").

WITNESSETH:

WHEREAS, the Placement Agent has agreed to act as the placement agent in connection with the Company's proposed private placement of a minimum of 2,000,000 units and a maximum of 15,000,000 units of non-managing membership interests of the Company (the "Units"), at an offering price of $1.00 per unit (the "Offering");

WHEREAS, the Company has agreed to issue warrants to the Placement Agent (the "Warrants") to purchase ten percent (10%) of the aggregate number of Units sold in the Offering;

WHEREAS, as the Offering is being sold on a "best efforts, all or none" basis with respect to the first 2,000,000 Units and on a "best efforts" basis with respect to the remaining Units, the Offering may have multiple closings (each, a "Closing");

WHEREAS, the Warrants will be issued on the date of each Closing of the Offering by the Company to the Placement Agent in consideration for, and as part of, the Placement Agent's compensation for serving as Placement Agent; and

WHEREAS, the terms and conditions of the Warrants in which the Warrants will be issued are set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises, the agreements herein set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant. The Company agrees to grant to the Placement Agent Warrants to purchase such number of Units which are equal to ten percent (10%) of the aggregate number of Units sold on such Closing Date at an initial exercise price of $1.00 per unit (the "Exercise Price") (including all Units sold pursuant to an over-allotment option, or pursuant to an increase in the maximum size of the Offering, if any). The Warrants shall be exercisable at any time from the date of grant (which shall be the date of each Closing (each, a "Closing Date")) until 5:30 p.m., New York time, on the date which is five years from each Closing Date. In the event of multiple closings in any calendar quarter, the parties agree that the Warrants for each of such Closings may be combined and issued and dated as of the last day of the calendar quarter. The number of Units subject to the Warrants granted hereunder and the Exercise Price shall be subject to adjustment as provided in Section 8 hereof.

2. Warrant Certificates. The warrant certificates (the "Warrant Certificates") delivered and to be delivered pursuant to this Agreement shall be in the form set forth in Exhibit A attached hereto and made a part hereof, with such appropriate insertions, omissions, substitutions, and other variations as required or permitted by this Agreement.

3. Registration of Warrants. The Warrants shall be numbered and shall be registered on the books of the Company when issued.

4. Exercise of Warrants.

4.1 Method of Exercise. The Warrants initially are exercisable at the Exercise Price (subject to adjustment as provided in Section 8 hereof) as set forth in Section 7 hereof payable by certified or official bank check in New York Clearing House funds. Upon surrender of a Warrant Certificate with the annexed Form of Election to Purchase duly executed, together with payment of the Exercise Price for the Units purchased, at the Company's principal offices (presently located at 135 Fifth Avenue, New York, New York 10010), the Holder shall be entitled to receive a certificate or certificates for the Units so purchased. The purchase rights represented by each Warrant Certificate are exercisable at the option of the Holder thereof, in whole or in part (but not as to fractional Units underlying the Warrants). In the case of the purchase of less than all of the Units purchasable under any Warrant Certificate, the Company shall cancel said Warrant Certificate upon the surrender thereof and shall execute and deliver a new Warrant Certificate of like tenor for the balance of the Units purchasable thereunder.

4.2 Exercise by Surrender of Warrants. In addition to the method of payment set forth in Section 4.1 and in lieu of any cash payment required thereunder, the Holder(s) of the Warrants shall have the right at any time and from time to time to exercise the Warrants in full or in part by surrendering the Warrant Certificate in the manner specified in Section 4.1 in exchange for the number of Units equal to the product of (x) the number of Units as to which the Warrants are being exercised, multiplied by (y) a fraction, the numerator of which is the Current Price (as hereinafter defined) of the Units minus the Exercise Price of the Units and the denominator of which is the Current Price of the Units. As used in this Agreement, the phrase "Current Price" shall be deemed to be the last price at which Units were sold in an arms' length transaction prior to exercise of the Warrant.

5. Issuance of Certificates. Upon the exercise of any Warrants, the issuance of certificates for Units shall be made forthwith (and in any event within five business days thereafter) without charge to the Holder thereof including, without limitation, any tax, other than income taxes, which may be payable in respect of the issuance thereof, and such certificates shall be issued in the name of, or in such names as may be directed by, the Holder thereof; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any such certificates in a name other than that of the Holder and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

The Warrant Certificates and the certificates representing the Units or other securities, property or rights issued upon exercise of any Warrants shall be executed on behalf of the Company by the manual or facsimile signature of the then present President or any Vice President of the Company under its corporate seal reproduced thereon, attested to by the manual or facsimile signature of the then present Secretary or any Assistant Secretary of the Company. Warrant Certificates shall be dated the date of execution by the Company upon initial issuance, division, exchange, substitution or transfer.

The Company covenants that during the period any Warrant issued hereunder is outstanding, it will maintain the full right and authority to issue a sufficient number of Units to provide for the issuance of the Units upon the exercise of a Warrant.

The Company shall not by any action, including, without limitation, amending its certificate of formation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms hereunder, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of any Holder against impairment. Without limiting the generality of the foregoing, the Company will (a) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Units upon the exercise of any Warrant, and (b) use all commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof as may be necessary to enable the Company to perform its obligations hereunder.

6. Transfer of Warrants. The Warrants shall be transferable only on the books of the Company maintained at its principal office, where its principal office may then be located, upon delivery of the Warrant Certificates representing such Warrants duly endorsed by the Holder or by its duly authorized attorney or representative accompanied by proper evidence of succession, assignment or authority to transfer. Upon any registration transfer, the Company shall execute and deliver the new Warrant Certificates to the person entitled thereto.

7. Exercise Price and Number of Securities. Except as otherwise provided in Section 8 hereof, each Warrant is exercisable to purchase Units at an initial exercise price equal to the Exercise Price. The Exercise Price and the number of Units for which the Warrant may be exercised shall be the price and the number of Units which shall result from time to time from any and all adjustments in accordance with the provisions of Section 8 hereof.

8. Adjustments of Exercise Price and Number of Units.

(a) Unit Splits, etc. The number and kind of securities purchasable upon the exercise of any Warrant and the Exercise Price shall be subject to adjustment from time to time upon the happening of any of the following. In case the Company shall (i) pay a distribution on its Units, or (ii) subdivide or reclassify its Units, then the number of Units purchasable upon exercise of any Warrant issued hereunder immediately prior thereto shall be adjusted so that the Holder of the Warrant shall be entitled to receive the kind and number of Units or other securities of the Company which it would have owned or have been entitled to receive had such Warrant been exercised in advance thereof. Upon each such adjustment of the kind and number of Units or other securities of the Company which are purchasable hereunder, the Holder of this Warrant shall thereafter be entitled to purchase the number of Units or other securities resulting from such adjustment at an Exercise Price obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of Units purchasable pursuant hereto immediately prior to such adjustment and dividing by the number of Units or other securities of the Company resulting from such adjustment. An adjustment made pursuant to this paragraph shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

(b) Reorganization, Reclassification, Merger, Consolidation or Disposition of Assets. In case the Company shall reorganize its capital, reclassify its securities, consolidate or merge with or into another company (where the Company is not the surviving entity or where there is a change in or distribution with respect to the Company's Units), or sell, transfer or otherwise dispose of all or substantially all its property, assets or business to another company (hereafter, any of such possible events shall be referred to as a "Transaction") and, pursuant to the terms of such Transaction, cash or securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) of the successor or acquiring company ("Other Property"), are to be received by or distributed to the holders of the Company's Units, then Holder shall have the right thereafter to receive, upon exercise of a Warrant issued hereunder, the number of units or shares of the successor or acquiring company (or of the Company, if it is the surviving corporation), and Other Property receivable as a result of such Transaction, as if he were a holder of the number of Units for which such Warrant were exercised, as if such exercise had been made immediately prior to such Transaction. In case of any such Transaction, the successor or acquiring company (if other than the Company) shall expressly assume the due and punctual observance and performance of each and every covenant and condition of this Agreement to be performed and observed by the Company and all the obligations and liabilities hereunder, subject to such modifications as may be deemed appropriate (as determined in good faith by the Managing Member of the Company) in order to provide for adjustments of Units for which a Warrant issued hereunder is exercisable which shall be as nearly equivalent as practicable to the adjustments provided for in this Section 8. The foregoing provisions of this Section 8 shall similarly apply to successive reorganizations, reclassifications, mergers, consolidations or disposition of assets.

(c) No Adjustment of Exercise Price in Certain Cases. No adjustment of the Exercise Price shall be made if the amount of said adjustment shall be less than two cents ($.02) per Unit; provided, however, that in such case any adjustment that would otherwise be required then to be made shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment so carried forward, shall amount to at least two cents ($.02) per Warrant.

9. Exchange and Replacement of Warrant Certificates. Each Warrant Certificate is exchangeable, without expense, upon the surrender thereof by the registered Holder at the principal executive office of the Company for a new Warrant Certificate of like tenor and date representing in the aggregate the right to purchase the same number of Units in such denominations as shall be designated by the Holder thereof at the time of such surrender. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of any Warrant Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it and reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of the Warrant, if mutilated, the Company will make and deliver a new Warrant Certificate of like tenor, in lieu thereof.

10. Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of Units upon the exercise of any Warrant, nor shall it be required to issue scrip or pay cash in lieu of fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of Units or other securities, properties or rights.

11. No Rights as Unit Holder until Exercise. The Holder of a Warrant issued hereunder is not entitled to any voting rights or other rights as a holder of Units of the Company prior to the exercise of a Warrant. Upon the surrender of the Warrant and the payment of the aggregate Exercise Price, the Units so purchased shall be deemed to be issued to such Holder as the record owner of such Units as of the close of business on the later of the date of such surrender or payment.

12. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly made and sent when delivered, or mailed by registered or certified mail, return receipt requested:

(a) if to the registered Holder(s) of the Warrants, to the addresses of such Holder as shown on the books of the Company; or

(b) if to the Company, to the address set forth in Section 4 hereof or to such other address as the Company may designate by notice to the Holders.

13. Supplements; Amendments; Entire Agreement. This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof and may not be modified or amended except by a writing duly signed by the party against whom enforcement of the modification or amendment is sought. The Company and the Placement Agent may from time to time supplement or amend this Agreement without the approval of any holders of Warrant Certificates (other than the Placement Agent) in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any provisions herein, or to make any other provisions in regard to matters or questions arising hereunder which the Company and the Placement Agent may deem necessary or desirable and which the Company and the Placement Agent deem shall not adversely affect the interests of the Holders.

14. Successors. All of the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the Company, the Placement Agent and their respective successors and assigns hereunder.

15. Survival of Representations and Warranties. All statements in any schedule, exhibit or certificate or other instrument delivered by or on behalf of the parties hereto, or in connection with the transactions contemplated by this Agreement, shall be deemed to be representations and warranties hereunder. Notwithstanding any investigations made by or on behalf of the parties to this Agreement, all representations, warranties and agreements made by the parties to this Agreement or pursuant hereto shall survive.

16. Governing Law. This Agreement and each Warrant Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be construed in accordance with the laws of said State without giving effect to the rules of said State governing the conflicts of laws.

17. Severability. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

18. Captions. The caption headings of the Sections of this Agreement are for convenience of reference only and are not intended, nor should they be construed as, a part of this Agreement and shall be given no substantive effect.

19. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company and the Placement Agent and any other registered Holder(s) of the Warrant Certificates any legal or equitable right, remedy or claim under this Agreement. This Agreement shall be for the sole and exclusive benefit of the Company and the Placement Agent and any other Holder(s) of the Warrant Certificates.

20. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

IN WITNESS HEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first above written.

ATTEST:

ALGODON GLOBAL PROPERTIES, LLC

By: InvestProperty Group, LLC,
Managing Member

/s/ Tim Holderbaum
Secretary

By:/s/ Scott L. Mathis
Name: Scott L. Mathis
Title: President

DPEC CAPITAL, INC.

By: /s/ Donald Geraghty
Name: Donald Geraghty
Title: Senior Vice President

WARRANT CERTIFICATE

THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT DATED AS OF JULY 18, 2008 BETWEEN THE ISSUER AND DPEC CAPITAL, INC.

EXERCISABLE ON OR BEFORE
5:30 P.M., NEW YORK TIME, _____, 2013

Warrant No. ___

_____ Units of Non-managing Membership Interests of the Company

This Warrant Certificate certifies that DPEC Capital, Inc., or its registered assigns, is the registered holder of Warrants to purchase initially, at any time from _____, 20__ until 5:30 p.m., New York time on _____, 2013 ("Expiration Date"), up to_____ units of fully-paid and non-assessable non-managing membership interests (the "Units") of ALGODON GLOBAL PROPERTIES, LLC, a Delaware limited liability company (the "Company"), at the initial exercise price, subject to adjustment in certain events, of $1.00 per Unit (the "Exercise Price") upon surrender of this Warrant Certificate and payment of the Exercise Price at an office or agency of the Company, but subject to the conditions set forth herein and in the Warrant Agreement dated as of July 18, 2008 between the Company and DPEC Capital, Inc. (the "Warrant Agreement"). Payment of the Exercise Price shall be made by certified or official bank check in New York Clearing House funds payable to the order of the Company.

No Warrant may be exercised after 5:30 p.m., New York time, on the Expiration Date, at which time all Warrants evidenced hereby, unless exercised prior thereto, shall thereafter be void.

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants issued pursuant to the Warrant Agreement, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price and the type and/or number of the Company's securities issuable thereupon may, subject to certain conditions, be adjusted. In such event, the Company will, at the request of the holder, issue a new Warrant Certificate evidencing the adjustment in the Exercise Price and the number and/or type of securities issuable upon the exercise of the Warrants; provided, however, that the failure of the Company to issue such new Warrant Certificates shall not in any way change, alter, or otherwise impair, the rights of the holder as set forth in the Warrant Agreement.

Upon due presentment for registration of transfer of this Warrant Certificate at an office or agency of the Company, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided herein and in the Warrant Agreement, without any charge except for any tax or other governmental charge imposed in connection with such transfer.

Upon the exercise of less than all of the Warrants evidenced by this Certificate, the Company shall forthwith issue to the holder hereof a new Warrant Certificate representing such numbered unexercised Warrants.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

This Warrant Certificate does not entitle any holder thereof to any of the rights of a unit-holder of the Company.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

Dated: _____, 20__

ATTEST:

ALGODON GLOBAL PROPERTIES, LLC

By: InvestProperty Group, LLC,
Managing Member

By: _____
Name:
Title:

_____
Secretary

AMENDMENT NO. 1 TO WARRANT AGREEMENT

The Warrant Agreement between AGP Global Properties, LLC and DPEC Capital, Inc., dated July 18, 2008 (hereinafter the "Warrant Agreement"), pertaining to the Offering described in the Private Placement Memorandum of the same date, is hereby amended as follows:

1. Clarification of the Number of Warrants To Be Issued In Conjunction with Subscriptions Converted from Bridge Loan.

With respect to all Units received by investors pursuant to accepted subscriptions in the Offering that were paid for with funds initially loaned to the Company as part of a pre-Offering bridge loan, the Company shall issue to the Placement Agent warrants to purchase 10% of all Units received by such investors, inclusive of the additional Units received as a result of (a) the discount afforded to persons who participated in the pre-Offering bridge loan, and (b) the interest earned by such persons to the extent such interest was used to purchase Units in the Offering (hereinafter "Bridge Warrants"). The Bridge Warrants shall be granted as of the final Termination Date of the Offering and shall have the same terms and conditions as other Warrants to be issued under the Warrant Agreement.

2. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Warrant Agreement.

Dated: As of April 13, 2009

ALGODON GLOBAL PROPERTIES, LLC

By: InvestProperty Group, LLC
Managing Member

By: /s/ Scott Mathis
Name: Scott Mathis
Title: President

DPEC CAPITAL, INC.

By: /s/ Donald Geraghty
Name: Donald Geraghty
Title: Director of Compliance

PLACEMENT AGENT AGREEMENT

Dated as of: March 11, 2010

Hollywood Burger Holdings, Inc.
135 Fifth Avenue, 10th Floor
New York, New York 10010

Ladies and Gentlemen:

Hollywood Burger Holdings, Inc., a Delaware corporation (the "Company"), hereby agrees with DPEC Capital, Inc., a Delaware corporation (the "Placement Agent"), as follows:

1. Offering.

A. The Company hereby engages the Placement Agent to act as its exclusive placement agent in connection with the issuance and sale by the Company of up to 10,000,000 shares of its common stock, $.01 per share par value (the "Shares"), at a price of $.125 per share (the "Offering" or "Seed Round"). A sale of 8,000,000 Shares (plus up to an additional 2,000,000 Shares which the Company reserves the right to issue on the same terms provided herein) shall be referred to as the "Maximum Offering".

B. The Shares will be offered pursuant to the terms and conditions set forth in a Subscription Agreement prepared by the Company (such Subscription Agreement, together with all amendments thereof and supplements and exhibits thereto, are referred to herein as the "Offering Documents"). The Subscription Agreement is to be executed by each purchaser and the Company at each Closing (as defined in Section 1(C) hereof) (collectively, the "Subscription Agreements").

C. (1) The Shares will be offered by the Placement Agent on a "best efforts" basis up to the amount of the Maximum Offering. Subject to the conditions set forth in Section 8 hereof, if subscriptions have been received prior to the Termination Date (as defined below) and are accepted by the Company, a closing under this Agreement (the "Initial Closing") shall be held at the offices of the Placement Agent, or such other place as the parties may agree, as soon as practicable following the date upon which the Placement Agent and the Company confirm in writing to each other that subscriptions have been accepted, or at such other place, time, or date as the Company and the Placement Agent shall agree upon.

(2) At any time prior to the Termination Date, if subscriptions for the sale of up to the Maximum Offering amount are received and accepted by the Company, one or more closings (each, an "Additional Closing") shall take place in the manner herein set forth with respect to the Initial Closing. In the event that an Additional Closing has not taken place for any subscription received and accepted on or prior to the Termination Date (as may be extended), a final closing ("Final Closing") shall be held on such date for the Shares which are the subject of such subscriptions. References herein to a "Closing" shall mean the Initial Closing, any Additional Closing or the Final Closing, as the context requires, and the date thereof shall be referred to as a "Closing Date."

D. The Offering will terminate on the earlier of the sale of all Shares available under a Maximum Offering or on such date as is agreed upon by the Company and the Placement Agent, but not later than July 15, 2010 (such date is hereinafter referred to as the "Termination Date"; the period commencing on the date hereof and ending on the Termination Date is sometimes referred to herein as the "Offering Period").

2. Information.

A. Payment for the Shares shall be made by wire transfer or by check as more fully described in the Subscription Agreements. The Placement Agent and the Company agree that the Shares will be offered and sold only to "accredited investors" within the meaning of Rule 501 of Regulation D ("Accredited Investors") promulgated by the Securities and Exchange Commission (the "Commission") under the Securities Act and Rule 506 of Regulation D of the Securities Act.

B. The Company and the Placement Agent each reserve the right to reject any subscriber, in whole or in part, in each of their sole discretion. Notwithstanding anything to the contrary contained in this Section 2(C), the Company's right to reject a subscriber shall lapse three business days after receipt by the Company of the fully completed and duly executed subscription documents from the Placement Agent with respect to such subscriber (unless it is determined subsequent to such period that such subscriber does not meet the investor suitability requirements of the Offering). Funds received from any subscriber whose subscription is rejected will be returned to such subscriber, without deduction therefrom or interest thereon, but no sooner than such funds have cleared the banking system in the normal course of business.

D. Upon the Company's acceptance of subscriptions, the placement agent commission equal to ten percent (10%) of the gross proceeds from the sale of the Shares shall be remitted to the Placement Agent, together with a non-accountable expense fee equal to 3% of the total subscription amount. Promptly after the Final Closing, the Company also shall issue to the Placement Agent, or its designees, warrants to purchase 10% of the number of Shares which the Placement Agent placed pursuant to this Agreement (the "Placement Agent Warrants").

E. The Shares will be offered without registration under the Securities Act of 1933, as amended (the "Securities Act").

3. Representations, Warranties and Covenants of the Placement Agent.

The Placement Agent represents, warrants and covenants as follows:

A. The Placement Agent has the necessary power to enter into this Agreement and to consummate the transactions contemplated hereby and thereby.

B. The execution and delivery by the Placement Agent of this Agreement, and the consummation of the transactions contemplated herein and therein, will not result in any violation of, or be in conflict with, or constitute a default under, any agreement or instrument to which the Placement Agent is a party or by which the Placement Agent or its properties are bound, or any judgment, decree, order or, to the Placement Agent's knowledge, any statute, rule or regulation applicable to the Placement Agent. Assuming the due authorization, execution, delivery and performance by the Company, this Agreement, when executed and delivered by the Placement Agent, will constitute a legal, valid and binding obligation of the Placement Agent, enforceable in accordance with its respective terms, except to the extent that (i) the enforceability hereof or thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws from time to time in effect and affecting the rights of creditors generally, (ii) the enforceability hereof or thereof is subject to general principles of equity, and (iii) the indemnification provisions hereof or thereof may be held to be violative of public policy.

C. The Placement Agent will deliver to each purchaser of Shares, prior to any submission by such person of a written offer relating to the purchase of the Shares, a copy of the Offering Documents as they may have been most recently amended or supplemented by the Company.

D. The Placement Agent will not deliver the Offering Documents to any person it does not reasonably believe to be an Accredited Investor.

E. The Placement Agent (i) will not intentionally take any action which it reasonably believes would cause the Offering to violate the provisions of the Securities Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the respective rules and regulations promulgated thereunder (the "Rules and Regulations"), or applicable Blue Sky laws of any state or jurisdiction, and (ii) will comply with Rule 502(c) of Regulation D under the Securities Act.

F. The Placement Agent shall use all reasonable efforts to determine whether any prospective purchaser is a qualified Accredited Investor. The Placement Agent shall have no obligation to insure that (i) any check, note, draft or other means of payment for the Shares will be honored, paid or enforceable against the subscriber in accordance with its terms, or (ii) subject to the performance of the Placement Agent's obligations and the accuracy of the Placement Agent's representations and warranties hereunder, (a) the Offering is exempt from the registration requirements of the Securities Act or any applicable state "Blue Sky" law, or (b) any prospective purchaser is a qualified Accredited Investor.

G. The Placement Agent is a member of the Financial Industry Regulatory Authority, and is a broker-dealer registered as such under the Exchange Act and under the securities laws of the states in which the Shares will be offered or sold by the Placement Agent, unless an exemption for such state registration is available to the Placement Agent. The Placement Agent is in material compliance with all material rules and regulations applicable to the Placement Agent generally and applicable to the Placement Agent's participation in the Offering.

4. Representations and Warranties of the Company.

The Company hereby represents and warrants as follows:

A. The execution, delivery and performance of this Agreement, the Subscription Agreements and the Placement Agent Warrant Agreement (the "Warrant Agreement") (to be executed as of the date of this Agreement) have been or will be, upon execution by the Company, duly and validly authorized by the Company, and will be, upon execution by the Company, valid and binding agreements of the Company, enforceable in accordance with their respective terms, except to the extent that (i) the enforceability hereof or thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws from time to time in effect and affecting the rights of creditors generally, (ii) the enforceability hereof or thereof is subject to general principles of equity, or (iii) the indemnification provisions hereof or thereof may be held to be violative of public policy. The Shares and the Placement Agent Warrants have been duly authorized and, when issued and paid for in accordance with this Agreement, the Offering Documents, the Subscription Agreements and the Warrant Agreement, as the case may be, the certificates or other instruments representing each of such Shares and the Placement Agent Warrants will be valid and binding obligations of the Company, enforceable in accordance with their respective terms, except to the extent that (i) the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws from time to time in effect and affecting the rights of creditors generally, and (ii) the enforceability thereof is subject to general principles of equity. All corporate action required to be taken for the authorization, issuance and sale of the Shares and the Placement Agent Warrants have been duly and validly taken by the Company.

B. The authorized capital stock of the Company consists of 100,000,000 shares of Common Stock, par value $.01 per share. Of this total, as of the commencement of the Seed Round, 40,000,000 Shares are issued and outstanding, and there are no shares that have been issued but which are held in treasury. There are no shares of preferred stock outstanding. As of the date hereof, the Company does not have any shares of Common Stock reserved for issuance upon the exercise of stock options, equity incentives and warrants. All of the issued and outstanding Shares of the capital stock of the Company are, and all shares of Common Stock reserved for issuance will be, upon issuance in accordance with the terms specified in the instruments or agreements pursuant to which they are issuable, duly authorized, validly issued, fully paid, and non-assessable.

C. The Company has been duly incorporated and is validly existing and in good standing under the laws of the State of Delaware, with full corporate power and authority to own, lease and operate its properties and to conduct its business as currently conducted, and is duly registered or qualified to conduct its business and is in good standing in each jurisdiction or place where the nature of its properties or the conduct of its business requires such registration or qualification, except where the failure to register or qualify would not have a material adverse effect on the condition (financial or other), business, properties, net worth or results of operations of the Company and its subsidiaries, taken as a whole ("Material Adverse Effect").

D. The Shares and the Placement Agent Warrants, when issued, sold and delivered in accordance with the terms of the Subscription Agreements, the Warrant Agreement and this Agreement, for the consideration expressed herein, will be duly authorized and validly issued, will not be subject to any pre-emptive or similar right and will be free of restrictions on transfer other than restrictions on transfer under applicable securities laws. The execution and delivery of this Agreement, the Warrant Agreement and the Subscription Agreements, the issuance of the Shares and the Placement Agent Warrants, and the consummation of the transactions contemplated hereby and thereby by the Company, have been duly and validly approved by all requisite corporate action, do not contravene any provisions of law or any order of any court or agreement or other instrument by which it is bound or by which any of its assets are affected (including, but not limited to, its charter and by-laws), or violate any judgment, order, injunction, statute or regulation applicable to it. No consent, waiver (including, without limitation, of any right of first refusal), approval or authorization of, or registration or qualification with, any person, bank or lender, corporation, association, governmental body or court, is required for the Company to enter into this Agreement, the Warrant Agreement or the Subscription Agreements, to issue the Shares or the Placement Agent Warrants, or to consummate the transactions contemplated hereby or thereby that has not been obtained, except such filings as may be required pursuant to exemptions from registration under federal and state "Blue Sky" securities laws.

E. The Company has good and marketable title to, or valid and enforceable leasehold estates in, all items of real and personal property necessary to conduct its business, free and clear of all liens, encumbrances, claims, security interests and defects of any material nature whatsoever, other than liens for taxes not yet due and payable.

F. There is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending or, to the actual knowledge of the Company (without inquiry), threatened, against or affecting the Company, or any of its properties, which would reasonably be anticipated to result in a Material Adverse Effect.

G. The Company has: (i) duly and timely filed all tax returns required to be filed by the Company under applicable law that include or relate to the Company, its income, assets, payroll, operations or business, which tax returns, to the best of the Company's knowledge, are true, correct and complete in all material respects, and (ii) duly and timely paid, in full, all taxes which are currently due and payable and for which the Company is liable, except, in each case, where the failure to do so is not reasonably anticipated to result in a Material Adverse Effect.

H. The Company: (i) is not in default under any material agreement, lease, license, contract or commitment, whether oral or written, including, without limitation, those with employees and consultants ("Material Agreements") to which the Company is a party or by which any of its material assets are bound, and there is no event known to the Company that, with notice, or lapse of time, or both, would constitute a default by any party to any Material Agreement or give them any right to terminate or modify any of the same, and (ii) has not received notice that any party to any Material Agreement intends to cancel or terminate any Material Agreement or not to exercise any renewal or extension options under any Material Agreement. The Company is not in violation of any provision of its charter or by-laws or, to its knowledge, in violation of any franchise, license, permit, judgment, decree or order, or, to its knowledge, in violation of any statute, rule or regulation. Neither the execution and delivery of this Agreement, the Warrant Agreement or the Subscription Agreements, nor the issuance and sale or delivery of the Shares or the Placement Agent Warrants, nor the consummation of any of the transactions contemplated herein or in the Warrant Agreement or the Subscription Agreements, nor the compliance by the Company with the terms and provisions hereof or thereof, as the case may be, has conflicted with or will conflict with, or has resulted in or will result in a breach of, any of the terms and provisions of, or has constituted or will constitute a default under, or has resulted in or will result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or pursuant to the terms of any indenture, mortgage, deed of trust, note, loan or credit agreement or any other agreement or instrument evidencing an obligation for borrowed money, or any other agreement or instrument to which the Company may be bound or to which any of the property or assets of the Company is subject, except any lien, charge or encumbrance which could not reasonably be expected to have a Material Adverse Effect; nor will such action result in any violation of the provisions of the charter or the by-laws of the Company, or (except any which could not reasonably be expected to have a Material Adverse Effect) of any statute or any order, rule or regulation applicable to the Company of any foreign, federal, state or other regulatory authority or other government body having jurisdiction over the Company.

I. The Company holds, and is in compliance with, all permits, licenses, registrations and authorizations required by it in connection with the conduct of the business of the Company under all federal, state and local laws, rules and regulations, except where the failure to be in compliance has not had, and is not reasonably expected to have, a Material Adverse Effect.

J. The Company maintains insurance policies, including, but not limited to, general liability and property insurance, which insures the Company and each of its employees against such losses and risks generally insured against by comparable businesses. The Company (i) has not failed to give notice or present any insurance claim with respect to any matter, including but not limited to the Company's business, property or employees, under any insurance policy or surety bond in a due and timely manner, (ii) has no disputes or claims against any underwriter of such insurance policies or surety bonds nor has failed to pay any premiums due and payable thereunder, or (iii) has not failed to comply with all conditions contained in such insurance policies and surety bonds. To the Company's knowledge, there are no facts or circumstances under any such insurance policy or surety bond which would relieve any insurer of its obligation to satisfy in full any valid claim of the Company.

K. The Shares, the Placement Agent Warrants, this Agreement, the Subscription Agreements and the Warrant Agreement conform in all material respects to all statements in relation thereto contained in the Offering Documents, as applicable.

L. The Company does not have outstanding obligations to any of its respective officers or directors.

M. There are no claims for services in the nature of a finder's or origination fee with respect to the sale of the Shares or any other arrangements, agreements or understandings that may affect the Placement Agent's compensation, as determined by the Financial Industry Regulatory Authority.

N. The Company owns or possesses, free and clear of all liens or encumbrances and rights thereto or therein by third parties, the requisite licenses or other rights to use all trademarks, service marks, copyrights, service names, trade names, patents, patent applications and licenses necessary to conduct its business and there is no claim or action by any person pertaining to, or proceeding, pending or threatened, which challenges the exclusive rights of the Company with respect to any trademarks, service marks, copyrights, service names, trade names, patents, patent applications and licenses used in the conduct of the Company's business. The Company's current products, services or processes do not infringe or will not infringe on the patents currently held by any third party.

O. The Company is not under any obligation to pay royalties or fees of any kind whatsoever to any third party with respect to any trademarks, service marks, copyrights, service names, trade names, patents, patent applications, licenses or technology it has developed, uses, employs or intends to use or employ, other than to their respective licensors or sublicensors.

P. Subject to the performance by the Placement Agent of its obligations hereunder and the Offering Documents, the offer and sale of the Shares comply, and will continue to comply, up to the Termination Date in all material respects, with the requirements of Rule 506 of Regulation D promulgated by the Commission pursuant to the Securities Act and any other applicable federal and state laws, rules, regulations and executive orders. Neither the Offering Documents nor any amendment or supplement thereto nor any documents prepared by the Company in connection with the Offering will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. All statements of material facts in the Offering Documents are true and correct as of the date of the Offering Documents and will be true and correct on the date of the Closing.

Q. Neither the Company, nor any of its officers, directors, employees or agents, nor any other person acting on behalf of the Company, has, directly or indirectly, given or agreed to give any money, gift or similar benefit (other than legal price concessions to customers in the ordinary course of business) to any customer, supplier, employee or agent of a customer or supplier, or official or employee of any governmental agency or instrumentality of any government (domestic or foreign) or any political party or candidate for office (domestic or foreign) or other person who is or may be in a position to help or hinder the business of the Company (or assist it in connection with any actual or proposed transaction) which (i) might subject the Company to any damage or penalty in any civil, criminal or governmental litigation or proceeding, or (ii) if not given in the past, might have had a Material Adverse Effect on the assets, business or operations of the Company, as reflected in any of the financial statements contained in the Offering Documents, or (iii) if not continued in the future, might have a Material Adverse Effect on the assets, business, operations or prospects of the Company in the future.

R. The Company does not believe it is required to register as an "investment company" within the meaning of such term under the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder.

S. The Company maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

5. Certain Covenants and Agreements of the Company.

The Company covenants and agrees at its expense and without any expense to the Placement Agent as follows:

A. To advise the Placement Agent of any adverse change in the Company's financial condition, prospects or business or of any development materially affecting the Company or rendering untrue or misleading any material statement in the Offering Documents occurring at any time prior to the Closing as soon as the Company is either informed or becomes aware thereof.

B. To use its best efforts to cause the sale of the Shares to be qualified or registered for sale, or to obtain exemptions from such qualification or registration requirements, under the securities laws of such jurisdictions as the Placement Agent shall reasonably request; provided that such states and jurisdictions do not require the Company to qualify as a foreign corporation. Qualification, registration and exemption charges and fees shall be at the sole cost and expense of the Company. The Company's counsel shall perform the required "Blue Sky" service.

C. Unless the Company is at the time a reporting company under the Exchange Act and has filed any of the following information pursuant to its obligations thereunder, to provide to the Placement Agent for five years from the Termination Date, or until the termination or dissolution of the Company, whichever shall come first, copies of all quarterly and audited annual financial statements prepared by or on behalf of the Company.

D. To apply the proceeds of the Offering in accordance with the stated purposes set forth in the Offering Documents.

E. To provide the Placement Agent with as many copies of the Offering Documents as the Placement Agent may reasonably request.

F. To ensure that any transactions between or among the Company and any of its respective affiliates be on terms and conditions that are no less favorable to the Company, than the terms and conditions that would be available in an "arms' length" transaction with independent third parties.

G. To comply with the terms of the Subscription Agreements.

6. Indemnification.

A. The Company hereby agrees that it will indemnify and hold the Placement Agent and each officer, director, shareholder, employee, agent, attorney, accountant or representative of the Placement Agent, and each person controlling, controlled by or under common control of the Placement Agent within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act or the Rules and Regulations, harmless from and against any and all loss, claim, damage, liability, cost or expense whatsoever (including, but not limited to, any and all legal fees, filing fees and other expenses and disbursements incurred in connection with investigating, preparing to defend or defending any action, suit or proceeding, including any inquiry or investigation, commenced or threatened, or any claim whatsoever or in appearing or preparing for appearance as a witness in any action, suit or proceeding, including any inquiry, investigation or pretrial proceeding such as a deposition) to which the Placement Agent or such indemnified person of the Placement Agent may become subject (1) as a result of claims asserted by third parties related to or arising out of the engagement of the Placement Agent by the Company pursuant to the terms hereof or in connection therewith, and (2) under the Securities Act, the Exchange Act, the Rules and Regulations, or any other federal or state law or regulation, common law or otherwise, arising out of or based upon (i) any untrue statement or alleged untrue statement of a material fact contained in (A) Section 4 and Section 5 of this Agreement, (B) the Offering Documents (except those written statements relating to the Placement Agent given by an indemnified person for inclusion therein), (C) any application or other document or written communication executed by the Company or based upon written information furnished by the Company filed in any jurisdiction in order to qualify the Shares under the securities laws thereof, or any state securities commission or agency, (ii) the omission or alleged omission from documents described in clauses (A), (B) or (C) above of a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) the breach of any material representation, warranty, covenant or agreement made by the Company in this Agreement. The Company further agrees that upon demand by an indemnified person, at any time or from time to time, it will promptly reimburse such indemnified person for any loss, claim, damage, liability, cost or expense actually and reasonably paid by the indemnified person as to which the Company has indemnified such person pursuant hereto. Notwithstanding the foregoing provisions of this Paragraph 6(A), any such payment or reimbursement by the Company of fees, expenses or disbursements incurred by an indemnified person in any proceeding in which a final judgment by a court of competent jurisdiction (after all appeals or the expiration of time to appeal) is entered against the Placement Agent or such indemnified person as a direct result of the Placement Agent or such person's gross negligence or willful misfeasance will be promptly repaid to the Company.

B. The Placement Agent hereby agrees that it will indemnify and hold the Company and each officer, director, shareholder, employee, agent, attorney, accountant or representative of the Company, and each person controlling, controlled by or under common control with the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act or the Rules and Regulations, harmless from and against any and all loss, claim, damage, liability, cost or expense whatsoever (including, but not limited to, any and all reasonable legal fees, filing fees and other expenses and disbursements incurred in connection with investigating, preparing to defend or defending any action, suit or proceeding, including any inquiry or investigation, commenced or threatened, or any claim whatsoever or in appearing or preparing for appearance as a witness in any action, suit or proceeding, including any inquiry, investigation or pretrial proceeding such as a deposition) to which the Company or such indemnified person of the Company may become subject under the Securities Act, the Exchange Act, the Rules and Regulations, or any other federal or state law or regulation, common law or otherwise, arising out of or based upon (i) the conduct of the Placement Agent or its officers, employees or representatives in its acting as placement agent for the Offering, (ii) the breach of any material representation, warranty, covenant or agreement made by the Placement Agent in this Agreement, (iii) information in the Offering Documents relating to the Placement Agent prepared by the Placement Agent or any of its representatives for inclusion therein or (iv) the omission, or alleged omission, in the Offering Documents of a material fact required to be stated therein or necessary to make the statements therein not misleading information, in each case solely as such omission or alleged omission relate to the Placement Agent.

C. Promptly after receipt by an indemnified party of notice of commencement of any action covered by Section 6(A) or 6(B), the party to be indemnified shall, within ten (10) business days, notify the indemnifying party of the commencement thereof; provided, however, that the omission by one indemnified party to so notify the indemnifying party shall not relieve the indemnifying party of its obligation to indemnify any other indemnified party that has given such notice and, provided further, shall not relieve the indemnifying party of any liability outside of this indemnification if not prejudiced thereby. In the event that any action is brought against the indemnified party, the indemnifying party will be entitled to participate therein and, to the extent it may desire, to assume and control the defense thereof with counsel chosen by it which is reasonably acceptable to the indemnified party. After notice from the indemnifying party to such indemnified party of its election to so assume the defense thereof, the indemnifying party will not be liable to such indemnified party under such Section 6(A) or 6(B) for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof, but the indemnified party may, at its own expense, participate in such defense by counsel chosen by it, without, however, impairing the indemnifying party's control of the defense. Subject to the proviso of this sentence and notwithstanding any other statement to the contrary contained herein, the indemnified party or parties shall have the right to choose its or their own counsel and control the defense of any action, all at the expense of the indemnifying party if, (i) the employment of such counsel shall have been authorized in writing by the indemnifying party in connection with the defense of such action at the expense of the indemnifying party, or (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to such indemnified party to have charge of the defense of such action within a reasonable time after notice of commencement of the action, or (iii) such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to one or all of the indemnifying parties and a conflict of interest exists as a result (in which case the indemnifying parties shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events the reasonable fees and expenses of one additional counsel reasonably satisfactory to the indemnifying party shall be borne by the indemnifying party; provided, however, that the indemnifying party shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstance, be liable for the reasonable fees and expenses of more than one separate firm of attorneys at any time for all such indemnified parties. No settlement of any action or proceeding against an indemnified party shall be made without the consent of the indemnifying party.

D. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in Section 6(A) or 6(B) is due in accordance with its terms but is for any reason held by a court to be unavailable on grounds of policy or otherwise, the Company and the Placement Agent shall contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with the investigation or defense of same) which the other may incur in such proportion so that the Placement Agent shall be responsible for such percent of the aggregate of such losses, claims, damages and liabilities as shall equal the percentage of the gross proceeds paid to the Placement Agent and the Company shall be responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation within the meaning of Section 11(f) of the Securities Act shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 6(D), any person controlling, controlled by or under common control with the Placement Agent, or any partner, director, officer, employee, representative or any agent of any thereof, shall have the same rights to contribution as the Placement Agent and each person controlling, controlled by or under common control with the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and each officer of the Company and each director of the Company shall have the same rights to contribution as the Company. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against the other party under this Section 6(D), notify such party from whom contribution may be sought, but the omission to so notify such party shall not relieve the party from whom contribution may be sought from any obligation they may have hereunder or otherwise if the party from whom contribution may be sought is not materially prejudiced thereby. The indemnity and contribution agreements contained in this Section 6 shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any indemnified person or any termination of this Agreement.

7. Payment of Expenses.

The Company will pay all expenses related to the Offering, including, but not limited to, the fees and expenses of its counsel, all expenses incurred in connection with Blue Sky registrations, all printing and duplication costs related to the Offering Documents, in such quantities as the Placement Agent reasonably deems necessary, filing fees, escrow agent fees and expenses, and all postage, mailing and express charges and other expenses in connection with the delivery of copies of the Offering Documents and Subscription Agreements and the distribution of any Shares, Placement Agent Warrants or other securities after any Closing.

8. Conditions of the Closings.

Each Closing shall be held at the offices of the Placement Agent or its counsel. The obligations of the Placement Agent hereunder shall be subject to: (i) the continuing accuracy of the representations and warranties of the Company herein as of the date hereof and as of the date of the Closing with respect to the Company as if it had been made on and as of such Closing, (ii) the accuracy on and as of each Closing of the statements of the officers made pursuant to the provisions hereof, and (iii) the performance by the Company on and as of the Closing of its covenants and obligations hereunder including at or prior to each Closing, the Company shall have duly executed and delivered the appropriate documentation representing the Shares to the Placement Agent as agent for the respective purchasers whose subscriptions have been accepted by the Company.

9. Termination.

This Agreement shall terminate if the Initial Closing does not take place on or before the seventh (7th) business day following the Termination Date, as may be extended, or as soon thereafter as the funds received from subscriptions have cleared the banking system in the normal course of business. Either the Placement Agent or the Company may terminate the Offering in its sole discretion prior to the Initial Closing. In the event that the Company determines to terminate the Offering from and after the date hereof through the end of the Offering Period for any reason other than the Placement Agent's breach of the terms of this Agreement, and the Placement Agent is willing to proceed, then the Company shall immediately pay to the Placement Agent its actual out-of- pocket expenses, including but not limited to fees and expenses of its legal counsel and reasonable travel expenses. Upon such termination, all Subscription Agreements and payments for the Shares not previously delivered to the purchasers thereof, without interest thereon or deduction therefrom, shall be returned to the respective subscribers, the Placement Agent shall have no further obligation to the Company, and the Company shall have no obligation to the Placement Agent, except for payment of its actual out-of-pocket expenses as set forth herein. If the Placement Agent does not or fails to complete the proposed private placement and the reasons therefor are reasonably related to a material adverse change in the business or financial results, prospects or condition of the Company, or if the Offering is not completed because of the Company's actions or failure to take such actions as are reasonably required hereunder and the Placement Agent is prepared to perform in accordance with the terms herein, then, in any such case, the Company agrees to promptly pay the Placement Agent its actual out-of-pocket expenses. If the Placement Agent does not or fails to complete the proposed private placement and the reasons therefor are reasonably related to a material adverse change in market conditions, the Company agrees to promptly pay the Placement Agent its actual out-of-pocket expenses.

10. Miscellaneous.

A. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all which shall be deemed to be one and the same instrument.

B. Any notice required or permitted to be given hereunder shall be given in writing and shall be deemed effective when deposited in the United States mail, postage prepaid, or when received if personally delivered or faxed, addressed as follows:

To the Placement Agent:

DPEC Capital, Inc.
135 Fifth Avenue, 10th Floor
New York, New York 10010
Attn.: Mr. Keith Fasano
Fax: (212) 655-0140

To the Company:

Hollywood Burger Holdings, Inc.
135 Fifth Avenue, 10th Floor
New York, New York 10010
Attn.: Mr. Scott Mathis
Fax: (212) 655-0141

or to such other address of which written notice is given to the others.

C. This Agreement shall be governed by and construed in all respects under the laws of the State of Delaware, without reference to its conflict of laws rules or principles. Any suit, action, proceeding or litigation arising out of or relating to this Agreement shall be brought and prosecuted in such federal or state court or courts located within the State of New York as provided by law. The parties hereby irrevocably and unconditionally consent to the jurisdiction of each such court or courts located within the State of New York and to service of process by registered or certified mail, return receipt requested, or by any other manner provided by applicable law, and hereby irrevocably and unconditionally waive any right to claim that any suit, action, proceeding or litigation so commenced has been commenced in an inconvenient forum.

D. This Agreement and the other agreements referenced herein contain the entire understanding between the parties hereto with respect to this Offering and may not be modified or amended except by a writing duly signed by the party against whom enforcement of the modification or amendment is sought.

E. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

DPEC CAPITAL, INC.

By: /s/ Keith Fasano
Name: Keith Fasano
Title: Director of Compliance

HOLLYWOOD BURGER HOLDINGS, INC.

By: /s/ Scott L. Mathis
Name: Scott L. Mathis
Title: President

EXTENSION OF PLACEMENT AGENT AGREEMENT
DATED MARCH 11, 2010

Dated as of: October 8, 2010

Hollywood Burger Holdings, Inc.
135 Fifth Avenue, 10th Floor
New York, New York 10010

Ladies and Gentlemen:

This shall confirm that Hollywood Burger Holdings, Inc., a Delaware corporation (the "Company"), hereby agrees with DPEC Capital, Inc., a Delaware corporation (the "Placement Agent"), to extend the terms of their Placement Agent Agreement, dated March 11, 2010 (hereinafter the "PAA"), to a second offering being conducted by the Company, commencing in October 2010 (hereinafter, the "Second Offering"). Except as expressly modified herein, all of the terms and provisions set forth in the PAA shall apply with respect to the Second Offering. Also, by signing below, the Company and the Placement Agent confirm that all of the representations made by each party in the PAA remain accurate as of the date of this Extension Agreement.

The modifications to the PAA (referenced below according to the paragraph number used in the PAA) are as follows:

1. The Relevant Terms of the Second Offering.

A. In connection with the Second Offering, the Company hereby engages the Placement Agent to act as its exclusive placement agent in connection with the issuance and sale by the Company of up to 10,000,000 shares of its common stock, $.01 per share par value (the "Shares"), at a price of $.50 per share. A sale of up to 10,000,000 Shares (plus up to an additional 3,000,000 Shares which the Company reserves the right to issue on the same terms provided herein) shall be referred to as the "Maximum Offering".

D. The Offering will terminate on the earlier of the sale of all Shares available under a Maximum Offering or on such date as is agreed upon by the Company and the Placement Agent, but not later than July 8, 2010 (such date is hereinafter referred to as the "Termination Date"; the period commencing on the date hereof and ending on the Termination Date is sometimes referred to herein as the "Offering Period").

2. Representations and Warranties of the Company.

The Company hereby represents and warrants as follows:

B. The authorized capital stock of the Company consists of 100,000,000 shares of Common Stock, par value $.01 per share. Of this total, as of the commencement of the Seed Round, 49,353,200 Shares are issued and outstanding, and there are no shares that have been issued but which are held in treasury. There are no shares of preferred stock outstanding. As of the date hereof, the Company has 6,000,000 shares of Common Stock reserved for issuance upon the exercise of stock options, equity incentives and warrants. All of the issued and outstanding Shares of the capital stock of the Company are, and all shares of Common Stock reserved for issuance will be, upon issuance in accordance with the terms specified in the instruments or agreements pursuant to which they are issuable, duly authorized, validly issued, fully paid, and non-assessable.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

DPEC CAPITAL, INC.

By: /s/ Keith Fasano
Name: Keith Fasano
Title: Director of Compliance

HOLLYWOOD BURGER HOLDINGS, INC.

By: /s/ Scott L. Mathis
Name: Scott L. Mathis
Title: President

SECOND EXTENSION OF PLACEMENT AGENT AGREEMENT
DATED MARCH 11, 2010

Dated as of: July 8, 2011

Hollywood Burger Holdings, Inc.
135 Fifth Avenue, 10th Floor
New York, New York 10010

Ladies and Gentlemen:

This shall confirm that Hollywood Burger Holdings, Inc., a Delaware corporation (the "Company"), hereby agrees with DPEC Capital, Inc., a Delaware corporation (the "Placement Agent"), to extend the terms of their Placement Agent Agreement, dated March 11, 2010 (hereinafter the "PAA"), as previously modified and extended on October 8, 2010 (the "Initial Extension"). Except as expressly modified herein, all of the terms and provisions set forth in the PAA and Initial Extension shall remain in full force and effect, and all capitalized terms used therein shall have the same meanings herein.

The sole modification to the PAA is as follows: The Termination Date of the Offering is hereby extended to September 8, 2011.

By signing below, the Company and the Placement Agent confirm that all of the representations made by each party in the PAA remain accurate as of the date of this Second Extension Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

DPEC CAPITAL, INC.

By: /s/ Keith Fasano
Name: Keith Fasano
Title: Director of Compliance

HOLLYWOOD BURGER HOLDINGS, INC.

By: /s/ Scott L. Mathis
Name: Scott L. Mathis
Title: President

THIRD EXTENSION OF PLACEMENT AGENT AGREEMENT
DATED MARCH 11, 2010

Dated as of: September 7, 2011

Hollywood Burger Holdings, Inc.
135 Fifth Avenue, 10th Floor
New York, New York 10010

Ladies and Gentlemen:

This shall confirm that Hollywood Burger Holdings, Inc., a Delaware corporation (the "Company"), hereby agrees with DPEC Capital, Inc., a Delaware corporation (the "Placement Agent"), to extend the terms of their Placement Agent Agreement, dated March 11, 2010 (hereinafter the "PAA"), as previously modified and extended on October 8, 2010 (the "Initial Extension") and on July 8, 2011 (the "Second Extension"). Except as expressly modified herein, all of the terms and provisions set forth in the PAA and Initial and Second Extensions shall remain in full force and effect, and all capitalized terms used therein shall have the same meanings herein.

The sole modification to the PAA is as follows: The Termination Date of the Offering is hereby extended to December 31, 2011.

By signing below, the Company and the Placement Agent confirm that all of the representations made by each party in the PAA remain accurate as of the date of this Third Extension Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

DPEC CAPITAL, INC.

By: /s/ Keith Fasano
Name: Keith Fasano
Title: Director of Compliance

HOLLYWOOD BURGER HOLDINGS, INC.

By: /s/ Scott L. Mathis
Name: Scott L. Mathis
Title: President

FOURTH EXTENSION OF PLACEMENT AGENT AGREEMENT
(INITIALLY DATED MARCH 11, 2010)

Dated as of: March 21, 2012

Hollywood Burger Holdings, Inc.
135 Fifth Avenue, 10th Floor
New York, New York 10010

Ladies and Gentlemen:

This shall confirm that Hollywood Burger Holdings, Inc., a Delaware corporation (the "Company"), hereby agrees with DPEC Capital, Inc., a Delaware corporation (the "Placement Agent"), to extend the terms of their Placement Agent Agreement, dated March 11, 2010 (hereinafter the "PAA"), as previously modified and extended on October 8, 2010 (the "Initial Extension"), on July 8, 2011 (the "Second Extension"), and as of September 7, 2011 (the "Third Extension"), to a third offering being conducted by the Company, commencing in March 2012 (hereinafter, the "Third Offering"). Except as expressly modified herein, all of the terms and provisions set forth in the PAA and Initial, Second and Third Extensions shall remain in full force and effect, and all capitalized terms used therein shall have the same meanings herein.

The modifications to the PAA, as previously extended, are as follows, numbered to correlate to the paragraph of the PAA being modified hereby:

1. The Relevant Terms of the Third Offering.

A. In connection with the Third Offering, the Company hereby engages the Placement Agent to act as its exclusive placement agent in connection with the issuance and sale by the Company of up to 6,000,000 shares of its common stock, $.01 per share par value (the "Shares"), at a price of $.75 per share. A sale of up to 6,000,000 Shares (plus up to an additional 1,800,000 Shares which the Company reserves the right to issue on the same terms provided herein) shall be referred to as the "Maximum Offering".

D. The Offering will terminate on the earlier of the sale of all Shares available under the Maximum Offering or on such date as is agreed upon by the Company and the Placement Agent, but not later than September 19, 2012 (such date is hereinafter referred to as the "Termination Date"; the period commencing on the date hereof and ending on the Termination Date is sometimes referred to herein as the "Offering Period"). Notwithstanding the foregoing, the Company and the Placement Agent may jointly agree to extend the Termination Date.

2. Representations and Warranties of the Company.

The Company hereby represents and warrants as follows:

B. The authorized capital stock of the Company consists of 100,000,000 shares of Common Stock, par value $.01 per share. Of this total, as of the commencement of the Third Offering, 59,353,200 Shares are issued and outstanding, and there are no shares that have been issued but which are held in treasury. There are no shares of preferred stock outstanding. As of the date hereof, the Company has 12,500,000 shares of Common Stock reserved for issuance upon the exercise of stock options, equity incentives and warrants. All of the issued and outstanding Shares of the capital stock of the Company are, and all shares of Common Stock reserved for issuance will be, upon issuance in accordance with the terms specified in the instruments or agreements pursuant to which they are issuable, duly authorized, validly issued, fully paid, and non-assessable.

By signing below, the Company and the Placement Agent confirm that all of the representations made by each party in the PAA remain accurate as of the date of this Fourth Extension Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

DPEC CAPITAL, INC.

By: /s/ Keith Fasano
Name: Keith Fasano
Title: Director of Compliance

HOLLYWOOD BURGER HOLDINGS, INC.

By: /s/ Scott L. Mathis
Name: Scott L. Mathis
Title: President

HOLLYWOOD BURGER HOLDINGS, INC.

AND

DPEC CAPITAL, INC.

WARRANT AGREEMENT

Dated as of March 11, 2010

WARRANT AGREEMENT dated as of March 11, 2010 between ***HOLLYWOOD BURGER HOLDINGS, INC.,*** a Delaware corporation (the "Company"), and ***DPEC CAPITAL, INC.*** (the "Placement Agent") and its assignees or designees (each hereinafter sometimes referred to with the Placement Agent as a "Holder" or the "Holder(s)").

WITNESSETH:

WHEREAS, the Placement Agent has agreed to act as the placement agent in connection with the Company's proposed private placement of up to 8,000,000 shares (the "Offering") of common stock of the Company, $.01 par value per share (the "Common Stock") (plus up to an additional 2,000,000 shares on the same terms), at an offering price of $.125 per share;

WHEREAS, the Company has agreed to issue warrants to the Placement Agent (the "Warrants") to purchase ten percent (10%) of the aggregate number of shares of Common Stock sold by the Placement Agent in the Offering, or up to 1,000,000 shares of Common Stock;

WHEREAS, as the Offering is being conducted on a "best efforts basis";

WHEREAS, the Offering may have multiple closings (each, a "Closing") and Warrants will be issued to the Placement Agent on the date of each Closing in consideration for, and as part of, the Placement Agent's compensation for serving as Placement Agent; and

WHEREAS, the terms and conditions of the Warrants to be issued are set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises, the agreements herein set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant. The Company agrees to grant to the Placement Agent Warrants to purchase such number of shares which are equal to ten percent (10%) of the aggregate number of shares of Common Stock sold by the Placement Agent as of such Closing Date at an initial exercise price of $.125 per share (the "Exercise Price"). The Warrants shall be exercisable at any time from the date of grant (which shall be the date of each Closing (each, a "Closing Date")) until 5:30 p.m., New York time, on the fifth anniversary of each Closing Date. The number of shares subject to the Warrants granted hereunder and the Exercise Price shall be subject to adjustment as provided in Section 10 hereof. In the event of multiple closings in any calendar quarter, the parties agree that the Warrants for each of such Closings may be combined and issued and dated as of the last day of the calendar quarter.

2. Warrant Certificates. The warrant certificates (the "Warrant Certificates") delivered and to be delivered pursuant to this Agreement shall be in the form set forth in Exhibit A attached hereto and made a part hereof, with such appropriate insertions, omissions, substitutions, and other variations as required or permitted by this Agreement.

3. Registration of Warrants. The Warrants shall be numbered and shall be registered on the books of the Company when issued.

4. Exercise of Warrants.

4.1 Method of Exercise. The Warrants initially are exercisable at the Exercise Price (subject to adjustment as provided in Section 10 hereof) as set forth in Section 7 hereof payable by certified or official bank check in New York Clearing House funds. Upon surrender of a Warrant Certificate with the annexed Form of Election to Purchase duly executed, together with payment of the Exercise Price for the shares of Common Stock purchased, at the Company's principal offices (presently located at 135 Fifth Avenue, 10th Floor, New York, New York 10010), the Holder(s) (which shall include either the Placement Agent or, in the event one or more Warrant Certificates have been assigned pursuant to the Form of Assignment attached hereto, the assignee or designee), shall be entitled to receive a certificate or certificates for the shares of Common Stock so purchased. The purchase rights represented by each Warrant Certificate are exercisable at the option of the Holder thereof, in whole or in part (but not as to fractional shares of Common Stock underlying the Warrants). In the case of the purchase of less than all of the shares of Common Stock purchasable under any Warrant Certificate, the Company shall cancel said Warrant Certificate upon the surrender thereof and shall execute and deliver a new Warrant Certificate of like tenor for the balance of the shares of Common Stock purchasable thereunder.

4.2 Exercise by Surrender of Warrants. In addition to the method of payment set forth in Section 4.1 and in lieu of any cash payment required thereunder, the Holder(s) of the Warrants shall have the right at any time and from time to time to exercise the Warrants in full or in part by surrendering the Warrant Certificate in the manner specified in Section 4.1 in exchange for the number of shares of Common Stock equal to the product of (x) the number of shares of Common Stock as to which the Warrants are being exercised, multiplied by (y) a fraction, the numerator of which is the Market Price (as hereinafter defined) per share of Common Stock minus the Exercise Price of the shares of Common Stock and the denominator of which is the Market Price per share of Common Stock. As used in this Agreement, the phrase "Market Price" on any date shall be deemed to be the last reported sale price, or, in case no such reported sale takes place on such day, the average of the last reported sale prices for the last three trading days, in either case as officially reported by the principal securities exchange on which the Common Stock is listed or admitted to trading, or, if the Common Stock is not listed or admitted to trading on any exchange, the average closing sale price as furnished through the NASDAQ Stock Market, Inc. ("NASDAQ") or similar organization if NASDAQ is no longer reporting such information, or if the Common Stock is not quoted on NASDAQ, as determined in good faith by resolution of the Board of Directors of the Company, based on the best information available to it. Solely for the purposes of this Section 4.2, Market Price shall be calculated either (i) on the date on which the Form of Election attached hereto is deemed to have been sent to the Company pursuant to Section 15 hereof ("Notice Date") or (ii) as the average of the Market Price for each of the five trading days immediately preceding the Notice Date, whichever of (i) or (ii) results in a greater Market Price.

5. Issuance of Certificates. Upon the exercise of any Warrants, the issuance of certificates for shares of Common Stock shall be made forthwith (and in any event within five business days thereafter) without charge to the Holder(s) thereof including, without limitation, any tax other than income taxes, which may be payable in respect of the issuance thereof, and such certificates shall be issued in the name of, or in such names as may be directed by the Holder(s) thereof; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any such certificates in a name other than that of the Holder(s) and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

The Warrant Certificates and the certificates representing the shares of Common Stock or other securities, property or rights issued upon exercise of any Warrants shall be executed on behalf of the Company by the manual or facsimile signature of the then present President or any Vice President of the Company under its corporate seal reproduced thereon, attested to by the manual or facsimile signature of the then present Secretary or any Assistant Secretary of the Company. Warrant Certificates shall be dated the date of execution by the Company upon initial issuance, division, exchange, substitution or transfer.

6. Transfer of Warrants. The Warrants shall be transferable only on the books of the Company maintained at its principal office, where its principal office may then be located, upon delivery of the Warrant Certificates representing such Warrants duly endorsed by the Holder(s) or by its or their duly authorized attorney or representative accompanied by proper evidence of succession, assignment or authority to transfer. Upon any registration transfer, the Company shall execute and deliver the new Warrant Certificates to the person entitled thereto.

7. Exercise Price and Number of Securities. Except as otherwise provided in Section 10 hereof, each Warrant is exercisable to purchase one share of Common Stock at an initial exercise price equal to the Exercise Price. The Exercise Price and the number of shares of Common Stock for which the Warrant may be exercised shall be the price and the number of shares of Common Stock which shall result from time to time from any and all adjustments in accordance with the provisions of Section 10 hereof.

8. Registration Rights.

8.1 Registration Under the Securities Act of 1933. The Holder of a Warrant Certificate, by its acceptance thereof, covenants and agrees that the Warrants are being acquired as an investment and not with a view to the distribution thereof. Each Warrant Certificate and each certificate representing shares of Common Stock and any of the other securities issuable upon exercise of the Warrant (collectively, the "Warrant Shares") shall bear the following legend unless (i) the Warrants or Warrant Shares are distributed to the public or sold to the underwriters for distribution to the public pursuant to this Section 8 or otherwise pursuant to a registration statement filed under the Securities Act of 1933, as amended (the "Act"), or (ii) the Company has received an opinion of counsel, in form and substance reasonably satisfactory to counsel for the Company, that such legend is unnecessary for any such certificate:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT BETWEEN THE ISSUER AND DPEC CAPITAL, INC. DATED AS OF MARCH 11, 2010.

8.2 Piggyback Registration. If, at any time commencing after the date hereof and expiring five years thereafter, the Company proposes to register any of its securities under the Act (other than in connection with an initial public offering of shares of Common Stock of the Company or in connection with a merger or pursuant to Form S-4 or Form S-8 or successor form thereto) it will give written notice by registered mail, at least 30 days prior to the filing of each such registration statement, to the Holder(s) of the Warrant Shares of its intention to do so. If any of the Holder(s) of the Warrant Shares notify the Company within 20 days after mailing of any such notice of its or their desire to include any such securities in such proposed registration statement, the Company shall afford such Holder(s) of the Warrant Shares the opportunity to have any such Warrant Shares registered under such registration statement. In the event that such registration relates to an underwritten public offering and the managing underwriter for said offering advises the Company in writing that in its opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without causing a diminution in the offering price or otherwise adversely affecting the offering, the Company will include in such registration (a) first, the securities the Company proposes to sell, (b) second, the securities held by the entities that made the demand for registration, (c) third, the Warrant Shares requested to be included in such registration which in the opinion of such underwriter can be sold, pro rata among the Holder(s) of Warrant Shares on the basis of the number of Warrant Shares requested to be registered by such Holder(s), and (d) fourth, other securities requested to be included in such registration.

Notwithstanding the provisions of this Section 8.2, the Company shall have the right at any time after it shall have given written notice pursuant to this Section 8.2 (irrespective of whether a written request for inclusion of any such securities shall have been made) to elect not to file any such proposed registration statement or to withdraw the same after the filing but prior to the effective date thereof.

8.3 Covenants of the Company With Respect to Registration. In connection with any registration under Section 8.2 hereof, the Company covenants and agrees as follows:

(a) The Company shall pay all costs (excluding fees and expenses of the Holder(s)' counsel and any underwriting or selling commissions), fees and expenses in connection with all registration statements filed pursuant to Section 8.2 hereof including, without limitation, the Company's legal and accounting fees, printing expenses, blue sky fees and expenses.

(b) The Company will take all necessary action which may be required in qualifying or registering the Warrant Shares included in a registration statement for offering and sale under the securities or blue sky laws of such states as reasonably are requested by the Holder(s), provided that the Company shall not be obligated to execute or file any general consent to service of process or to qualify as a foreign corporation to do business under the laws of any such jurisdiction.

(c) The Company shall indemnify the Holder(s) of the Warrant Shares to be sold pursuant to any registration statement and each person, if any, who controls such Holder(s) within the meaning of Section 15 of the Act or Section 20(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), against all loss, claim, damage, expense or liability (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Act, the Exchange Act or otherwise, arising from such registration statement.

(d) Nothing contained in this Agreement shall be construed as requiring the Holder(s) to exercise the Warrants prior to the initial filing of any registration statement or the effectiveness thereof.

(e) The Company shall furnish to each Holder participating in the offering and to each underwriter, if any, a signed counterpart, addressed to such Holder or underwriter, of (i) an opinion of counsel to the Company, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, an opinion dated the date of the closing under the underwriting agreement), and (ii) a "cold comfort" letter dated the effective date of such registration statement (and, if such registration relates to an underwritten public offering, a letter dated the date of the closing under the underwriting agreement) signed by the independent public accountants who have issued a report on the Company's financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities.

(f) The Company shall, as soon as practicable after the effective date of any registration statement filed pursuant to this Section 8, and in any event within 15 months thereafter, make "generally available to its security holders" (within the meaning of Rule 158 under the Act) an earnings statement (which need not be audited) complying with Section 11(a) of the Act and covering a period of at least 12 consecutive months beginning after the effective date of the registration statement.

9. Obligations of Holders. It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 8 hereof that each of the selling Holders shall:

(a) Furnish to the Company such information regarding themselves, the Warrant Shares held by them, the intended method of sale or other disposition of such securities, the identity of and compensation to be paid to any underwriters proposed to be employed in connection with such sale or other disposition, and such other information as may reasonably be required to effect the registration of their Warrant Shares.

(b) Notify the Company, at any time when a prospectus relating to the Warrant Shares covered by a registration statement is required to be delivered under the Act, of the happening of any event with respect to such selling Holder as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(c) The Holder(s) of the Warrants and/or Warrant Shares to be sold pursuant to a registration statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company, its officers and directors and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, against all loss, claim, damage or expense or liability (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which they may become subject under the Act, the Exchange Act or otherwise, arising from information furnished by or on behalf of such Holders, or their successors or assigns, for specific inclusion in such registration statement; provided, however, that the indemnity of such Holder(s) shall be limited to the net proceeds received by such Holder(s) in the sale of securities pursuant to the respective registration statement.

10. Adjustments to Exercise Price and Number of Securities. The Exercise Price in effect at any time and the number and kind of securities purchased upon the exercise of any Warrant shall be subject to adjustment from time to time only upon the happening of the following events:

(a) Stock Dividend, Subdivision and Combination. In case the Company shall (i) declare a dividend or make a distribution on its outstanding shares of Common Stock in shares of Common Stock, (ii) subdivide or reclassify its outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect at the time of the record date for such dividend or distribution or of the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the Exercise Price by a fraction, the denominator of which shall be the number of shares of Common Stock outstanding after giving effect to such action, and the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such action. Such adjustment shall be made successively whenever any event listed above shall occur.

(b) Adjustment in Number of Securities. Upon each adjustment of the Exercise Price pursuant to the provisions of this Section 10, the number of Warrant Shares issuable upon the exercise at the adjusted Exercise Price of each Warrant shall be adjusted to the nearest number of whole shares of Common Stock by multiplying a number equal to the Exercise Price in effect immediately prior to such adjustment by the number of Warrant Shares issuable upon exercise of the Warrants immediately prior to such adjustment and dividing the product so obtained by the adjusted Exercise Price.

(c) Definition of Common Stock. For the purpose of this Section 10, the term "Common Stock" shall mean (i) the class of stock designated as Common Stock in the Articles of Incorporation of the Company as amended as of the date hereof, or (ii) any other class of stock resulting from successive changes or reclassifications of such Common Stock consisting solely of changes in par value, or from par value to no par value, or from no par value to par value.

(d) Merger or Consolidation. In case of any consolidation of the Company with, or merger of the Company into, another corporation (other than a consolidation or merger which does not result in any reclassification or change of the outstanding Common Stock), the corporation formed by such consolidation or merger shall execute and deliver to the Holder(s) a supplemental warrant agreement providing that the Holder of each Warrant then outstanding or to be outstanding shall have the right thereafter (until the expiration of such Warrant) to receive, upon exercise of such Warrant, the kind and amount of shares of stock and other securities and property receivable upon such consolidation or merger by a holder of the number of shares of Common Stock for which such Warrant might have been exercised immediately prior to such consolidation, merger, sale or transfer. Such supplemental warrant agreement shall provide for adjustments which shall be identical to the adjustments provided in Section 10. The above provision of this subsection shall similarly apply to successive consolidations or mergers.

(e) No Adjustment of Exercise Price in Certain Cases. No adjustment of the Exercise Price shall be made if the amount of said adjustment shall be less than two cents ($.02) per share; provided, however, that in such case any adjustment that would otherwise be required then to be made shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment so carried forward, shall amount to at least two cents ($.02) per Warrant.

11. Exchange and Replacement of Warrant Certificates. Each Warrant Certificate is exchangeable, without expense, upon the surrender thereof by the registered Holder(s) at the principal executive office of the Company for a new Warrant Certificate of like tenor and date representing in the aggregate the right to purchase the same number of Warrant Shares in such denominations as shall be designated by the Holder thereof at the time of such surrender. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of any Warrant Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it and reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of the Warrant, if mutilated, the Company will make and deliver a new Warrant Certificate of like tenor, in lieu thereof.

12. Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of shares of Common Stock upon the exercise of any Warrant, nor shall it be required to issue scrip or pay cash in lieu of fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of shares of Common Stock or other securities, properties or rights.

13. Reservation and Listing of Securities. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the exercise of the Warrants, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof. Every transfer agent ("Transfer Agent") for the Common Stock and other securities of the Company issuable upon the exercise of the Warrants will be irrevocably authorized and directed at all times to reserve such number of authorized shares of Common Stock and other securities as shall be requisite for such purpose. The Company will keep a copy of this Agreement on file with every Transfer Agent for the Common Stock and other securities of the Company issuable upon the exercise of the Warrants. The Company will supply every such Transfer Agent with duly executed stock and other certificates, as appropriate, for such purpose. The Company covenants and agrees that, upon exercise of the Warrants and payment of the Exercise Price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as any Warrants shall be outstanding, the Company shall use its best efforts to cause all shares of Common Stock issuable upon the exercise of the Warrants to be listed (subject to official notice of issuance) on all securities exchanges on which the Common Stock issued to the public in connection herewith may then be listed and/or quoted on the NASDAQ.

14. No Rights as Stockholder; Notices to Holders in Certain Circumstances. Nothing contained in this Agreement shall be construed as conferring upon the Holder(s) the right to vote or to consent or to receive notice as a stockholder in respect of any meetings of stockholders for the election of directors or any other matter, or as having any rights whatsoever as a stockholder of the Company. If, however, at any time prior to the expiration of the Warrants and their exercise, any of the following events shall occur:

(a) the Company shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of current or retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company; or

(b) the Company shall offer to all the holders of its Common Stock any additional shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company, or any option, right or warrant to subscribe therefor; or

(c) a dissolution, liquidation or winding up of the Company (other than in connection with a consolidation or merger) or a sale of all or substantially all of its property, assets and business as an entirety shall be proposed;

then in any one or more of said events, the Company shall give written notice of such event at least 15 days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution, convertible or exchangeable securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of closing the transfer books, as the case may be. Failure to give such notice or any defect therein shall not affect the validity of any action taken in connection with the declaration or payment of any such dividend, or the issuance of any convertible or exchangeable securities, or subscription rights, options or warrants, or any proposed dissolution, liquidation, winding up or sale.

15. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly made and sent when delivered, or mailed by registered or certified mail, return receipt requested:

(a) if to the registered Holder(s) of the Warrants, to the addresses of such Holder as shown on the books of the Company; or

(b) if to the Company, to the address set forth in Section 4 hereof or to such other address as the Company may designate by notice to the Holder(s).

16. Supplements; Amendments; Entire Agreement. This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof and may not be modified or amended except by a writing duly signed by the party against whom enforcement of the modification or amendment is sought. The Company and the Placement Agent may from time to time supplement or amend this Agreement without the approval of any Holder(s) of Warrant Certificates (other than the Placement Agent) in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any provisions herein, or to make any other provisions in regard to matters or questions arising hereunder which the Company and the Placement Agent may deem necessary or desirable and which the Company and the Placement Agent deem shall not adversely affect the interests of the Holder(s).

17. Successors. All of the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the Company, the Placement Agent and their respective successors and assigns hereunder.

18. Survival of Representations and Warranties. All statements in any schedule, exhibit or certificate or other instrument delivered by or on behalf of the parties hereto, or in connection with the transactions contemplated by this Agreement, shall be deemed to be representations and warranties hereunder. Notwithstanding any investigations made by or on behalf of the parties to this Agreement, all representations, warranties and agreements made by the parties to this Agreement or pursuant hereto shall survive.

19. Governing Law. This Agreement and each Warrant Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be construed in accordance with the laws of said State without giving effect to the rules of said State governing the conflicts of laws.

20. Severability. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

21. Captions. The caption headings of the Sections of this Agreement are for convenience of reference only and are not intended, nor should they be construed as, a part of this Agreement and shall be given no substantive effect.

22. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company and the Placement Agent and any other registered Holder(s) of the Warrant Certificates or Warrant Shares any legal or equitable right, remedy or claim under this Agreement; and this Agreement shall be for the sole and exclusive benefit of the Company and the Placement Agent and any other Holder(s) of the Warrant Certificates or the Warrant Shares.

[Remainder of Page Intentionally Left Blank]

23. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

IN WITNESS HEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first above written.

ATTEST:

Secretary

HOLLYWOOD BURGER HOLDINGS, INC.

By: /s/ Scott L. Mathis
Name: Scott L. Mathis
Title: President

DPEC CAPTAL, INC.

By: /s/ Keith Fasano
Name: Keith Fasano
Title: Director of Operations

WARRANT CERTIFICATE

THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT DATED AS OF MARCH 11, 2010 BETWEEN THE ISSUER AND DPEC CAPITAL, INC.

EXERCISABLE ON OR BEFORE
5:30 P.M., NEW YORK TIME, _____, 2015

Warrant No. ___

_____ Shares of Common Stock

This Warrant Certificate certifies that DPEC Capital, Inc., or its registered assigns, is the registered holder of Warrants to purchase initially, at any time from _____, 2010 until 5:30 p.m., New York time on _____, 2015 ("Expiration Date"), up to_____ shares of fully-paid and non-assessable common stock, $.01 par value per share (the "Common Stock") of HOLLYWOOD BURGER HOLDINGS, INC., a Delaware corporation (the "Company"), at the initial exercise price, subject to adjustment in certain events, of $.125 per share of Common Stock (the "Exercise Price") upon surrender of this Warrant Certificate and payment of the Exercise Price at an office or agency of the Company, but subject to the conditions set forth herein and in the Warrant Agreement dated as of March 11, 2010 between the Company and DPEC Capital, Inc. (the "Warrant Agreement"). Payment of the Exercise Price shall be made by certified or official bank check in New York Clearing House funds payable to the order of the Company.

No Warrant may be exercised after 5:30 p.m., New York time, on the Expiration Date, at which time all Warrants evidenced hereby, unless exercised prior thereto, shall thereafter be void.

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants issued pursuant to the Warrant Agreement, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price and the type and/or number of the Company's securities issuable thereupon may, subject to certain conditions, be adjusted. In such event, the Company will, at the request of the holder, issue a new Warrant Certificate evidencing the adjustment in the Exercise Price and the number and/or type of securities issuable upon the exercise of the Warrants; provided, however, that the failure of the Company to issue such new Warrant Certificates shall not in any way change, alter, or otherwise impair, the rights of the holder as set forth in the Warrant Agreement.

Upon due presentment for registration of transfer of this Warrant Certificate at an office or agency of the Company, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided herein and in the Warrant Agreement, without any charge except for any tax or other governmental charge imposed in connection with such transfer.

Upon the exercise of less than all of the Warrants evidenced by this Certificate, the Company shall forthwith issue to the holder hereof a new Warrant Certificate representing such numbered unexercised Warrants.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

This Warrant Certificate does not entitle any holder thereof to any of the rights of a shareholder of the Company.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

Dated: _____, 20__

ATTEST:

/s/ Tim Holderbaum
Name: Tim Holderbaum
Title: Secretary

HOLLYWOOD BURGER HOLDINGS, INC.

By: _____
Name: Scott L. Mathis
Title: President

EXTENSION OF WARRANT AGREEMENT
DATED MARCH 11, 2010

Dated as of: October 8, 2010

Hollywood Burger Holdings, Inc.
135 Fifth Avenue, 10th Floor
New York, New York 10010

Ladies and Gentlemen:

This shall confirm that Hollywood Burger Holdings, Inc., a Delaware corporation (the "Company"), hereby agrees with DPEC Capital, Inc., a Delaware corporation (the "Placement Agent"), to extend the terms of their Warrant Agreement, dated March 11, 2010 (the "Warrant Agreement"), to a second offering being conducted by the Company, commencing in October 2010 (hereinafter, the "Second Offering"). Except as expressly modified herein, all of the terms and provisions set forth in the Warrant Agreement shall apply with respect to the Second Offering.

The modifications to the Warrant Agreement are as follows:

1. All references to the "Offering" shall refer to the Company's proposed private placement of up to 10,000,000 shares of common stock of the Company, $.01 par value per share (plus up to an additional 3,000,000 shares on the same terms), at an offering price of $.50 per share.

2. All references to the "Exercise Price" shall be understood to be $.50 per share.

3. The legend referred to in paragraph 8.1 of the Warrant Agreement shall read as follows:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE EXTENSION OF WARRANT AGREEMENT BETWEEN THE ISSUER AND DPEC CAPITAL, INC. DATED AS OF OCTOBER 8, 2010.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

DPEC CAPITAL, INC.

By: /s/ Keith Fasano
Name: Keith Fasano
Title: Director of Compliance

HOLLYWOOD BURGER HOLDINGS, INC.

By: /s/ Scott L. Mathis
Name: Scott L. Mathis
Title: President

SECOND EXTENSION OF WARRANT AGREEMENT
(INITIALLY DATED MARCH 11, 2010)

Dated as of: March 21, 2012

Hollywood Burger Holdings, Inc.
135 Fifth Avenue, 10th Floor
New York, New York 10010

Ladies and Gentlemen:

This shall confirm that Hollywood Burger Holdings, Inc., a Delaware corporation (the "Company"), hereby agrees with DPEC Capital, Inc., a Delaware corporation (the "Placement Agent"), to extend the terms of their Warrant Agreement, dated March 11, 2010 (the "Warrant Agreement"), as previously amended and extended on October 8, 2010 (the "Initial Extension"), to a third financing event being conducted by the Company, commencing on or about March 21, 2012 (hereinafter, the "March 2012 Offering"). Except as expressly modified herein, all of the terms and provisions set forth in the Warrant Agreement and the Initial Extension shall apply with respect to the March 2012 Offering.

The modifications to the Warrant Agreement are as follows:

1. As of March 21, 2012, all references to the "Offering" shall refer to the Company's proposed private placement of up to 6,000,000 shares of common stock of the Company, $.01 par value per share (plus up to an additional 1,800,000 shares on the same terms), at an offering price of $.75 per share.

2. To the extent the Warrant Agreement pertains to the March 2012 Offering, all references to the "Exercise Price" shall be understood to be $.75 per share.

3. The legend referred to in paragraph 8.1 of the Warrant Agreement shall read as follows:

> **THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.**

THE TRANSFER OR EXCHANGE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE EXTENSION OF WARRANT AGREEMENT BETWEEN THE ISSUER AND DPEC CAPITAL, INC. DATED AS OF OCTOBER 8, 2010, AS AMENDED AND REVISED.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

DPEC CAPITAL, INC.

By: /s/ Keith Fasano
Name: Keith Fasano
Title: Director of Compliance

HOLLYWOOD BURGER HOLDINGS, INC.

By: /s/Scott L. Mathis
Name: Scott L. Mathis
Title: President

EXCHANGE AGREEMENT

THIS EXCHANGE AGREEMENT (the "Agreement") is made and entered into as of September 30, 2010, by and between the members (the "Members") of INVESTPROPERTY GROUP, LLC, a Delaware limited liability company ("IPG"), and DIVERSIFIED PRIVATE EQUITY CORPORATION, a Delaware corporation ("DPEC").

WITNESSETH

WHEREAS, in connection with a proposed business combination to create a streamlined holding company structure between the IPG and DPEC, the parties hereto desire to exchange all of the issued and outstanding managing and non-managing membership interest units of IPG (the "Units"), for voting shares of common stock of DPEC, valued at $3.50 per share for purposes of this transaction (the "Shares"), subject to all of the terms and conditions set forth herein;

WHEREAS, The Wow Group, LLC, a Delaware limited liability company and the managing member of IPG (the "Managing Member"), has provided the non-managing Members of IPG with notice and an opportunity to object to the Agreement prior to the date hereof and having received objections from less than a majority-in-interest of the non-managing Members, is authorized, as the Members' attorney-in-fact pursuant to Sections 2.05(b) and 2.05(d) of the Operating Agreement of InvestProperty Group, LLC, dated November 18, 2005, as amended (the "IPG Operating Agreement"), to enter this Agreement and consent to the transfer by the Members of their Units in exchange for the issuance of the Shares, subject to all the terms and conditions set forth herein; and

WHEREAS, the Board of Directors of DPEC has consented to the issuance of the Shares in exchange for all the issued and outstanding IPG Units, subject to all the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, and intending to be legally bound by the terms and conditions of this Agreement, the parties hereto agree as follows:

1. Exchange Transaction. Subject to the terms and conditions of this Agreement, each Member hereby transfers his, her or its respective Units as reflected in Schedule A attached hereto, to DPEC for cancellation, and DPEC hereby accepts and acknowledges such transfer from the Members. In exchange therefore, DPEC hereby issues to each Member between 0.622 and 0.685 of one Share for each Unit owned by such Member, as more fully explained in Paragraph 5 below, and the Members hereby accept and acknowledge such issuance.

2. IPG Stock Options and Warrants. Each stock option and warrant previously issued by IPG, as reflected in Schedule B attached hereto, shall be assumed by DPEC and exchanged into DPEC stock options and warrants in accordance with the Exchange Ratio set forth in Paragraph 5 below, so that each previously issued IPG stock option and warrant to purchase one Unit shall be converted in a stock option or warrant to purchase between 0.622 and 0.685 of one Share, on a price adjusted basis. As converted, each stock option and warrant may be issued pursuant to the Diversified Private Equity Corp. 2008 Equity Incentive Plan, which has similar terms and conditions to those applicable to the IPG stock options and warrants under the IPG 2006 Equity Incentive Plan. Upon conversion, all issued and outstanding IPG stock options and warrants shall be cancelled and the IPG 2006 Equity Incentive Plan shall be terminated.

3. Closing Date. The transfer of Units in exchange for Shares provided for in this Agreement shall be effective on the date hereof or at such other time as the parties hereto may mutually agree (the "Closing Date").

4. Closing Obligations. On the Closing Date:

(a) DPEC will be admitted to IPG as its sole Member and shall become its managing member, and the Members and the Managing Member will automatically withdraw as members of IPG. Shortly thereafter, DPEC shall enter into a new, single member operating agreement, and after execution thereof, shall be entitled to exercise or receive any of the rights, powers or benefits of a member and a managing member of IPG, as provided in such operating agreement.

(b) DPEC will cause its transfer agent, Continental Stock Transfer & Trust Company, to reflect on the books of DPEC the newly issued Shares each Member is entitled to receive by virtue of the number of Units they held in IPG as of the Closing Date, multiplied by the Exchange Ratio.

5. Exchange Ratio. DPEC, together with the Managing Member, has determined a fair and equitable exchange ratio (the "Exchange Ratio") pursuant to which Units would be exchanged for Shares. Based on facts available as of September 1, 2010, the Exchange Ratio will provide that each Unit shall be exchanged for between 0.622 and 0.685 of one Share. The final Exchange Ratio is subject to the number of IPG Noteholders who elect to convert their IPG Notes prior to the Closing Date (as defined and more fully explained in the Information Statement in Connection with the Proposed Exchange Transaction Between InvestProperty Group, LLC and Diversified Private Equity Corporation, dated as of September 1, 2010 (the "Information Statement")), and shall be determined by DPEC and the Managing Member immediately prior to the Closing Date.

6. General Representations and Warranties of the Holders. The Managing Member hereby represents and warrants to DPEC the following:

(a) No Member has transferred his, her or its Units and therefore, each Member is the sole record and beneficial owner of, and has good legal title to, his, her or its Units, and has the full legal right, power and authority to assign and transfer complete ownership of the Units to DPEC;

(b) The Units are free and clear of all liens, pledges, encumbrances, restrictions, voting agreements, options and claims of any kind and the Members are transferring the Units to DPEC pursuant to the terms of this Agreement free and clear of any such encumbrances;

(c) IPG has obtained all company and other approvals necessary for the execution, delivery and performance of this Agreement and when executed and delivered by the Managing Member on behalf of the Members, this Agreement shall constitute a valid and binding obligation of the Members, enforceable against the Members in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity);

(d) Neither the execution and delivery of this Agreement nor the consummation by the Members of the transactions contemplated hereby, will require on the part of the Members any filing with, or permit, authorization, consent or approval of, any government or governmental agency or instrumentality, whether federal, state or local, domestic or foreign;

(e) To the extent any Member is an organization, it represented and warranted in its original subscription for the Units that it was duly formed and validly existing under the laws of the state of its formation and has full power and authority to own its property, including its respective Units, and the Managing Member has not been notified or obtained any information indicating that such representation and warranty is no longer accurate;

(f) Each Member made certain representations and warranties in connection with his, her or its original subscription for the Units, which acknowledged that the Units were obtained for their own accounts, for investment only and not with a view to or for resale in connection with any distribution of the Units, that each Member had sufficient knowledge and experience in business and financial matters to understand and to evaluate the merits and risks of the investment, and that each Member was aware that the Units had not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities law, in reliance upon an exemption of the Securities Act and similar exemptions under state securities law for private offerings, and that the continuing availability of those exemptions depended in part upon the accuracy of certain representations and warranties which were made by the Members and which were relied upon in determining the Members' suitability to receive the Units, and the Managing Member has not been notified or obtained any information indicating that such representations and warranties are no longer accurate;

(g) Each Member made certain representations and warranties in connection with his, her or its original subscription for the Units, which acknowledged that the Units are restricted securities, they may not be sold or otherwise transferred unless they have been registered under the Securities Act or unless the Member received an opinion of counsel, acceptable to IPG and its counsel, stating that the proposed transfer was exempt from registration under the Securities Act, and the Managing Member has not been notified or obtained any information indicating that such representations and warranties are no longer accurate;

(h) Each Member made certain representations and warranties in connection with his, her or its original subscription for the Units, which acknowledged that any certificate representing the Units shall bear a legend setting forth restrictions on the transfer of such securities, and the Managing Member has not been notified or obtained any information indicating that such representations and warranties are no longer accurate;

(i) Each Member has received the Information Statement, and any and all information regarding DPEC, its business and this Agreement which they have required in connection with the transaction contemplated hereby, and have had the opportunity to discuss any questions they may have with the officers of DPEC and IPG;

(j) Each Member is an "accredited investor" as such term is defined in Regulation D promulgated under the Securities Act, or has otherwise satisfied the Managing Member as to the suitability of an investment in the Shares and as to their knowledge and experience in financial and business matters; and

(k) This Agreement, its exhibits and schedules attached hereto do not contain any untrue statement of material fact with respect to the Members or omit to state any material fact necessary to make the statements herein or therein contained with respect to the Members not misleading.

7. Representations and Warranties of DPEC. DPEC represents and warrants to the Managing Member and the Members as follows:

(a) It is duly organized, validly existing and in good standing under the laws of the State of Delaware;

(b) It has all requisite power and authority to execute, deliver and perform this Agreement and the transactions contemplated thereby, and the execution, delivery and performance by the DPEC of this Agreement has been duly authorized by all requisite action by DPEC and that this Agreement, when executed and delivered by DPEC, shall constitute a valid and binding obligation of DPEC, enforceable against DPEC in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity);

(c) Neither the execution and delivery by DPEC of this Agreement nor the consummation by DPEC of the transactions contemplated hereby, will require on the part of DPEC any filing with, or permit, authorization, consent or approval of, any government or governmental agency or instrumentality, whether federal, state or local, domestic or foreign;

(d) Upon issuance of the Shares, they shall be duly authorized, validly issued and non-assessable Shares of DPEC;

(e) It (i) is obtaining the Units for DPEC's own account, for investment only and not with a view to or for resale in connection with any distribution of the Units, (ii) has sufficient knowledge and experience in business and financial matters to understand and to evaluate the merits and risks of this investment, and (iii) is aware that the Units have not been registered under the Securities Act, or any state securities laws, in reliance upon an exemption of the Securities Act and similar exemptions under state securities laws for private offerings, and that the continuing availability of these exemptions depend in part upon the accuracy of certain representations and warranties which are made by DPEC herein and which are being relied upon in determining DPEC's suitability to purchase the Units;

(f) It understands that as restricted securities, the Units may not be sold or otherwise transferred unless they have been registered under the Securities Act or unless DPEC has received an opinion of counsel, acceptable to IPG and its counsel, stating that the proposed transfer is exempt from registration under the Securities Act; and

(g) This Agreement, its exhibits and schedules attached hereto, and the Information Statement do not contain any untrue statement of material fact with respect to DPEC or omits to state any material fact necessary to make the statements herein or therein contained with respect to DPEC not misleading.

8. Indemnification.

(a) The Members hereby jointly and severally agree to defend, indemnify and hold DPEC harmless from and against any and all losses, suits, proceedings, demands, judgments, damages, expenses and costs, including reasonable attorneys' fees and expenses (collectively, "Indemnifiable Damages"), which DPEC may suffer or incur by reason of (i) the inaccuracy of any of the representations and warranties of any the Members contained in this Agreement, (ii) the breach by any of the Members of any of the covenants or agreements made in this Agreement, or (iii) any transfer of the Shares in violation of the Securities Act, or under any rule or regulation promulgated thereunder.

(b) DPEC hereby agrees to defend, indemnify and hold the Members harmless from and against any and all Indemnifiable Damages which the Members may suffer or incur by reason of (i) the inaccuracy of any of the representations and warranties of DPEC contained in this Agreement, or (ii) the breach by DPEC of any of the covenants or agreements made by the DPEC in this Agreement, or (iii) any transfer of the Units by DPEC in violation of the Securities Act, or under any rule or regulation promulgated thereunder.

9. Miscellaneous.

(a) Further Assurances. Each party hereto agrees to perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the intent of this Agreement.

(b) Notices. Except as otherwise provided herein, all notices, requests, demands and other communications under this Agreement shall be in writing, and if by facsimile, shall be deemed to have been validly served, given or delivered when sent and receipt has been confirmed, or if by personal delivery or messenger or courier service, or by registered or certified mail, shall be deemed to have been validly served, given or delivered upon actual delivery, at the addresses and facsimile numbers (or such other addresses and facsimile numbers a party may designate for itself by like notice) set forth on the signature page hereto.

(c) Amendments. This Agreement may be amended, changed or waived only by a written agreement executed by each of the parties hereto.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, applicable to contracts entered into and performed entirely within such state.

(e) Disputes. In the event of any dispute among the parties arising out of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party the reasonable expenses of the prevailing party including, without limitation, reasonable attorneys' fees.

(f) Successors and Assigns. The parties may assign with absolute discretion any or all of their rights or obligations or delegate any of their duties under this Agreement to any of their affiliates, successors or assigns and this Agreement shall inure to the benefit of, and be binding upon, such respective affiliates, successors or assigns of either or both of the parties in the same manner and to the same extent as if such affiliates, successors or assigns were original parties hereto.

(g) Entire Agreement. This Agreement sets forth the entire understanding and agreement between the parties hereto with reference to the subject matter hereof and supersedes all prior agreements and understandings among them as to the subject matter hereof.

(h) Headings. Introductory headings at the beginning of each Section and subsection of this Agreement are solely for the convenience of the parties and shall not be deemed to be a limitation upon or description of the contents of any such Section and subsection of this Agreement.

(i) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and both of which, when taken together, shall constitute one and the same agreement.

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

DIVERSIFIED PRIVATE EQUITY CORPORATION:

By: /s/ Ronald Robbins
Ronald Robbins, Executive Vice President

Address for notices:
135 Fifth Avenue, 10th Floor
New York, New York 10010
f: (212) 655-0140

THE MEMBERS OF INVESTPROPERTY GROUP, LLC:

By: The Wow Group, LLC, Managing Member and attorney-in-fact

By: /s/ Scott Mathis
Scott Mathis, Managing Member

Address for notices:
135 Fifth Avenue, 10th Floor
New York, New York 10010
f: (212) 655-0140

April 14, 2011

DIVERSIFIED PRIVATE EQUITY CORP.

DEMAND PROMISSORY NOTE

ON DEMAND at any time after April 13, 2012 (the "Maturity Date"), *Diversified Private Equity Corp.*, a Delaware corporation (the "Corporation"), for value received, promises to pay to the order of *Scott L. Mathis* (the "Holder"), the principal sum of *four hundred thousand* Dollars ($400,000.00), together with interest thereon at the rate and on the terms set forth below.

The following is a statement of the rights and obligations of the Holder and the Corporation under this Note, and the conditions to which this Note is subject, to which the Corporation, by the execution and delivery hereof, and the Holder, by the acceptance of this Note, agree:

1. Terms of Note. This Note shall bear interest on the outstanding principal amount hereof until paid in full at the rate of six percent (6%) per annum. Interest shall accrue from the date this Note is issued (as set forth above) until the repayment of the outstanding principal sum hereunder in accordance with this Note. Upon payment in full of the principal amount of this Note, all accrued but unpaid interest hereon shall become immediately due and payable. Additionally, the Corporation shall have the right, but not the obligation, to pay all accrued but unpaid interest due hereunder at any time prior to the Maturity Date. Interest will be computed on the basis of a year of 360 days for the number of days actually elapsed.

The principal amount of this Note may be prepaid by the Corporation prior to the Maturity Date at its sole discretion.

If any payment on this Note becomes due and payable on a Saturday, Sunday or legal holiday, the maturity thereof shall be extended to the next succeeding business day.

The entire principal balance of this Note, together with any unpaid interest thereon and any other sums due and payable hereunder shall become automatically and immediately due and payable, notwithstanding anything to the contrary in this Note, without notice or demand upon the occurrence of any of the following events: (i) the liquidation, termination or dissolution of the Corporation or its ceasing to carry on actively its present business or the appointment of a receiver for its property; (ii) the dissolution, liquidation or termination of existence of, the insolvency of, or the making of an assignment for the benefit of creditors by, the Corporation; or (iii) the institution of bankruptcy, reorganization, arrangement, liquidation, receivership, moratorium or similar proceedings by or against the Corporation, and, if so instituted against the Corporation, the pendency thereof for 60 days.

2. Sale of Corporation. Immediately prior to the closing of a sale by the Corporation, whether by means of a plan of recapitalization, reorganization, merger, sale or acquisition of all or substantially all of the assets of the Corporation, sale or transfer of more than fifty percent (50%) of the voting or pecuniary interest in the Corporation's outstanding securities or otherwise (the "Sale"), the Holder shall have the right, in the exercise of its discretion, to receive the entire unpaid principal amount of this Note, together with accrued interest thereon, through the date of such precipitating event.

3. Entire Agreement; Changes; Waivers. This Note contains the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous arrangements or understandings, whether written or oral, with respect thereto. No terms or conditions of this Note may be changed or amended, without the consent of the Holder.

4. Access to Information; Disclosures.

4.1 By agreeing to make the loan referenced herein, Holder confirms that (a) he has had the opportunity to ask questions of and receive answers from representatives of the Corporation regarding it and its business, and to obtain any additional information or documents relative thereto, which he deems necessary to make the loan described herein, (b) that he is capable of evaluating the merits and risks of a loan to the Corporation, and (c) that he has the capacity to protect his interests in connection with the loan by reason of his business and financial experience.

4.2 By agreeing to make the loan referenced herein, Holder further confirms that he understands that there is a substantial risk regarding the Corporation's ability to repay the principal of such loan, and that the Corporation's ability to do so may be dependent upon its ability to raise additional equity capital from a future sale of its shares, and it is uncertain whether it will be able to do so, and if it is can, whether such sales can be made on terms acceptable to the Corporation.

4. Miscellaneous.

4.1 The Corporation, regardless of the time, order or place of signing, waives presentment, demand, protest and notices of any kind in connection with the enforcement of this Note. If the Corporation fails to comply with any of the provisions of this Note, the Corporation will pay to the Holder of this Note, on demand, such further amounts as shall be sufficient to cover the costs and expenses, including but not limited to reasonable attorneys' fees and disbursements, incurred by the Holder of this Note in collecting upon this Note or otherwise enforcing any of the Holder's rights hereunder.

4.2 The rights and remedies herein reserved to any party shall be cumulative and in addition to any other or further rights and remedies available at law or in equity. No delay or omission on the part of the Holder in exercising any right hereunder shall operate as a waiver of such right or of any other right of such Holder. The waiver by any party hereto of any breach of any provision of this Note shall not be deemed to be a waiver of the breach of any other provision or any subsequent breach of the same provision.

4.3 This Note shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed wholly therein. Any suit in connection with the loan referenced herein shall be brought only in federal or state court located in the State of New York, County of New York, and all parties to this Note consent to jurisdiction of and venue in such courts.

4.4 In the event that any provision contained herein (or part thereof) shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or other unenforceability shall not affect any other provision (or the remaining part of the affected provision) hereof, but this Note shall be construed as if such invalid, illegal, or unenforceable provision (or part thereof) had never been contained herein, but only to the extent that such provision is invalid, illegal or unenforceable.

IN WITNESS WHEREOF, the Corporation has caused this Note to be signed in its name and executed as a sealed instrument this 14th day of April 2011.

DIVERSIFIED PRIVATE EQUITY CORP.

By: /s/ Tim Holderbaum
Name: Tim Holderbaum
Title: CFO

ACKNOWLEDGED AND AGREED:

/s/ Scott L. Mathis
SCOTT L. MATHIS

DIVERSIFIED PRIVATE EQUITY CORP.

AMENDMENT NO. 1 TO CONVERTIBLE DEMAND PROMISSORY NOTE DATED APRIL 14, 2011

The Convertible Promissory Note in the face amount of $400,000 (the "Note"), dated April 14, 2011, issued by Diversified Private Equity Corp. (the "Issuer"), in favor of Scott L. Mathis (the "Holder"), is hereby amended as of April 13, 2012, as described below.

1. Extension of Maturity Date: Issuer and the Holder hereby agree to extend the Maturity Date of the Note to April 13, 2013.

2. Change of Face Amount: Issuer repaid a total of $200,000 ($100,000 on 3/22/12 and $100,000 on 3/31/12) to the Holder. Therefore, the face amount of the Note is changed to the remaining $200,000.

3. **Other Terms Unchanged**: All other material terms of the Note remain unchanged. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Note.

DIVERSIFIED PRIVATE EQUITY CORP.

By: /s/ Tim Holderbaum
Name: Tim Holderbaum
Title: CFO

ACKNOWLEDGED AND AGREED:

/s/ Scott L. Mathis
Scott L. Mathis

DIVERSIFIED PRIVATE EQUITY CORP.

AMENDMENT NO. 2 TO CONVERTIBLE DEMAND PROMISSORY NOTE DATED APRIL 14, 2011

The Convertible Promissory Note in the face amount of $200,000 (the "Note"), dated April 14, 2011, issued by Diversified Private Equity Corp. (the "Issuer"), in favor of Scott L. Mathis (the "Holder"), and as amended by Amendment No. 1 dated April 13, 2012, is hereby further amended as of August 20, 2012, as described below.

1. **Change of Face Amount:** Holder paid an additional $179,729.56 ($60,000 on 8/1/12 and $119,729.56 on 8/20/12) to the Holder. Therefore, the face amount of the Note is changed to $379,729.56.

2. **Other Terms Unchanged**: All other material terms of the Note remain unchanged. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Note.

DIVERSIFIED PRIVATE EQUITY CORP.

By: /s/ Tim Holderbaum
Name: Tim Holderbaum
Title: CFO

ACKNOWLEDGED AND AGREED:

/s/ Scott L. Mathis
Scott L. Mathis

DIVERSIFIED PRIVATE EQUITY CORP.

CONVERTIBLE NOTE PURCHASE AGREEMENT

THIS AGREEMENT, dated as of June 24, 2011 (the "Agreement"), is entered into by and among Diversified Private Equity Corp., a Delaware corporation ("DPEC" or the "Company"), located at 135 Fifth Ave., 10th Floor, New York, New York 10010, and the persons listed on Schedule 1 attached hereto (collectively, the "Lenders").

The Company and the Lenders have agreed that the Company will issue and sell to the Lenders Convertible Promissory Notes (the "Notes") which are convertible, at the election of each holder (a "Holder"), into (a) shares of Class A preferred shares of the Company (the "Class A Shares"), or (b) parcels of land located at Algodon Wine Estates, Mendoza, Argentina, as more specifically set forth hereinafter.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

SECTION 1. Authorization of Notes; Conversion Rights and Terms of Repayment.

(a) The Company has authorized the issuance and sale of Notes for up to Two Million Dollars ($2,000,000) in original principal amount. There is no minimum principal amount of Notes that must be sold under this Agreement by the Company. Each Note shall bear interest on the outstanding principal amount thereof until paid in full at the rate of 12.5% per annum, and shall be payable on demand by the Holder of such Note at any time on or after the Maturity Date, as such term is defined in the Holder's Note.

(b) Upon the specific terms and conditions set forth in the form of the Notes attached hereto as Exhibit A, the Notes may, at the election of each Holder, be converted as follows:

(1) Into Class A Shares to be issued in a contemplated offering of up to $10,000,000 (hereinafter the "Class A Offering"). Any such conversion shall be made at a 25% discount to the original issue price of such Class A Shares. If the Class A Offering is unsuccessful for any reason, this conversion option shall be void. Further, upon consummation of the contemplated reverse merger (the "Reverse Merger") by the Company into Mercari Corp., a publicly traded shell company currently listed on the OTC Bulletin Board as MCAR.OB. ("Mercari"), all Class A Shares shall be converted into shares of Mercari common stock. It is anticipated that such Mercari shares will have "piggyback" registration rights, but can otherwise only be resold under Rule 144 of the Securities Act of 1933, as amended, and subject to any applicable lock-up period in connection with the Reverse Merger. In the event that the Reverse Merger is not consummated for any reason, or should management conclude that proceeding with the Reverse Merger is not in the best interests of the Company, any Holder who exercises or who has previously exercised this conversion option shall retain the Class A Shares obtained thereby.

A Holder's right to convert into Series A Shares shall expire on the earlier of (i) seven days after receipt by the Holder of written notice of the Company's intention to prepay the face amount of Holder's Note and all accrued interest thereon, or (ii) seven days after receipt by the Holder of written notice of the expected effective date of the Reverse Merger which notice shall be provided not less than ten days prior to such effective date, or (iii) the Maturity Date, or if extended, the Extended Maturity Date, as such terms are defined in Holder's Note.

(2) If a Holder does not exercise the right to convert set forth in the preceding section (b) (1) prior to the expiration of such right, a Holder shall thereupon have the right to convert the outstanding principal amount of the Note plus all accrued and unpaid interest thereon into any then-available parcels of land at Algodon Wine Estates, Mendoza, Argentina (hereinafter "AWE"). For purposes of this section, "available parcels" shall refer to any parcel set forth on the Algodon Wine Estates Master Plan on which a residential home could be built for which no binding legal commitment to buy or sell has been made as of the date on which the Holder gives written notice of its election to exercise its right to convert this Note as provided herein. Holders of the Notes will have the option to purchase such parcels (using the unpaid principal of their Note and all accrued unpaid interest thereon) at a 30% discount to the lower of the marketed price at the time the Notes are issued or the marketed price at the time of conversion of the Notes. For each Holder, a minimum of $100,000 principal amount of its Note is necessary to be entitled to exercise this conversion option. (To effect the conversion of the Notes into AWE land parcels, the principal and accrued interest of such Notes shall, consistent with Argentine banking regulations, first be returned to the account of the Holder and then transferred to Algodon Wine Estates, SRL.) A Holder who exercises this conversion right shall be required to remit, at time of closing, any amount in excess of the principal amount of its Note plus accrued interest needed to satisfy the purchase price for the specified parcel.

A Holder's right to convert as provided in this section (b)(2) shall expire on the earlier of (i) prepayment by the Company of the face amount of Holder's Note and all accrued interest thereon, or (ii) the Maturity Date, or if extended, the Extended Maturity Date, as such terms are defined in Holder's Note.

(c) For purposes of this section, written notice to any Holder may be given (i) by email, to the email address provided by each Holder at the time Holder enters into this agreement, and shall be deemed received one business day after it was sent, and/or (ii) by any recognized overnight courier service such as Federal Express to the mailing address provided by the Holder at the time Holder enters into this agreement, and shall be deemed received one business day after it was sent. To notify the Company of its decision to exercise its conversion rights hereunder, or to provide a replacement email or mailing address, a Holder shall provide such information in writing sent to the Company at the address set forth on page 1 of this agreement via any recognized overnight courier service such as Federal Express or U.S. mail (registered mail, return receipt requested).

(d) The right of a Holder to exercise either right to convert hereunder requires such exercise with respect to the entire principal amount of such Holder's Note, together with all accrued and unpaid interest. In other words, any conversion shall be on an all-or-none basis.

(e) With respect to any Holder that declines to exercise its rights to convert hereunder, DPEC shall remain obligated to pay the amount due pursuant to and in accordance with the terms of any Note held by such Holder. Notwithstanding the foregoing, DPEC shall have the right, upon seven days' written notice, to prepay the principal amount due on any Holder's Note, plus all accrued interest, up to sixty days before the maturity date of such Note, without penalty. To the extent a Holder who has not exercised either conversion right does not demand repayment on or after the Maturity Date (or the Extended Maturity Date), the Company shall continue to pay interest in accordance with the provisions of the Holder's Note for up to an additional twelve months.

(f) Subject to any unexpired conversion right described herein, in the event the amount due under the Notes has not been previously repaid, or otherwise converted into Class A Shares or AWE land parcels, then upon the closing of a sale of the Company (whether by means of a plan of recapitalization, reorganization, merger, sale of all or substantially all of the assets of the Company, sale of more than fifty percent (50%) of the Company's outstanding securities or otherwise), the entire outstanding principal and accrued and unpaid interest on such Holder's Note shall be payable in full in cash; provided, however, that the provisions of this paragraph shall not apply to the Reverse Merger or any alternative transaction(s) or business combination(s) designed to achieve the same results as contemplated by the Reverse Merger.

SECTION 2. Sale and Issuance of Notes; Payment Instructions.

(a) At the Initial Closing (as defined below), and thereafter at one or more subsequent closings, the Company shall sell and issue to each Lender, and each Lender shall purchase and acquire from the Company, upon the terms and conditions set forth herein, a Note in the principal amount set forth on the Signature Page of such Lender annexed hereto (which amount shall thereafter be entered by the Company on Schedule 1 hereto opposite such Lender's name at a purchase price equal to such original principal amount). Each Lender's obligations hereunder pursuant to the transaction contemplated hereby shall be several, but not joint.

SECTION 3. Closing of Sale of Notes.

The initial closing with respect to the transactions contemplated hereby (the "Initial Closing"), and subsequent closings thereafter (separately, a "Closing" and together, the "Closings"), shall take place at the offices of the Company, 135 Fifth Ave., 10th Floor, New York, NY 10010, at such times as may be determined by the Company. At each Closing, each Lender who shall purchase a Note hereunder shall deliver to the Company two executed Signature Pages in the form annexed to this Agreement, completed and executed by such Lender, together with payment by check drawn on immediately available funds or by wire transfer for the principal amount of the Notes to be purchased by each such Lender, as set forth on such Signature Page. Following the Initial Closing, the Company may, at one or more subsequent Closings, accept additional subscriptions for the Notes until such time as the maximum original principal amount of the Notes ($2,000,000) shall have been issued and sold; provided, however, that no Notes may be issued and sold hereunder after July 31, 2011 (unless this date is extended by the Company, which it reserves the right to do for an additional sixty (60) days, in which case Notes may be issued and sold until such later date). As each such subsequent Closing is completed, the additional Signature Pages shall be annexed to this Agreement, and Schedule 1 hereto shall be amended accordingly.

SECTION 4. Representations, Warranties and Covenants of the Company to the Lenders.

The Company hereby represents, warrants and covenants to the Lenders as follows:

(a) Organization. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to own and lease its property and to carry on its business as presently conducted.

(b) Authorization of this Agreement and the Notes. The execution, delivery and performance by the Company of this Agreement, of the Notes and of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of the Company. Each of this Agreement and the Notes has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable in accordance with its respective terms. The execution, delivery and performance of this Agreement and the Notes and the compliance with the provisions hereof and thereof by the Company, will not:

(i) violate any provision of law, statute, ordinance, rule or regulation or any ruling, writ, injunction, order, judgment or decree of any court, administrative agency or other governmental body;

(ii) conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute (with due notice or lapse of time, or both) a default (or give rise to any right of termination, cancellation or acceleration) under (A) any agreement, document, instrument, contract, understanding, arrangement, note, indenture, mortgage or lease to which the Company is a party or under which the Company or any of its assets is bound or affected, or (B) the Company's Certificate of Incorporation; or

(iii) result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Company.

(c) Consents and Approvals. No authorization, consent, approval or other order of, or declaration to or filing with, any governmental agency or body (other than any filings that may be required to be made under applicable Federal and state securities laws) is required for the valid authorization, execution, delivery and performance by the Company of this Agreement or the Note.

(d) Securities Laws. Based on the representations of the Lenders set forth in Section 5 of this Agreement, the offer, sale and issuance of the Notes will not be in violation of the Securities Act of 1933, as amended (the "Securities Act").

(e) Brokers; Compensation. To the extent that any person purchasing a Note hereunder was introduced to DPEC by a registered representative of DPEC Capital, Inc., DPEC Capital, Inc. shall receive (i) a commission equal to 8% of the face amount of any Notes so purchased, and (ii) upon conversion of any such Notes into equity securities issued by the Company, additional compensation as would be paid pursuant to the terms specified in the disclosure documents relating to the sale and/or issuance of such class of equity securities, including but not limited to warrants issued by the Company. DPEC Capital, Inc. will in turn remit most, if at all, of such compensation to its registered representatives. Aside from the foregoing, no person or entity has or will have, as a result of the transactions contemplated by this Agreement, any right, interest or claim against or upon the Company or the Lenders for any commission, fee or other compensation as a finder or broker because of any act or omission by the Company or by any agent of the Company.

SECTION 5. Representations and Warranties of the Lenders to the Company.

Each of the Lenders, as to himself, herself or itself, represents and warrants to the Company as follows:

(a) Such Lender is purchasing the Note, and, if the Note is converted into Class A Shares will be acquiring such shares, for investment for the account of the Lender and not for the account of any other person, and not with a view toward resale or other distribution thereof. Such Lender understands that the Note being purchased by such Lender has not been, and if and when issued, the Class A Shares issuable upon conversion of the Note, will not be, registered under the Securities Act and applicable state securities laws and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and applicable state securities laws or unless an exemption from such registration is available. The Note and all certificates evidencing the Class A Shares issuable upon conversion of the Notes, whether upon initial issuance or upon any transfer thereof, shall bear a legend, prominently stamped or printed thereon, reading substantially as follows:

> These securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or applicable state securities laws. These securities have been acquired for investment and not with a view to their distribution or resale, and may not be sold, pledged, or otherwise transferred without an effective registration statement for such securities under the Securities Act and applicable state securities laws, or an opinion of counsel satisfactory to the Company to the effect that such registration is not required.

(b) Such Lender or such Lender's representative, during the course of this transaction and prior to the purchase of the Note being purchased by the Lender hereunder, has had the opportunity to ask questions of and receive answers from representatives of the Company concerning the terms and conditions of the offering of the Notes (as well as the contemplated Class A Offering and Reverse Merger), and to obtain any additional information or documents relative to the Company, its business and an investment in the Company necessary to verify the accuracy of information provided by the Company relative to the business of the Company. Such Lender or such Lender's representative has received and read or reviewed, and is familiar with, this Agreement and all such additional information and documents requested by such Lender, including but not limited to the information set forth in the accompanying Information Statement for Diversified Private Equity Corp., dated September 1, 2010 (Exhibit B hereto) and the Addendum No.1 thereto (Exhibit C hereto), both of which are being provided for informational purposes only). Such Lender acknowledges reviewing each of the exhibits hereto.

(c) Such Lender or such Lender's representative is capable of evaluating the merits and risks of the purchase of the Notes. Such Lender has the capacity to protect his, her or its own interests in connection with the purchase of the Notes by reason of such Lender's business or financial experience or the business or financial experience of his, her or its representative (who is unaffiliated with and who is not compensated by the Company or any affiliate, directly or indirectly). Such Lender also acknowledges that prior to entering into this agreement, Lender was familiar with the Company's business and had a prior relationship with the Company (or with one of its subsidiaries or affiliates), or one or more of their respective officers or employees, either as an investor, customer or in some other capacity. Lender further acknowledges that its purchase of a Note is not the result of or subsequent to any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio, or the Internet, or the result of a general solicitation or a solicitation by a person not previously known to the Lender.

(d) The purchase of a Note by such Lender is consistent with his, her or its general investment objectives and the Lender understands that the purchase of the Note involves a high degree of risk and there is no established market for any securities issued by the Company and no public market for such securities will likely develop. Such Lender has no present need for liquidity in connection with his, her or its purchase of the Note and can bear the economic risks of this investment and can afford a complete loss of this investment.

(e) Such Lender hereby acknowledges, among other matters, that he, she or it is an "Accredited Investor," as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act.

(f) No person or entity has or will have, as a result of the transactions contemplated by this Agreement, any right, interest or claim against or upon the Company or such Lender for any commission, fee or other compensation as a finder or broker because of any act or omission by such Lender or by any agent of such Lender.

(g) Such Lender understands that there is a substantial risk regarding the Company's ability to repay the Notes, which is dependent upon a contemplated series of events including the Class A Offering and Reverse Merger, and that there can be no assurance that such events will occur for numerous reasons. Lender further understands that: (i) there is no minimum amount of Notes that the Company must sell pursuant to this Agreement, (ii) with respect to the use of proceeds to be raised from the sale of Notes, the Company presently estimates that a substantial percentage of the proceeds from the sale of Notes will be used to fund the buyout of a minority partner of the Company's subsidiary Algodon Wine Estates, SRL, to retire certain existing maturing debt, and as working capital for the Company. The latter use, working capital, shall be used in part to pay expenses related to the Class A Offering and/or Reverse Merger, and to pay commissions to DPEC Capital, Inc. Lender further understands that, based on the scope of its current operations, the Company presently has cash requirements, net of its projected revenues, of approximately $300,000 per month, so that only a portion of its operating expenses are funded by its operating revenues.

(h) Such Lender expressly acknowledges having been advised that the Company may not have liquid assets sufficient to repay the Notes for a variety of reasons (such as the failure to generate sufficient cash flow from operations or the failure to consummate the Class A Offering), and that it is making an unsecured loan to the Company for which no collateral is being provided.

(i) Such Lender acknowledges that only limited information regarding the anticipated future use of the funds being loaned to the Company has been provided by the Company, limited specifically to the information set forth herein, and that at the time Lender shall determine whether or not to convert a Note into Class A Shares or AWE land parcels, it shall be provided with additional information and/or a detailed offering memorandum regarding the Class A Offering, upon which it can base its ultimate investment decision regarding conversion.

(j) In the event a Lender wishes to exercise Lender's right to convert into the Class A Offering, such Lender acknowledges that the principal amount of the Note (and all accrued and unpaid interest) may be applied by the Company to the minimum amount needed to conduct the initial closing on the Class A Offering.

(k) Such Lender understands that certain statements herein are "forward-looking statements." These forward-looking statements include, but are not limited to, statements about the Company's plans, objectives, expectations and intentions and other statements that are not historical facts. When used herein, the words "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate" and similar expressions are generally intended to identify forward-looking statements. Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

SECTION 6. Closing Conditions.

(a) Conditions to Obligations of the Lenders. It shall be a condition precedent to the obligations of the Lenders hereunder to be performed at the Initial Closing and at each subsequent Closing that:

(i) All proceedings to have been taken and all waivers and consents to be obtained in connection with the transactions contemplated by this Agreement shall have been taken or obtained, and all documents incidental thereto shall be satisfactory to the Lenders, and the Lenders shall have received copies (executed or certified, as may be appropriate) of all documents which the Lenders may reasonably have requested in connection with such transactions.

(ii) All consents, permits, approvals, qualifications and/or registrations required to be obtained or effected prior to the Initial Closing shall have been obtained or effected.

(iii) The Lenders shall have received the duly executed Notes upon receipt by the Company from the Lenders of the consideration as is set forth on the Signature Page of such Lender delivered to the Company hereunder (which amount shall thereafter be entered by the Company on Schedule 1 attached hereto opposite such Lender's name).

(iv) All representations and warranties of the Company shall be accurate, correct and complete on the date hereof.

(b) Conditions to Obligations of the Company. It shall be a condition precedent to the obligations of the Company hereunder to be performed at the Initial Closing and at each subsequent Closing that:

(i) The Company shall have received the check, wire transfer and/or other funds or consideration described in Section 3(a) hereof to be delivered to the Company in consideration of the issuance of the Notes.

(ii) All representations and warranties of the Lenders shall be accurate, correct and complete on the date hereof.

SECTION 7. Additional Provisions.

(a) Remedies. In case any one or more of the covenants and/or agreements set forth in this Agreement shall have been breached by any party hereto, the party or parties entitled to the benefit of such covenants or agreements may proceed to protect and enforce their rights either by suit in equity and/or action at law, including, but not limited to, an action for damages as a result of any such breach and/or an action for specific performance of any such covenant or agreement contained in this Agreement. The rights, powers and remedies of the parties under this Agreement are cumulative and not exclusive of any other right, power or remedy which such parties may have under any other agreement or law. No single or partial assertion or exercise of any right, power or remedy of a party hereunder shall preclude any other or further assertion or exercise thereof.

(b) Successors and Assigns. Except as otherwise expressly provided herein, this Agreement shall bind and inure to the benefit of the Company and the Lenders and the respective permitted successors and assigns of the Lenders and the permitted successors and assigns of the Company.

(c) Entire Agreement. This Agreement and the other writings referred to herein or delivered pursuant hereto which form a part hereof contain the entire agreement among the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or understandings, whether written or oral, with respect thereto.

(d) Changes. The terms and provisions of this Agreement may not be modified or amended, or any of the provisions hereof waived, temporarily or permanently, except pursuant to a writing executed by duly authorized representatives of the Company and the Lenders.

(e) Counterparts. This Agreement may be executed in any number of counterparts and by the different parties on separate counterparts each of which, when so executed and delivered, shall be an original but all of which together shall constitute one and the same instrument. The execution and delivery to the Company of a Signature Page in the form annexed to this Agreement by any Lender who shall previously have been furnished the final form of this Agreement (other than Schedule 1 hereto) shall constitute the execution and delivery of this Agreement by such Lender.

(f) Expenses. Each party shall pay its own expenses in connection with the transactions contemplated hereby, whether or not such transactions shall be consummated.

(g) Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with (i) the laws of the State of Delaware applicable to contracts made and to be performed wholly therein, and (ii) the laws of the State of Delaware applicable to corporations organized under the laws of such state.

(i) Nouns and Pronouns. Whenever the context may require, the singular form of names and pronouns shall include the plural and visa-versa.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

DIVERSIFIED PRIVATE EQUITY CORP.

By: /s/ Scott L. Mathis
Scott L. Mathis, President

LENDERS:

[See Attached Signature Pages]

ACKNOWLEDGED AND AGREED TO WITH RESPECT TO THE OBLIGATION TO SELL PARCELS OF LAND AT ALGODON WINE ESTATES, MENDOZA, ARGENTINA:

ALGODON WINE ESTATES, SRL

By:/s/ Tim Holderbaum
Tim Holderbaum, Secretary

DIVERSIFIED PRIVATE EQUITY CORP.

CONVERTIBLE NOTE PURCHASE AGREEMENT

Counterpart Signature Page

By execution of this Signature Page, the undersigned Lender does hereby become a party to and agrees to be bound by the provisions of the Convertible Note Purchase Agreement (the "Agreement") to which this Signature Page is appended, a counterpart of which has been furnished to the undersigned, and the undersigned hereby authorizes the Company to append this Signature Page to a counterpart of the Agreement as evidence thereof. The undersigned hereby subscribes for the purchase of a Note (as defined in the Agreement) in the original principal amount specified below.

SIGNATURE

SIGNATURE FOR INDIVIDUAL, IRA OR SELF- DIRECTED PLAN SUBSCRIBER:

_____

(Signature)

(Print Name)

(Signature of Joint Subscriber or Custodian, if any)

(Print Name of Joint Subscriber or Custodian, if any)

Date:_____

SIGNATURE FOR COMPANY, CORPORATION, TRUST OR OTHER ENTITY SUBSCRIBER:

_____

(Signature)

(Print Name)

(Print Title of Person Signing)

Date:_____

Each Lender must complete the following:

Original Principal Amount of Note: $_____

DIVERSIFIED PRIVATE EQUITY CORP.

AMENDMENT NO. 1 TO THE DIVERSIFIED PRIVATE EQUITY CORP.
CONVERTIBLE NOTE PURCHASE AGREEMENT

The Diversified Private Equity Corp. Convertible Note Purchase Agreement, dated June 24, 2011 (the "Convertible Note Agreement"), is hereby amended as described below.

Preliminary Note

On July 31, 2011, Diversified Private Equity Corp. ("DPEC" or the "Company") exercised its right to extend the final date for the sale of Notes in accordance with and pursuant to Section 3 of the Convertible Note Agreement to September 30, 2011. As of September 30, 2011, a total of $ $1,720,025.50 face amount of Notes have been issued.

The Company now wishes to extend the final date for the sale of Notes for an additional period, to October 31, 2011, to allow for the sale of additional Notes under the Convertible Note Agreement. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Convertible Note Agreement.

Amendment

1. Extension of Final Date for Sale of Notes: The final date for the sale of Notes under the Convertible Note Agreement, as set forth in Section 3 thereof, is hereby revised and extended to October 31, 2011.

ANY PURCHASER OF A NOTE WHO DID NOT SUBMIT A SIGNED CONVERTIBLE NOTE AGREEMENT PRIOR TO SEPTEMBER 30, 2011 HEREBY ACKNOWLEDGES RECEIPT AND ACCEPTANCE OF THIS AMENDMENT NO. 1, AS INDICATED ON THE ATTACHED SIGNATURE PAGE.

Dated: September 30, 2011

DIVERSIFIED PRIVATE EQUITY CORP.

SIGNATURE FOR INDIVIDUAL, IRA OR SELF- DIRECTED PLAN SUBSCRIBER:

(Signature, Date)

(Print Name)

(Signature of Joint Subscriber or Custodian, if any)

(Print Name of Joint Subscriber or Custodian, if any)

SIGNATURE FOR PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY SUBSCRIBER:

(Signature, Date)

(Print Name)

(Print Title of Person Signing)

PLEASE FAX BACK TO 212-655-3681 ATT: TIM HOLDERBAUM
ANY QUESTIONS? CONTACT SCOTT MATHIS AT 212-739-7650

EXHIBIT A

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS. THIS SECURITY HAS BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO ITS DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR THIS SECURITY UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED.

_____, 2011

DIVERSIFIED PRIVATE EQUITY CORP.

CONVERTIBLE PROMISSORY NOTE

ON DEMAND at any time on or after June 30, 2012 (the "Maturity Date"), Diversified Private Equity Corp., a Delaware corporation (the "Company"), for value received, promises to pay to the order of _____ (the "Holder"), the principal sum of _____ Dollars ($_____), together with interest thereon at the rate and on the terms set forth below.

The following is a statement of the rights and obligations of the Holder and the Company under this Note, and the conditions to which this Note is subject, to which the Company, by the execution and delivery hereof, and the Holder, by the acceptance of this Note, agree:

1. Definitions. As used in this Note, the following terms, unless the context otherwise requires, have the following meanings:

(a) "AWE Parcels" shall refer to parcels of land located at Algodon Wine Estates, Mendoza, Argentina.

(b) "Class A Shares" shall refer to shares of Class A preferred stock issued by the Company.

(c) "Conversion Date" shall refer to any date on which the Holder gives written notice of its election to exercise its right to convert this Note as provided herein.

(d) "Conversion Amount" shall refer to the outstanding principal amount of the Note plus all accrued and unpaid interest thereon as of the Conversion Date.

(e) "Convertible Note Agreement" shall refer to the Convertible Note Purchase Agreement dated June 24, 2011, providing for, and setting forth the terms and conditions relating to, the purchase of the Notes.

(f) "Holder" shall refer to any person who shall at the time be the holder of this Note. Such term used in the plural shall refer to any persons who shall at the time be the Holders of the Notes.

(g) "Maturity Date" shall refer to the date set forth on page 1 of this Note, and "Extended Maturity Date" shall refer to the date that is sixty (60) days after the Maturity Date.

(h) "Notes" shall refer to up to $2,000,000 in original principal amount of convertible promissory notes of the Company of like tenor to this Note (and including this Note) issued and sold pursuant to the Convertible Note Agreement.

2. Terms of Note.

2.1 Rate and Payment of Interest. This Note shall bear interest on the outstanding principal amount hereof until paid in full at the rate of twelve and one-half percent (12.5%) per annum, compounded annually. Interest shall accrue until the earlier of the repayment of the outstanding principal sum hereunder in accordance with this Note or the Conversion Date. Upon conversion of this Note pursuant to Section 3 hereof, the accrued and unpaid interest hereon shall not be paid in cash, but shall be converted as provided in Section 3. Interest will be computed on the basis of a year of 365 days for the number of days actually elapsed.

2.2 Prepayment. The principal amount of this Note together with all unpaid and accrued interest thereon may be prepaid by the Company at any time prior to the Maturity Date, in full, without penalty, but with interest thereon to the date of payment. The Company shall give Holder not less than seven (7) days' written notice of its intention to prepay the Note.

2.3 Extended Maturity Date. The Company has the right to extend the Maturity Date, without prior notice, for up to sixty (60) days (the "Extended Maturity Date"). All terms and conditions of this Note shall remain in full force and effect during any such period.

2.4 Acceleration of Maturity Date. The entire principal balance of this Note, together with any unpaid interest thereon and any other sums due and payable hereunder shall become automatically and immediately due and payable, notwithstanding anything to the contrary in this Note, without notice or demand upon the occurrence of any of the following events: (i) the liquidation, termination or dissolution of the Company or its ceasing to carry on actively its present business or the appointment of a receiver for its property; (ii) the dissolution, liquidation or termination of existence of, the insolvency of, or the making of an assignment for the benefit of creditors by, the Company; or (iii) the institution of bankruptcy, reorganization, arrangement, liquidation, receivership, moratorium or similar proceedings by or against the Company, and, if so instituted against the Company, the pendency thereof for 60 days.

3. Conversion Rights.

3.1 Options to Convert. Holder has the right to convert the principal amount of this Note, together with all accrued and unpaid interest thereon, into either Series A Shares or into AWE Parcels, in accordance with the provisions relating thereto set forth in the Convertible Note Agreement. Holder may only exercise its rights to convert hereunder with respect to the full Conversion Amount.

3.2 Transaction Documentation. The Company shall deliver to each Holder copies of all transaction documents and any other documentation relating to the Class A Offering and Reverse Merger (as such terms are defined in the Convertible Note Agreement) at the same time and in the same manner as such documentation is distributed to other potential participants in any such offering or transaction.

3.3 Sale of Company. Subject to any unexpired and unexercised right to convert this Note pursuant to the provisions of Section 3.1, in the event the amount due under the Notes has not been previously paid or otherwise converted, then upon the closing of a sale of the Company (whether by means of a plan of recapitalization, reorganization, merger, sale of all or substantially all of the assets of the Company, sale of more than fifty percent (50%) of the Company's outstanding securities or otherwise), the entire outstanding principal and accrued and unpaid interest on such Holder's Note shall be payable in full in cash; provided, however, that the provisions of this paragraph shall not apply to the Reverse Merger or to any alternative transaction(s) or business combination(s) designed to achieve the same result as contemplated thereby.

4. Issuance of Securities on Conversion.

As soon as practicable after a conversion of this Note into Class A Shares, if any, and upon receipt of the original of this Note, the Company, at its expense, will cause to be issued in the name of and delivered to the Holder of this Note, a certificate or certificates for such number of shares to which that Holder shall be entitled on such conversion (bearing such legends as may be required by any agreements which may be entered into by the Holder in connection with such conversion and applicable state and federal securities laws). Upon issuance of the appropriate certificate or certificates, this Note shall be stamped "Void." Such conversion shall be deemed to have been made immediately prior to the close of business on the Conversion Date. No fractional shares will be issued upon conversion of this Note. If a fraction of a share would otherwise be issuable upon conversion of this Note, the Company will, in lieu of such issuance, round up or down to the nearest whole unit amount. If the Company engages the services of a transfer agent, Holder's ownership of shares may be recorded in book entry (in lieu of a certificate) so that Holder will not receive a certificate but statements from the transfer agent evidencing ownership.

5. Changes; Waivers. Any of the terms and conditions of this Note may be changed or amended, and any right of the Holder of this Note may be waived with the written consent of the Company and the Holders of at least sixty six and two-thirds percent (66.67%) in original principal amount of the Notes; provided, however, that notwithstanding the foregoing, no such change, amendment or waiver which would alter or change the principal amount owing upon this Note, the rate of interest payable hereon or the rate of conversion may be approved without the consent of the Holders of one hundred percent (100%) in original principal amount of the Notes.

6. Miscellaneous.

6.1 The Company, regardless of the time, order or place of signing, waives presentment, demand, protest and notices of any kind in connection with the enforcement of this Note. If the Company fails to comply with any of the provisions of this Note, the Company will pay to the Holder of this Note, on demand, such further amounts as shall be sufficient to cover the costs and expenses, including but not limited to reasonable attorneys' fees and disbursements, incurred by the Holder of this Note in collecting upon this Note or otherwise enforcing any of the Holder's rights hereunder.

6.2 The rights and remedies herein reserved to any party shall be cumulative and in addition to any other or further rights and remedies available at law or in equity. No delay or omission on the part of the Holder in exercising any right hereunder shall operate as a waiver of such right or of any other right of such Holder. The waiver by any party hereto of any breach of any provision of this Note shall not be deemed to be a waiver of the breach of any other provision or any subsequent breach of the same provision.

6.3 This Note shall be governed by and construed in accordance with the laws of the State of Delaware.

6.4 In the event that any provision contained herein (or part thereof) shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or other unenforceability shall not affect any other provision (or the remaining part of the affected provision) hereof, but this Note shall be construed as if such invalid, illegal, or unenforceable provision (or part thereof) had never been contained herein, but only to the extent that such provision is invalid, illegal or unenforceable.

6.5 If any payment on this Note becomes due and payable on a Saturday, Sunday or legal holiday, the maturity thereof shall be extended to the next succeeding business day.

IN WITNESS WHEREOF, the Company has caused this Note to be signed in its name and executed as a sealed instrument this ____ day of _____, 2011.

DIVERSIFIED PRIVATE EQUITY CORP.

By: _____
Scott L. Mathis, President

DIVERSIFIED PRIVATE EQUITY CORP.

CONVERTIBLE NOTE PURCHASE AGREEMENT (II)

THIS AGREEMENT, dated as of November 1, 2011 (the "Agreement"), is entered into by and among Diversified Private Equity Corp., a Delaware corporation ("DPEC" or the "Company"), located at 135 Fifth Ave., 10th Floor, New York, New York 10010, and the persons listed on Schedule 1 attached hereto (collectively, the "Lenders").

The Company and the Lenders have agreed that the Company will issue and sell to the Lenders Convertible Promissory Notes (the "Notes") which are convertible, at the election of each holder (a "Holder"), into (a) shares of Class A preferred shares of the Company (the "Class A Shares"), or (b) parcels of land located at Algodon Wine Estates, Mendoza, Argentina, as more specifically set forth hereinafter.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

SECTION 1. Authorization of Notes; Conversion Rights and Terms of Repayment.

(a) The Company has authorized the issuance and sale of Notes for up to Three Million Dollars ($3,000,000) in original principal amount. There is no minimum principal amount of Notes that must be sold under this Agreement by the Company. Each Note shall bear interest on the outstanding principal amount thereof until paid in full at the rate of 10.0% per annum, and shall be payable on demand by the Holder of such Note at any time on or after the Maturity Date, as such term is defined in the Holder's Note.

(b) Upon the specific terms and conditions set forth in the form of the Notes attached hereto as Exhibit A, the Notes may, at the election of each Holder, be converted as follows:

(1) Into Class A Shares to be issued in a contemplated offering of up to $10,000,000 (hereinafter the "Class A Offering"). Any such conversion shall be made at a 20% discount to the original issue price of such Class A Shares. If the Class A Offering is unsuccessful for any reason, this conversion option shall be void. Further, upon consummation of the contemplated reverse merger (the "Reverse Merger") by the Company into Mercari Corp., a publicly traded shell company currently listed on the OTC Bulletin Board as MCAR.OB. ("Mercari"), all Class A Shares shall be converted into shares of Mercari common stock. It is anticipated that such Mercari shares will have "piggyback" registration rights, but can otherwise only be resold under Rule 144 of the Securities Act of 1933, as amended, and subject to any applicable lock-up period in connection with the Reverse Merger. In the event that the Reverse Merger is not consummated for any reason, or should management conclude that proceeding with the Reverse Merger is not in the best interests of the Company, any Holder who exercises or who has previously exercised this conversion option shall retain the Class A Shares obtained thereby.

A Holder's right to convert into Series A Shares shall expire on the earlier of (i) seven days after receipt by the Holder of written notice of the Company's intention to prepay the face amount of Holder's Note and all accrued interest thereon, or (ii) seven days after receipt by the Holder of written notice of the expected effective date of the Reverse Merger which notice shall be provided not less than ten days prior to such effective date, or (iii) the Maturity Date, or if extended, the Extended Maturity Date, as such terms are defined in Holder's Note.

(2) If a Holder does not exercise the right to convert set forth in the preceding section (b) (1) prior to the expiration of such right, a Holder shall thereupon have the right to convert the outstanding principal amount of the Note plus all accrued and unpaid interest thereon into any then-available parcels of land at Algodon Wine Estates, Mendoza, Argentina (hereinafter "AWE"). For purposes of this section, "available parcels" shall refer to any parcel set forth on the Algodon Wine Estates Master Plan on which a residential home could be built for which no binding legal commitment to buy or sell has been made as of the date on which the Holder gives written notice of its election to exercise its right to convert this Note as provided herein. Holders of the Notes will have the option to purchase such parcels (using the unpaid principal of their Note and all accrued unpaid interest thereon) at a 25% discount to the lower of the marketed price at the time the Notes are issued or the marketed price at the time of conversion of the Notes. For each Holder, a minimum of $100,000 principal amount of its Note is necessary to be entitled to exercise this conversion option. (To effect the conversion of the Notes into AWE land parcels, the principal and accrued interest of such Notes shall, consistent with Argentine banking regulations, first be returned to the account of the Holder and then transferred to Algodon Wine Estates, SRL.) A Holder who exercises this conversion right shall be required to remit, at time of closing, any amount in excess of the principal amount of its Note plus accrued interest needed to satisfy the purchase price for the specified parcel.

A Holder's right to convert as provided in this section (b)(2) shall expire on the earlier of (i) prepayment by the Company of the face amount of Holder's Note and all accrued interest thereon, or (ii) the Maturity Date, or if extended, the Extended Maturity Date, as such terms are defined in Holder's Note.

(c) For purposes of this section, written notice to any Holder may be given (i) by email, to the email address provided by each Holder at the time Holder enters into this agreement, and shall be deemed received one business day after it was sent, and/or (ii) by any recognized overnight courier service such as Federal Express to the mailing address provided by the Holder at the time Holder enters into this agreement, and shall be deemed received one business day after it was sent. To notify the Company of its decision to exercise its conversion rights hereunder, or to provide a replacement email or mailing address, a Holder shall provide such information in writing sent to the Company at the address set forth on page 1 of this agreement via any recognized overnight courier service such as Federal Express or U.S. mail (registered mail, return receipt requested).

(d) The right of a Holder to exercise either right to convert hereunder requires such exercise with respect to the entire principal amount of such Holder's Note, together with all accrued and unpaid interest. In other words, any conversion shall be on an all-or-none basis.

(e) With respect to any Holder that declines to exercise its rights to convert hereunder, DPEC shall remain obligated to pay the amount due pursuant to and in accordance with the terms of any Note held by such Holder. Notwithstanding the foregoing, DPEC shall have the right, upon seven days' written notice, to prepay the principal amount due on any Holder's Note, plus all accrued interest, up to sixty days before the maturity date of such Note, without penalty. To the extent a Holder who has not exercised either conversion right does not demand repayment on or after the Maturity Date (or the Extended Maturity Date), the Company shall continue to pay interest in accordance with the provisions of the Holder's Note for up to an additional twelve months.

(f) Subject to any unexpired conversion right described herein, in the event the amount due under the Notes has not been previously repaid, or otherwise converted into Class A Shares or AWE land parcels, then upon the closing of a sale of the Company (whether by means of a plan of recapitalization, reorganization, merger, sale of all or substantially all of the assets of the Company, sale of more than fifty percent (50%) of the Company's outstanding securities or otherwise), the entire outstanding principal and accrued and unpaid interest on such Holder's Note shall be payable in full in cash; provided, however, that the provisions of this paragraph shall not apply to the Reverse Merger or any alternative transaction(s) or business combination(s) designed to achieve the same results as contemplated by the Reverse Merger.

SECTION 2. Sale and Issuance of Notes; Payment Instructions.

(a) At the Initial Closing (as defined below), and thereafter at one or more subsequent closings, the Company shall sell and issue to each Lender, and each Lender shall purchase and acquire from the Company, upon the terms and conditions set forth herein, a Note in the principal amount set forth on the Signature Page of such Lender annexed hereto (which amount shall thereafter be entered by the Company on Schedule 1 hereto opposite such Lender's name at a purchase price equal to such original principal amount). Each Lender's obligations hereunder pursuant to the transaction contemplated hereby shall be several, but not joint.

(b) Each Lender shall remit payment by sending a check to the Company at the address set forth above, payable to Diversified Private Equity Corp., or by wire as follows: [redacted].

SECTION 3. Closing of Sale of Notes.

The initial closing with respect to the transactions contemplated hereby (the "Initial Closing"), and subsequent closings thereafter (separately, a "Closing" and together, the "Closings"), shall take place at the offices of the Company, 135 Fifth Ave., 10th Floor, New York, NY 10010, at such times as may be determined by the Company. At each Closing, each Lender who shall purchase a Note hereunder shall deliver to the Company two executed Signature Pages in the form annexed to this Agreement, completed and executed by such Lender, together with payment by check drawn on immediately available funds or by wire transfer for the principal amount of the Notes to be purchased by each such Lender, as set forth on such Signature Page. Following the Initial Closing, the Company may, at one or more subsequent Closings, accept additional subscriptions for the Notes until such time as the maximum original principal amount of the Notes ($3,000,000) shall have been issued and sold; provided, however, that no Notes may be issued and sold hereunder after January 31, 2012 (unless this date is extended by the Company, which it reserves the right to do for an additional sixty (60) days, in which case Notes may be issued and sold until such later date). As each such subsequent Closing is completed, the additional Signature Pages shall be annexed to this Agreement, and Schedule 1 hereto shall be amended accordingly.

SECTION 4. Representations, Warranties and Covenants of the Company to the Lenders.

The Company hereby represents, warrants and covenants to the Lenders as follows:

(a) Organization. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to own and lease its property and to carry on its business as presently conducted.

(b) Authorization of this Agreement and the Notes. The execution, delivery and performance by the Company of this Agreement, of the Notes and of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of the Company. Each of this Agreement and the Notes has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable in accordance with its respective terms. The execution, delivery and performance of this Agreement and the Notes and the compliance with the provisions hereof and thereof by the Company, will not:

(i) violate any provision of law, statute, ordinance, rule or regulation or any ruling, writ, injunction, order, judgment or decree of any court, administrative agency or other governmental body;

(ii) conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute (with due notice or lapse of time, or both) a default (or give rise to any right of termination, cancellation or acceleration) under (A) any agreement, document, instrument, contract, understanding, arrangement, note, indenture, mortgage or lease to which the Company is a party or under which the Company or any of its assets is bound or affected, or (B) the Company's Certificate of Incorporation; or

(iii) result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Company.

(c) Consents and Approvals. No authorization, consent, approval or other order of, or declaration to or filing with, any governmental agency or body (other than any filings that may be required to be made under applicable Federal and state securities laws) is required for the valid authorization, execution, delivery and performance by the Company of this Agreement or the Note.

(d) Securities Laws. Based on the representations of the Lenders set forth in Section 5 of this Agreement, the offer, sale and issuance of the Notes will not be in violation of the Securities Act of 1933, as amended (the "Securities Act").

(e) Brokers; Compensation. To the extent that any person purchasing a Note hereunder was introduced to DPEC by a registered representative of DPEC Capital, Inc., DPEC Capital, Inc. shall receive (i) a commission equal to 8% of the face amount of any Notes so purchased, and (ii) upon conversion of any such Notes into equity securities issued by the Company, additional compensation as would be paid pursuant to the terms specified in the disclosure documents relating to the sale and/or issuance of such class of equity securities, including but not limited to warrants issued by the Company. DPEC Capital, Inc. will in turn remit most, if at all, of such compensation to its registered representatives. Aside from the foregoing, no person or entity has or will have, as a result of the transactions contemplated by this Agreement, any right, interest or claim against or upon the Company or the Lenders for any commission, fee or other compensation as a finder or broker because of any act or omission by the Company or by any agent of the Company.

SECTION 5. Representations and Warranties of the Lenders to the Company.

Each of the Lenders, as to himself, herself or itself, represents and warrants to the Company as follows:

(a) Such Lender is purchasing the Note, and, if the Note is converted into Class A Shares will be acquiring such shares, for investment for the account of the Lender and not for the account of any other person, and not with a view toward resale or other distribution thereof. Such Lender understands that the Note being purchased by such Lender has not been, and if and when issued, the Class A Shares issuable upon conversion of the Note, will not be, registered under the Securities Act and applicable state securities laws and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and applicable state securities laws or unless an exemption from such registration is available. The Note and all certificates evidencing the Class A Shares issuable upon conversion of the Notes, whether upon initial issuance or upon any transfer thereof, shall bear a legend, prominently stamped or printed thereon, reading substantially as follows:

> These securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or applicable state securities laws. These securities have been acquired for investment and not with a view to their distribution or resale, and may not be sold, pledged, or otherwise transferred without an effective registration statement for such securities under the Securities Act and applicable state securities laws, or an opinion of counsel satisfactory to the Company to the effect that such registration is not required.

(b) Such Lender or such Lender's representative, during the course of this transaction and prior to the purchase of the Note being purchased by the Lender hereunder, has had the opportunity to ask questions of and receive answers from representatives of the Company concerning the terms and conditions of the offering of the Notes (as well as the contemplated Class A Offering and Reverse Merger), and to obtain any additional information or documents relative to the Company, its business and an investment in the Company necessary to verify the accuracy of information provided by the Company relative to the business of the Company. Such Lender or such Lender's representative has received and read or reviewed, and is familiar with, this Agreement and all such additional information and documents requested by such Lender, including but not limited to the information set forth in the accompanying Information Statement for Diversified Private Equity Corp., dated September 1, 2010 (Exhibit B hereto) and the Addendum No.1 thereto (Exhibit C hereto), both of which are being provided for informational purposes only). Such Lender acknowledges reviewing each of the exhibits hereto.

(c) Such Lender or such Lender's representative is capable of evaluating the merits and risks of the purchase of the Notes. Such Lender has the capacity to protect his, her or its own interests in connection with the purchase of the Notes by reason of such Lender's business or financial experience or the business or financial experience of his, her or its representative (who is unaffiliated with and who is not compensated by the Company or any affiliate, directly or indirectly). Such Lender also acknowledges that prior to entering into this agreement, Lender was familiar with the Company's business and had a prior relationship with the Company (or with one of its subsidiaries or affiliates), or one or more of their respective officers or employees, either as an investor, customer or in some other capacity. Lender further acknowledges that its purchase of a Note is not the result of or subsequent to any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio, or the Internet, or the result of a general solicitation or a solicitation by a person not previously known to the Lender.

(d) The purchase of a Note by such Lender is consistent with his, her or its general investment objectives and the Lender understands that the purchase of the Note involves a high degree of risk and there is no established market for any securities issued by the Company and no public market for such securities will likely develop. Such Lender has no present need for liquidity in connection with his, her or its purchase of the Note and can bear the economic risks of this investment and can afford a complete loss of this investment.

(e) Such Lender hereby acknowledges, among other matters, that he, she or it is an "Accredited Investor," as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act.

(f) No person or entity has or will have, as a result of the transactions contemplated by this Agreement, any right, interest or claim against or upon the Company or such Lender for any commission, fee or other compensation as a finder or broker because of any act or omission by such Lender or by any agent of such Lender.

(g) Such Lender understands that there is a substantial risk regarding the Company's ability to repay the Notes, which is dependent upon a contemplated series of events including the Class A Offering and Reverse Merger, and that there can be no assurance that such events will occur for numerous reasons. Lender further understands that: (i) there is no minimum amount of Notes that the Company must sell pursuant to this Agreement, (ii) with respect to the use of proceeds to be raised from the sale of Notes, the Company presently estimates that a substantial percentage of the proceeds from the sale of Notes will be used to fund the buyout of a minority partner of the Company's subsidiary Algodon Wine Estates, SRL ("AWE"), to retire certain existing maturing debt, to continue infrastructure development at AWE (e.g., electric service, water service, golf course, roads, etc.), to build model homes and a sales office at AWE, potentially to purchase approximately 2,100 acres adjacent to AWE for future expansion, and to provide working capital for the Company. Working capital shall be used in part to pay expenses related to the Class A Offering and/or Reverse Merger, and to pay commissions to DPEC Capital, Inc. Lender further understands that, based on the scope of its current operations, the Company presently has cash requirements, net of its projected revenues, of approximately $300,000 per month, so that only a portion of its operating expenses are funded by its operating revenues.

(h) Such Lender expressly acknowledges having been advised that the Company may not have liquid assets sufficient to repay the Notes for a variety of reasons (such as the failure to generate sufficient cash flow from operations or the failure to consummate the Class A Offering), and that it is making an unsecured loan to the Company for which no collateral is being provided.

(i) Such Lender acknowledges that Scott Mathis, DPEC Chief Executive Officer and Chairman of its Board of Directors, may invest his personal funds in this offering of convertible notes on the same terms as all other Lenders, in the amount of up to $1,000,000. Should he chose to do so, Mathis will be similarly situated with other Lenders at such time that he or they seek repayment on their Note or to exercise one of the conversion options set forth herein. Mr. Mathis and/or DPEC Capital, Inc. would not be paid any commission in connection with this transaction. The Company's Chief Financial Officer will institute appropriate controls to ensure compliance with the foregoing.

(j) Such Lender acknowledges that only limited information regarding the anticipated future use of the funds being loaned to the Company has been provided by the Company, limited specifically to the information set forth herein, and that at the time Lender shall determine whether or not to convert a Note into Class A Shares or AWE land parcels, it shall be provided with additional information and/or a detailed offering memorandum regarding the Class A Offering, upon which it can base its ultimate investment decision regarding conversion.

(k) In the event a Lender wishes to exercise Lender's right to convert into the Class A Offering, such Lender acknowledges that the principal amount of the Note (and all accrued and unpaid interest) may be applied by the Company to the minimum amount needed to conduct the initial closing on the Class A Offering.

(l) Such Lender understands that certain statements herein are "forward-looking statements." These forward-looking statements include, but are not limited to, statements about the Company's plans, objectives, expectations and intentions and other statements that are not historical facts. When used herein, the words "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate" and similar expressions are generally intended to identify forward-looking statements. Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

SECTION 6. Closing Conditions.

(a) Conditions to Obligations of the Lenders. It shall be a condition precedent to the obligations of the Lenders hereunder to be performed at the Initial Closing and at each subsequent Closing that:

(i) All proceedings to have been taken and all waivers and consents to be obtained in connection with the transactions contemplated by this Agreement shall have been taken or obtained, and all documents incidental thereto shall be satisfactory to the Lenders, and the Lenders shall have received copies (executed or certified, as may be appropriate) of all documents which the Lenders may reasonably have requested in connection with such transactions.

(ii) All consents, permits, approvals, qualifications and/or registrations required to be obtained or effected prior to the Initial Closing shall have been obtained or effected.

(iii) The Lenders shall have received the duly executed Notes upon receipt by the Company from the Lenders of the consideration as is set forth on the Signature Page of such Lender delivered to the Company hereunder (which amount shall thereafter be entered by the Company on Schedule 1 attached hereto opposite such Lender's name).

(iv) All representations and warranties of the Company shall be accurate, correct and complete on the date hereof.

(b) Conditions to Obligations of the Company. It shall be a condition precedent to the obligations of the Company hereunder to be performed at the Initial Closing and at each subsequent Closing that:

(i) The Company shall have received the check, wire transfer and/or other funds or consideration described in Section 3(a) hereof to be delivered to the Company in consideration of the issuance of the Notes.

(ii) All representations and warranties of the Lenders shall be accurate, correct and complete on the date hereof.

SECTION 7. Additional Provisions.

(a) Remedies. In case any one or more of the covenants and/or agreements set forth in this Agreement shall have been breached by any party hereto, the party or parties entitled to the benefit of such covenants or agreements may proceed to protect and enforce their rights either by suit in equity and/or action at law, including, but not limited to, an action for damages as a result of any such breach and/or an action for specific performance of any such covenant or agreement contained in this Agreement. The rights, powers and remedies of the parties under this Agreement are cumulative and not exclusive of any other right, power or remedy which such parties may have under any other agreement or law. No single or partial assertion or exercise of any right, power or remedy of a party hereunder shall preclude any other or further assertion or exercise thereof.

(b) Successors and Assigns. Except as otherwise expressly provided herein, this Agreement shall bind and inure to the benefit of the Company and the Lenders and the respective permitted successors and assigns of the Lenders and the permitted successors and assigns of the Company.

(c) Entire Agreement. This Agreement and the other writings referred to herein or delivered pursuant hereto which form a part hereof contain the entire agreement among the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or understandings, whether written or oral, with respect thereto.

(d) Changes. The terms and provisions of this Agreement may not be modified or amended, or any of the provisions hereof waived, temporarily or permanently, except pursuant to a writing executed by duly authorized representatives of the Company and the Lenders.

(e) Counterparts. This Agreement may be executed in any number of counterparts and by the different parties on separate counterparts each of which, when so executed and delivered, shall be an original but all of which together shall constitute one and the same instrument. The execution and delivery to the Company of a Signature Page in the form annexed to this Agreement by any Lender who shall previously have been furnished the final form of this Agreement (other than Schedule 1 hereto) shall constitute the execution and delivery of this Agreement by such Lender.

(f) Expenses. Each party shall pay its own expenses in connection with the transactions contemplated hereby, whether or not such transactions shall be consummated.

(g) Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with (i) the laws of the State of Delaware applicable to contracts made and to be performed wholly therein, and (ii) the laws of the State of Delaware applicable to corporations organized under the laws of such state.

(i) Nouns and Pronouns. Whenever the context may require, the singular form of names and pronouns shall include the plural and visa-versa.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

DIVERSIFIED PRIVATE EQUITY CORP.

By: /s/ Scott L. Mathis
Scott L. Mathis, President

LENDERS:

[See Attached Signature Pages]

ACKNOWLEDGED AND AGREED TO WITH RESPECT TO THE OBLIGATION TO SELL PARCELS OF LAND AT ALGODON WINE ESTATES, MENDOZA, ARGENTINA:

ALGODON WINE ESTATES, SRL

By: /s/ Tim Holderbaum
Tim Holderbaum, Secretary

DIVERSIFIED PRIVATE EQUITY CORP.

AMENDMENT NO. 1 TO THE DIVERSIFIED PRIVATE EQUITY CORP. CONVERTIBLE NOTE PURCHASE AGREEMENT (II)

The Diversified Private Equity Corp. Convertible Note Purchase Agreement, dated November 1, 2011 (the "Convertible Note Agreement"), is hereby amended as described below.

Preliminary Note

On January 31, 2012, Diversified Private Equity Corp. ("DPEC" or the "Company") exercised its right to extend the final date for the sale of Notes in accordance with and pursuant to Section 3 of the Convertible Note Agreement for an additional sixty days, to April 2, 2012. As of January 31, 2012, a total of $2,604,653 face amount of Notes have been issued.

Due to investor demand and to enhance the Company's financial position, DPEC wishes to increase from $3,000,000 to $6,000,000 the maximum amount of Notes that can be sold pursuant to the Convertible Note Agreement. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Convertible Note Agreement.

Amendment

1. **Increase of the Maximum Amount of Notes that May be Offered and Sold.** The first sentence of Section 1(a) of the Convertible Note Agreement is hereby deleted in its entirety and replaced with the following:

"The Company has authorized the issuance and sale of Notes for up to Six Million Dollars ($6,000,000) in original principal amount."

All references in the Convertible Note Agreement, or in the form of the Note attached as Exhibit A thereto, to the maximum amount of Notes which may sold, are hereby revised to $6,000,000.

2. **Use of Additional Proceeds (if any).** The additional proceeds from the sale of Notes in excess of $3,000,000 shall be used for one or more purposes set forth in Section 5 of the Convertible Note Agreement.

3. **Amendment to the Convertible Note Agreement; Other Terms Unchanged.** Consistent with the information set forth herein, the provisions of the Convertible Note Agreement have been modified. All Notes to be issued hereafter by the Company shall reflect the changes described herein. Except as modified herein, all other material terms of the offering of Notes, and of the Notes, remain unchanged.

Dated: February 1, 2012 DIVERSIFIED PRIVATE EQUITY CORP.

(Signature page follows)

FOR PURCHASERS OF NOTES ON OR AFTER FEBRUARY 1, 2012:

BY SIGNING BELOW, ANY PURCHASER OF A NOTE WHO DID NOT SUBMIT A SIGNED CONVERTIBLE NOTE AGREEMENT PRIOR TO JANUARY 31, 2012 HEREBY ACKNOWLEDGES RECEIPT AND ACCEPTANCE OF THIS AMENDMENT NO. 1.

FOR PURCHASERS OF NOTES ON OR BEFORE JANUARY 31, 2012:

BY SIGNING BELOW, ANY PURCHASER OF A NOTE ON OR BEFORE JANUARY 31, 2012 HEREBY ACKNOWLEDGES RECEIPT AND ACCEPTANCE OF THIS AMENDMENT NO. 1 AND RECONFIRMS SUCH PURCHASE OF ONE OR MORE NOTES.

SIGNATURE FOR INDIVIDUAL, IRA OR SELF- DIRECTED PLAN SUBSCRIBER:	SIGNATURE FOR PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY SUBSCRIBER:
(Signature, Date)	(Signature, Date)
(Print Name)	(Print Name)
(Signature of Joint Subscriber or Custodian, if any)	(Print Title of Person Signing)
(Print Name of Joint Subscriber or Custodian, if any)	(Print Name of Entity)

PLEASE FAX BACK TO 212-655-3681 ATT: TIM HOLDERBAUM
ANY QUESTIONS? CONTACT SCOTT MATHIS AT 212-739-7650

DIVERSIFIED PRIVATE EQUITY CORP.

AMENDMENT NO. 2 TO THE DIVERSIFIED PRIVATE EQUITY CORP. CONVERTIBLE NOTE PURCHASE AGREEMENT (II)

The Diversified Private Equity Corp. Convertible Note Purchase Agreement, dated November 1, 2011, as amended by Amendment No. 1 dated February 1, 2012 (collectively, the "Convertible Note Agreement"), is hereby further amended as described below.

Preliminary Note

On January 31, 2012, Diversified Private Equity Corp. ("DPEC" or the "Company") exercised its right to extend the final date for the sale of Notes in accordance with and pursuant to Section 3 of the Convertible Note Agreement for an additional sixty days, to April 2, 2012. As of January 31, 2012, a total of $2,604,653 face amount of Notes have been issued.

On February 1, 2012, due to investor demand and to enhance the Company's financial position, DPEC increased from $3,000,000 to $6,000,000 the maximum amount of Notes that could be sold pursuant to the Convertible Note Agreement.

To facilitate the sale and issuance of the remaining Notes, the Company presently wishes to extend the final date for such activity, as described herein.

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Convertible Note Agreement.

Amendment

1. **Extension of Period for Sale and Issuance of Notes.** The Company hereby extends the period for the sale and issuance of Notes from April 2, 2012 to May 31, 2012.

2. **Amendment to the Convertible Note Agreement; Other Terms Unchanged.** Consistent with the information set forth herein, the provisions of the Convertible Note Agreement have been modified. All Notes to be issued hereafter by the Company shall reflect the changes described herein. Except as modified herein, all other material terms of the offering of Notes, and of the Notes, remain unchanged.

Dated: April 2, 2012 DIVERSIFIED PRIVATE EQUITY CORP.

(Signature page follows)

FOR PURCHASERS OF NOTES AFTER APRIL 2, 2012:

BY SIGNING BELOW, ANY PURCHASER OF A NOTE WHO DID NOT SUBMIT A SIGNED CONVERTIBLE NOTE AGREEMENT ON OR BEFORE APRIL 2, 2012 HEREBY ACKNOWLEDGES RECEIPT AND ACCEPTANCE OF THIS AMENDMENT NO. 2.

SIGNATURE FOR INDIVIDUAL, IRA OR SELF- DIRECTED PLAN SUBSCRIBER:	SIGNATURE FOR PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY SUBSCRIBER:
(Signature, Date)	(Signature, Date)
(Print Name)	(Print Name)
(Signature of Joint Subscriber or Custodian, if any)	(Print Title of Person Signing)
(Print Name of Joint Subscriber or Custodian, if any)	(Print Name of Entity)

PLEASE FAX BACK TO 212-655-3681 ATT: TIM HOLDERBAUM
ANY QUESTIONS? CONTACT SCOTT MATHIS AT 212-739-7650

DIVERSIFIED PRIVATE EQUITY CORP.

AMENDMENT NO. 3 TO THE DIVERSIFIED PRIVATE EQUITY CORP. CONVERTIBLE NOTE PURCHASE AGREEMENT (II)

[intentionally omitted]

The Diversified Private Equity Corp. Convertible Note Purchase Agreement, dated November 1, 2011, as amended by Amendment No. 1, dated February 1, 2012, and Amendment No. 2, dated April 2, 2012 (collectively, the "Convertible Note Agreement"), is hereby further amended as described below.

[intentionally omitted]

Preliminary Note

On January 31, 2012, Diversified Private Equity Corp. ("DPEC" or the "Company") exercised its right to extend the final date for the sale of Notes in accordance with and pursuant to Section 3 of the Convertible Note Agreement for an additional sixty days, to April 2, 2012.

On February 1, 2012, due to investor demand and to enhance the Company's financial position, DPEC increased from $3,000,000 to $6,000,000 the maximum amount of Notes that could be sold pursuant to the Convertible Note Agreement.

On April 2, 2012, the final date for the sale of Notes was extended to May 31, 2012.

Due to investor demand and to further enhance the Company's financial position, DPEC wishes to increase from $6,000,000 to $7,000,000 the maximum amount of Notes that can be sold pursuant to the Convertible Note Agreement, and to facilitate the sale and issuance of such additional Notes, the Company presently wishes to extend the final date for such activity, as described herein.

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Convertible Note Agreement.

Amendment No. 3 to Convertible Note Agreement

1. **Increase of the Maximum Amount of Notes that May be Offered and Sold.** The first sentence of Section 1(a) of the Convertible Note Agreement is hereby deleted in its entirety and replaced with the following:

> "The Company has authorized the issuance and sale of Notes for up to Seven Million Dollars ($7,000,000) in original principal amount."

All references in the Convertible Note Agreement, or in the form of the Note attached as Exhibit A thereto, to the maximum amount of Notes which may sold, are hereby revised to $7,000,000.

2. **Use of Additional Proceeds (if any).** The additional proceeds from the sale of Notes in excess of $6,000,000 shall be used for one or more purposes set forth in Section 5 of the Convertible Note Agreement.

3. **Extension of Period for Sale and Issuance of Notes.** The Company hereby extends the period for the sale and issuance of Notes from May 31, 2012 to June 15, 2012.

4. **Amendment to the Convertible Note Agreement; Other Terms Unchanged.** Consistent with the information set forth herein, the provisions of the Convertible Note Agreement have been modified. All Notes to be issued hereafter by the Company shall reflect the changes described herein. Except as modified herein, all other material terms of the offering of Notes, and of the Notes, remain unchanged.

[intentionally omitted]

Dated: May 15, 2012 DIVERSIFIED PRIVATE EQUITY CORP.

FOR PURCHASERS OF NOTES ON OR AFTER MAY 15, 2012:

BY SIGNING BELOW, ANY PURCHASER OF A NOTE WHO DID NOT SUBMIT A SIGNED CONVERTIBLE NOTE AGREEMENT PRIOR TO MAY 15, 2012 HEREBY ACKNOWLEDGES RECEIPT AND ACCEPTANCE OF AMENDMENT NO. 3 TO THE CONVERTIBLE NOTE AGREEMENT AND ADDENDUM NO. 2 TO THE INFORMA-TION STATEMENT.

FOR PURCHASERS OF NOTES PRIOR TO MAY 15, 2012:

BY SIGNING BELOW, ANY PURCHASER OF ONE OR MORE NOTES PRIOR TO MAY 15, 2012 HEREBY ACKNOWLEDGES RECEIPT AND ACCEPTANCE OF AMENDMENT NO. 3 TO THE CONVERTIBLE NOTE AGREEMENT AND ADDENDUM NO. 2 TO THE INFORMATION STATEMENT, AND RECONFIRMS SUCH PURCHASE(S).

SIGNATURE FOR INDIVIDUAL, IRA OR SELF- DIRECTED PLAN SUBSCRIBER:	SIGNATURE FOR PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY SUBSCRIBER:
(Signature, Date)	(Signature, Date)
(Print Name)	(Print Name)
(Signature of Joint Subscriber or Custodian, if any)	(Print Title of Person Signing)
(Print Name of Joint Subscriber or Custodian, if any)	(Print Name of Entity)

PLEASE FAX BACK TO 212-655-3681 ATT: TIM HOLDERBAUM
ANY QUESTIONS? CONTACT SCOTT MATHIS AT 212-739-7650

EXHIBIT A

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS. THIS SECURITY HAS BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO ITS DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR THIS SECURITY UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED.

_____, 2011

DIVERSIFIED PRIVATE EQUITY CORP.

CONVERTIBLE PROMISSORY NOTE

ON DEMAND at any time on or after June 30, 2012 (the "Maturity Date"), Diversified Private Equity Corp., a Delaware corporation (the "Company"), for value received, promises to pay to the order of _____ (the "Holder"), the principal sum of _____ Dollars ($_____), together with interest thereon at the rate and on the terms set forth below.

The following is a statement of the rights and obligations of the Holder and the Company under this Note, and the conditions to which this Note is subject, to which the Company, by the execution and delivery hereof, and the Holder, by the acceptance of this Note, agree:

1. Definitions. As used in this Note, the following terms, unless the context otherwise requires, have the following meanings:

   (a) "AWE Parcels" shall refer to parcels of land located at Algodon Wine Estates, Mendoza, Argentina.

   (b) "Class A Shares" shall refer to shares of Class A preferred stock issued by the Company.

   (c) "Conversion Date" shall refer to any date on which the Holder gives written notice of its election to exercise its right to convert this Note as provided herein.

   (d) "Conversion Amount" shall refer to the outstanding principal amount of the Note plus all accrued and unpaid interest thereon as of the Conversion Date.

   (e) "Convertible Note Agreement" shall refer to the Convertible Note Purchase Agreement dated November 1, 2011, providing for, and setting forth the terms and conditions relating to, the purchase of the Notes.

(f) "Holder" shall refer to any person who shall at the time be the holder of this Note. Such term used in the plural shall refer to any persons who shall at the time be the Holders of the Notes.

(g) "Maturity Date" shall refer to the date set forth on page 1 of this Note, and "Extended Maturity Date" shall refer to the date that is sixty (60) days after the Maturity Date.

(h) "Notes" shall refer to up to $3,000,000 in original principal amount of convertible promissory notes of the Company of like tenor to this Note (and including this Note) issued and sold pursuant to the Convertible Note Agreement.

2. Terms of Note.

2.1 Rate and Payment of Interest. This Note shall bear interest on the outstanding principal amount hereof until paid in full at the rate of ten percent (10.0%) per annum, compounded annually. Interest shall accrue until the earlier of the repayment of the outstanding principal sum hereunder in accordance with this Note or the Conversion Date. Upon conversion of this Note pursuant to Section 3 hereof, the accrued and unpaid interest hereon shall not be paid in cash, but shall be converted as provided in Section 3. Interest will be computed on the basis of a year of 365 days for the number of days actually elapsed.

2.2 Prepayment. The principal amount of this Note together with all unpaid and accrued interest thereon may be prepaid by the Company at any time prior to the Maturity Date, in full, without penalty, but with interest thereon to the date of payment. The Company shall give Holder not less than seven (7) days' written notice of its intention to prepay the Note.

2.3 Extended Maturity Date. The Company has the right to extend the Maturity Date, without prior notice, for up to sixty (60) days (the "Extended Maturity Date"). All terms and conditions of this Note shall remain in full force and effect during any such period.

2.4 Acceleration of Maturity Date. The entire principal balance of this Note, together with any unpaid interest thereon and any other sums due and payable hereunder shall become automatically and immediately due and payable, notwithstanding anything to the contrary in this Note, without notice or demand upon the occurrence of any of the following events: (i) the liquidation, termination or dissolution of the Company or its ceasing to carry on actively its present business or the appointment of a receiver for its property; (ii) the dissolution, liquidation or termination of existence of, the insolvency of, or the making of an assignment for the benefit of creditors by, the Company; or (iii) the institution of bankruptcy, reorganization, arrangement, liquidation, receivership, moratorium or similar proceedings by or against the Company, and, if so instituted against the Company, the pendency thereof for 60 days.

3. Conversion Rights.

3.1 Options to Convert. Holder has the right to convert the principal amount of this Note, together with all accrued and unpaid interest thereon, into either Series A Shares or into AWE Parcels, in accordance with the provisions relating thereto set forth in the Convertible Note Agreement. Holder may only exercise its rights to convert hereunder with respect to the full Conversion Amount.

3.2 Transaction Documentation. The Company shall deliver to each Holder copies of all transaction documents and any other documentation relating to the Class A Offering and Reverse Merger (as such terms are defined in the Convertible Note Agreement) at the same time and in the same manner as such documentation is distributed to other potential participants in any such offering or transaction.

3.3 Sale of Company. Subject to any unexpired and unexercised right to convert this Note pursuant to the provisions of Section 3.1, in the event the amount due under the Notes has not been previously paid or otherwise converted, then upon the closing of a sale of the Company (whether by means of a plan of recapitalization, reorganization, merger, sale of all or substantially all of the assets of the Company, sale of more than fifty percent (50%) of the Company's outstanding securities or otherwise), the entire outstanding principal and accrued and unpaid interest on such Holder's Note shall be payable in full in cash; provided, however, that the provisions of this paragraph shall not apply to the Reverse Merger or to any alternative transaction(s) or business combination(s) designed to achieve the same result as contemplated thereby.

4. Issuance of Securities on Conversion.

As soon as practicable after a conversion of this Note into Class A Shares, if any, and upon receipt of the original of this Note, the Company, at its expense, will cause to be issued in the name of and delivered to the Holder of this Note, a certificate or certificates for such number of shares to which that Holder shall be entitled on such conversion (bearing such legends as may be required by any agreements which may be entered into by the Holder in connection with such conversion and applicable state and federal securities laws). Upon issuance of the appropriate certificate or certificates, this Note shall be stamped "Void." Such conversion shall be deemed to have been made immediately prior to the close of business on the Conversion Date. No fractional shares will be issued upon conversion of this Note. If a fraction of a share would otherwise be issuable upon conversion of this Note, the Company will, in lieu of such issuance, round up or down to the nearest whole unit amount. If the Company engages the services of a transfer agent, Holder's ownership of shares may be recorded in book entry (in lieu of a certificate) so that Holder will not receive a certificate but statements from the transfer agent evidencing ownership.

5. Changes; Waivers. Any of the terms and conditions of this Note may be changed or amended, and any right of the Holder of this Note may be waived with the written consent of the Company and the Holders of at least sixty six and two-thirds percent (66.67%) in original principal amount of the Notes; provided, however, that notwithstanding the foregoing, no such change, amendment or waiver which would alter or change the principal amount owing upon this Note, the rate of interest payable hereon or the rate of conversion may be approved without the consent of the Holders of one hundred percent (100%) in original principal amount of the Notes.

6. Miscellaneous.

6.1 The Company, regardless of the time, order or place of signing, waives presentment, demand, protest and notices of any kind in connection with the enforcement of this Note. If the Company fails to comply with any of the provisions of this Note, the Company will pay to the Holder of this Note, on demand, such further amounts as shall be sufficient to cover the costs and expenses, including but not limited to reasonable attorneys' fees and disbursements, incurred by the Holder of this Note in collecting upon this Note or otherwise enforcing any of the Holder's rights hereunder.

6.2 The rights and remedies herein reserved to any party shall be cumulative and in addition to any other or further rights and remedies available at law or in equity. No delay or omission on the part of the Holder in exercising any right hereunder shall operate as a waiver of such right or of any other right of such Holder. The waiver by any party hereto of any breach of any provision of this Note shall not be deemed to be a waiver of the breach of any other provision or any subsequent breach of the same provision.

6.3 This Note shall be governed by and construed in accordance with the laws of the State of Delaware.

6.4 In the event that any provision contained herein (or part thereof) shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or other unenforceability shall not affect any other provision (or the remaining part of the affected provision) hereof, but this Note shall be construed as if such invalid, illegal, or unenforceable provision (or part thereof) had never been contained herein, but only to the extent that such provision is invalid, illegal or unenforceable.

6.5 If any payment on this Note becomes due and payable on a Saturday, Sunday or legal holiday, the maturity thereof shall be extended to the next succeeding business day.

IN WITNESS WHEREOF, the Company has caused this Note to be signed in its name and executed as a sealed instrument this ____ day of _____, 2011.

DIVERSIFIED PRIVATE EQUITY CORP.

By: _____

Scott L. Mathis, President

EXCHANGE AGREEMENT

THIS EXCHANGE AGREEMENT (the "Agreement") is made and entered into as of June 30, 2012, by and between the members (each individually a "Member" and collectively the "Members") of ALGODON GLOBAL PROPERTIES, LLC, a Delaware limited liability company ("AGP"), and DIVERSIFIED PRIVATE EQUITY CORP., a Delaware corporation ("DPEC").

Recitals

1. In connection with a proposed business combination to create a streamlined holding company structure between AGP and DPEC, the parties hereto desire to exchange all of the issued and outstanding managing and non-managing membership interest units of AGP (the "Units"), for voting shares of common stock of DPEC, valued at $2.25 per share for purposes of this transaction (the "Shares"), subject to all of the terms and conditions set forth herein.

2. InvestProperty Group, LLC, the managing member of AGP (the "Managing Member"), has provided the non-managing Members of AGP with notice and an opportunity to object to the Agreement prior to the date hereof. Having received objections from less than a majority-in-interest of the non-managing Members, the Managing Member is authorized, as the Members' attorney-in-fact pursuant to Sections 2.05(b) and 2.05(d) of the Operating Agreement of Algodon Global Properties, LLC, dated April 1, 2008, as amended (the "AGP Operating Agreement"), to enter in to this Agreement and consent to the transfer by the Members of their Units in exchange for the issuance of the Shares, subject to all the terms and conditions set forth herein.

3. The Board of Directors of DPEC has consented to the issuance of the Shares in exchange for all the issued and outstanding AGP Units, subject to all of the terms and conditions set forth herein.

Agreement

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, and intending to be legally bound by the terms and conditions of this Agreement, the parties hereto agree as follows:

1. Exchange Transaction. Subject to the terms and conditions of this Agreement, each Member hereby transfers his, her or its respective Units as reflected on Schedule A attached hereto, to DPEC for cancellation, and DPEC hereby accepts and acknowledges such transfer from the Members. In exchange therefore, DPEC hereby issues to each Member 0.27 Share for each Unit owned by such Member, as more fully explained in Paragraph 5 below, and the Members hereby accept and acknowledge such issuance.

2. AGP Warrants. Each warrant previously issued by AGP, as reflected in Schedule B attached hereto, shall be assumed by DPEC and exchanged into DPEC warrants in accordance with the Exchange Ratio set forth in Paragraph 5 below, so that each previously issued AGP warrant to purchase one Unit shall be converted into a warrant to purchase 0.27 Share, on a price adjusted basis, all in accordance with the provisions of the Warrant Agreement between AGP and DPEC Capital, Inc., dated July 18, 2008, as amended.

3. Closing Date. The transfer of Units in exchange for Shares provided for in this Agreement shall be effective on the date hereof or at such other time as the parties hereto may mutually agree (the "Closing Date").

4. Closing Obligations. On the Closing Date:

(a) DPEC will be admitted to AGP as its sole Member and shall become its managing member, and the Members and the Managing Member will automatically withdraw as members of AGP. Shortly thereafter, DPEC shall enter into a new, single member operating agreement, and after execution thereof, shall be entitled to exercise or receive any of the rights, powers or benefits of a member and a managing member of AGP, as provided in such operating agreement.

(b) DPEC will cause its transfer agent, Continental Stock Transfer & Trust Company, to reflect on the books of DPEC the newly issued Shares each Member is entitled to receive by virtue of the number of Units they held in AGP as of the Closing Date, multiplied by the Exchange Ratio.

5. Exchange Ratio. DPEC, together with the Managing Member, has determined a fair and equitable exchange ratio (the "Exchange Ratio") pursuant to which Units would be exchanged for Shares. Based on facts available as of June 30, 2012, the Exchange Ratio will provide that each Unit shall be exchanged for 0.27 Share.

6. General Representations and Warranties of the Holders. The Managing Member hereby represents and warrants to DPEC the following:

(a) No Member has transferred his, her or its Units and therefore, each Member is the sole record and beneficial owner of, and has good legal title to, his, her or its Units, and has the full legal right, power and authority to assign and transfer complete ownership of the Units to DPEC;

(b) The Units are free and clear of all liens, pledges, encumbrances, restrictions, voting agreements, options and claims of any kind and the Members are transferring the Units to DPEC pursuant to the terms of this Agreement free and clear of any such encumbrances;

(c) AGP has obtained all company and other approvals necessary for the execution, delivery and performance of this Agreement and when executed and delivered by the Managing Member on behalf of the Members, this Agreement shall constitute a valid and binding obligation of the Members, enforceable against the Members in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity);

(d) Neither the execution and delivery of this Agreement nor the consummation by the Members of the transactions contemplated hereby, will require on the part of the Members any filing with, or permit, authorization, consent or approval of, any government or governmental agency or instrumentality, whether federal, state or local, domestic or foreign;

(e) To the extent any Member is an organization, it represented and warranted in its original subscription for the Units that it was duly formed and validly existing under the laws of the state of its formation and has full power and authority to own its property, including its respective Units, and the Managing Member has not been notified or obtained any information indicating that such representation and warranty is no longer accurate;

(f) Each Member made certain representations and warranties in connection with his, her or its original subscription for the Units, which acknowledged that the Units were obtained for their own accounts, for investment only and not with a view to or for resale in connection with any distribution of the Units, that each Member had sufficient knowledge and experience in business and financial matters to understand and to evaluate the merits and risks of the investment, and that each Member was aware that the Units had not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities law, in reliance upon an exemption of the Securities Act and similar exemptions under state securities law for private offerings, and that the continuing availability of those exemptions depended in part upon the accuracy of certain representations and warranties which were made by the Members and which were relied upon in determining the Members' suitability to receive the Units, and the Managing Member has not been notified or obtained any information indicating that such representations and warranties are no longer accurate;

(g) Each Member made certain representations and warranties in connection with his, her or its original subscription for the Units, which acknowledged that the Units are restricted securities, they may not be sold or otherwise transferred unless they have been registered under the Securities Act or unless the Member received an opinion of counsel, acceptable to AGP and its counsel, stating that the proposed transfer was exempt from registration under the Securities Act, and the Managing Member has not been notified nor has obtained any information indicating that such representations and warranties are no longer accurate;

(h) Each Member made certain representations and warranties in connection with his, her or its original subscription for the Units, which acknowledged that any certificate representing the Units shall bear a legend setting forth restrictions on the transfer of such securities, and the Managing Member has not been notified or obtained any information indicating that such representations and warranties are no longer accurate;

(i) Each Member has received the Information Statement, and any and all information regarding DPEC, its business and this Agreement which they have required in connection with the transaction contemplated hereby, and has had the opportunity to discuss any questions such Member may have with the officers of DPEC and AGP;

(j) Each Member is an "accredited investor" as such term is defined in Regulation D promulgated under the Securities Act, or has otherwise satisfied the Managing Member as to the suitability of an investment in the Shares and as to their knowledge and experience in financial and business matters; and

(k) This Agreement, its exhibits and schedules attached hereto do not contain any untrue statement of material fact with respect to the Members or omit to state any material fact necessary to make the statements herein or therein contained with respect to the Members not misleading.

7. Representations and Warranties of DPEC. DPEC represents and warrants to the Managing Member and the Members as follows:

(a) It is duly organized, validly existing and in good standing under the laws of the State of Delaware;

(b) It has all requisite power and authority to execute, deliver and perform this Agreement and the transactions contemplated thereby, and the execution, delivery and performance by the DPEC of this Agreement has been duly authorized by all requisite action by DPEC and that this Agreement, when executed and delivered by DPEC, shall constitute a valid and binding obligation of DPEC, enforceable against DPEC in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity);

(c) Neither the execution and delivery by DPEC of this Agreement nor the consummation by DPEC of the transactions contemplated hereby, will require on the part of DPEC any filing with, or permit, authorization, consent or approval of, any government or governmental agency or instrumentality, whether federal, state or local, domestic or foreign;

(d) Upon issuance of the Shares, they shall be duly authorized, validly issued and non-assessable Shares of DPEC;

(e) It (i) is obtaining the Units for DPEC's own account, for investment only and not with a view to or for resale in connection with any distribution of the Units, (ii) has sufficient knowledge and experience in business and financial matters to understand and to evaluate the merits and risks of this investment, and (iii) is aware that the Units have not been registered under the Securities Act, or any state securities laws, in reliance upon an exemption of the Securities Act and similar exemptions under state securities laws for private offerings, and that the continuing availability of these exemptions depend in part upon the accuracy of certain representations and warranties which are made by DPEC herein and which are being relied upon in determining DPEC's suitability to purchase the Units;

(f) It understands that as restricted securities, the Units may not be sold or otherwise transferred unless they have been registered under the Securities Act or unless DPEC has received an opinion of counsel, acceptable to AGP and its counsel, stating that the proposed transfer is exempt from registration under the Securities Act; and

(g) This Agreement, its exhibits and schedules attached hereto, and the Information Statement do not contain any untrue statement of material fact with respect to DPEC or omits to state any material fact necessary to make the statements herein or therein contained with respect to DPEC not misleading.

8. Indemnification.

(a) The Members hereby jointly and severally agree to defend, indemnify and hold DPEC harmless from and against any and all losses, suits, proceedings, demands, judgments, damages, expenses and costs, including reasonable attorneys' fees and expenses (collectively, "Indemnifiable Damages"), which DPEC may suffer or incur by reason of (i) the inaccuracy of any of the representations and warranties of any the Members contained in this Agreement, (ii) the breach by any of the Members of any of the covenants or agreements made in this Agreement, or (iii) any transfer of the Shares in violation of the Securities Act, or under any rule or regulation promulgated thereunder.

(b) DPEC hereby agrees to defend, indemnify and hold the Members harmless from and against any and all Indemnifiable Damages which the Members may suffer or incur by reason of (i) the inaccuracy of any of the representations and warranties of DPEC contained in this Agreement, or (ii) the breach by DPEC of any of the covenants or agreements made by the DPEC in this Agreement, or (iii) any transfer of the Units by DPEC in violation of the Securities Act, or under any rule or regulation promulgated thereunder.

9. Miscellaneous.

(a) Further Assurances. Each party hereto agrees to perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the intent of this Agreement.

(b) Notices. Except as otherwise provided herein, all notices, requests, demands and other communications under this Agreement shall be in writing, and if by facsimile, shall be deemed to have been validly served, given or delivered when sent and receipt has been confirmed, or if by personal delivery or messenger or courier service, or by registered or certified mail, shall be deemed to have been validly served, given or delivered upon actual delivery, at the addresses and facsimile numbers (or such other addresses and facsimile numbers a party may designate for itself by like notice) set forth on the signature page hereto.

(c) Amendments. This Agreement may be amended, changed or waived only by a written agreement executed by each of the parties hereto.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, applicable to contracts entered into and performed entirely within such state.

(e) Disputes. In the event of any dispute among the parties arising out of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party the reasonable expenses of the prevailing party including, without limitation, reasonable attorneys' fees.

(f) Successors and Assigns. The parties may assign with absolute discretion any or all of their rights or obligations or delegate any of their duties under this Agreement to any of their affiliates, successors or assigns and this Agreement shall inure to the benefit of, and be binding upon, such respective affiliates, successors or assigns of either or both of the parties in the same manner and to the same extent as if such affiliates, successors or assigns were original parties hereto.

(g) Entire Agreement. This Agreement sets forth the entire understanding and agreement between the parties hereto with reference to the subject matter hereof and supersedes all prior agreements and understandings among them as to the subject matter hereof.

(h) Headings. Introductory headings at the beginning of each Section and subsection of this Agreement are solely for the convenience of the parties and shall not be deemed to be a limitation upon or description of the contents of any such Section and subsection of this Agreement.

(i) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and both of which, when taken together, shall constitute one and the same agreement.

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

DIVERSIFIED PRIVATE EQUITY CORP.

By: /s/ Scott Mathis
Scott Mathis, President

Address for notices:
135 Fifth Avenue, 10th Floor
New York, New York 10010
f: (212) 655-0140

ALGODON GLOBAL PROPERTIES, LLC

By: InvestProperty Group, LLC
Managing Member

By: /s/ Tim Holderbaum
Tim Holderbaum, Managing Member

Address for notices:
135 Fifth Avenue, 10th Floor
New York, New York 10010
f: (212) 655-0140

PLACEMENT AGENT AGREEMENT

Dated as of: October 1, 2012

Algodon Wines & Luxury Development Group, Inc.
135 Fifth Avenue, 10th Floor
New York, New York 10010

Ladies and Gentlemen:

Algodon Wines & Luxury Development Group, Inc., a Delaware corporation (the "Company"), hereby agrees with DPEC Capital, Inc., a Delaware corporation (the "Placement Agent"), as follows:

1. Offering.

A. The Company hereby engages the Placement Agent to act as its exclusive placement agent in connection with the issuance and sale by the Company (the "Offering") of up to 7,500,000 of shares of its Series A Preferred Stock, $.01 par value per share (the "Shares"), at a price of $2.30 per share. A sale of 7,500,000 of Shares (plus up to an additional 2,250,000 Shares which the Company reserves the right to issue on the same terms provided herein) shall be referred to as the "Maximum Offering".

B. The Shares will be offered pursuant to a Confidential Private Placement Memorandum ("Memorandum"), dated October 1, 2012, prepared by the Company (such Memorandum, together with all amendments thereof and supplements and exhibits thereto, are referred to herein as the "Offering Documents"), and shall be issued pursuant to the terms and conditions set forth in the Subscription Agreement (substantially in the form annexed as Exhibit A to the Memorandum) to be executed by each purchaser and the Company at each Closing (as defined in Section 1(C) hereof) (collectively, the "Subscription Agreements").

C. (1) The Shares will be offered by the Placement Agent on a "best efforts" basis up to the amount of the Maximum Offering. Subject to the conditions set forth in Section 8 hereof, if subscriptions for Shares have been received prior to March 31, 2013, and are accepted by the Company, a closing under this Agreement (the "Initial Closing") shall be held at the offices of the Placement Agent, or such other place as the parties may agree, as soon as practicable following the date upon which the Placement Agent and the Company confirm in writing to each other that subscriptions for of Shares have been accepted, or at such other place, time, or date as the Company and the Placement Agent shall agree upon. The date upon which the Initial Closing is held shall hereinafter be referred to as the "Initial Closing Date." If subscriptions for Shares have not been accepted by the Company by the Termination Date (as defined below), no Shares will be sold and the subscription funds will be returned promptly to subscribers.

(2) At any time following the Initial Closing and prior to the Termination Date (as hereinafter defined), if subscriptions for the sale of up to the amount of the Maximum Offering are received and accepted by the Company, one or more closings (each an "Additional Closing") shall take place in the manner herein set forth with respect to the Initial Closing. In the event that an Additional Closing has not taken place for any subscription received and accepted on or prior to the Termination Date, a final closing ("Final Closing") shall be held on such date for the Shares which are the subject of such subscriptions. References herein to a "Closing" shall mean the Initial Closing, any Additional Closing or the Final Closing, as the context requires, and the date thereof shall be referred to as a "Closing Date."

D. The Offering will terminate on the earlier of the sale of all Shares available under a Maximum Offering, or March 31, 2013 (such date is hereinafter referred to as the "Termination Date"; the period commencing on the date hereof and ending on the Termination Date is sometimes referred to herein as the "Offering Period"). Upon agreement of the parties hereto, the Termination Date may be extended to a date not later than June 30, 2013.

2. Information.

A. Payment for the Shares shall be made by wire transfer or by check as more fully described in the Subscription Agreements. The minimum purchase by any purchaser shall be $46,000 except that subscriptions for a lesser amount may be accepted at the discretion of the Company and the Placement Agent. The Placement Agent and the Company agree that the Shares will be offered and sold only to "accredited investors" within the meaning of Rule 501 of Regulation D ("Accredited Investors") promulgated by the Securities and Exchange Commission (the "Commission") under the Securities Act and Rule 506 of Regulation D of the Securities Act.

B. The Company and the Placement Agent each reserve the right to reject any subscriber, in whole or in part, in each of their sole discretion. Subscriptions shall be deemed accepted upon deposit of payment made by check into the account of Placement Agent (or the Company with Placement Agent's approval) or receipt of a payment by wire that is not returned to the subscriber within one business day. Notwithstanding anything to the contrary contained herein, the Company's right to reject a subscriber shall lapse three (3) business days after receipt by the Company of the fully completed and duly executed subscription documents from the Placement Agent with respect to such subscriber (unless it is determined subsequent to such period that such subscriber does not meet the investor suitability requirements of the Offering). Funds received from any subscriber whose subscription is rejected will be returned to such subscriber, without deduction therefrom or interest thereon, but no sooner than such funds have cleared the banking system in the normal course of business.

C. Upon the Company's acceptance of subscriptions for Shares and an Initial Closing with respect thereto, all funds received from such subscriptions will be promptly distributed in accordance with the following: to the Company, 90% of the gross proceeds from the sale of such Shares (against delivery of the appropriate amount of Shares sold), and to the Placement Agent, 10% as the placement agent commission. Upon the Company's acceptance of subscriptions for additional Shares and an Additional Closing or Final Closing with respect thereto, all funds received from such subscriptions will be promptly and similarly transmitted to the Company and the Placement Agent as above. Promptly after the Final Closing, the Company also shall issue to the Placement Agent, or its designees, warrants to purchase 10% of the number of Shares which are placed pursuant hereto (the "Placement Agent Warrants").

D. The Shares will be offered without registration under the Securities Act of 1933, as amended (the "Securities Act").

E. The Placement Agent acknowledges that to the extent commissions or sales fees have already been paid to DPEC Capital or its registered representatives in connection with the prior sale of any convertible promissory notes issued by the Company, and such notes are converted into Preferred Shares pursuant to the Offering, such commissions or sales fees shall be deducted from any amounts due hereunder from the Company.

3. Representations, Warranties and Covenants of the Placement Agent.

The Placement Agent represents, warrants and covenants as follows:

A. The Placement Agent has the necessary power to enter into this Agreement and to consummate the transactions contemplated hereby and thereby.

B. The execution and delivery by the Placement Agent of this Agreement, and the consummation of the transactions contemplated herein and therein, will not result in any violation of, or be in conflict with, or constitute a default under, any agreement or instrument to which the Placement Agent is a party or by which the Placement Agent or its properties are bound, or any judgment, decree, order or, to the Placement Agent's knowledge, any statute, rule or regulation applicable to the Placement Agent. Assuming the due authorization, execution, delivery and performance by the Company, this Agreement, when executed and delivered by the Placement Agent, will constitute a legal, valid and binding obligation of the Placement Agent, enforceable in accordance with their respective terms, except to the extent that (i) the enforceability hereof or thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws from time to time in effect and affecting the rights of creditors generally, (ii) the enforceability hereof or thereof is subject to general principles of equity, or (iii) the indemnification provisions hereof or thereof may be held to be violative of public policy.

C. The Placement Agent will deliver to each purchaser of Shares, prior to any submission by such person of a written offer relating to the purchase of the Shares, a copy of the Offering Documents as they may have been most recently amended or supplemented by the Company.

D. The Placement Agent will not deliver the Offering Documents to any person it does not reasonably believe to be an Accredited Investor.

E. The Placement Agent (i) will not intentionally take any action which it reasonably believes would cause the Offering to violate the provisions of the Securities Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the respective rules and regulations promulgated thereunder (the "Rules and Regulations"), or applicable Blue Sky laws of any state or jurisdiction and (ii) will comply with Rule 502(c) of Regulation D under the Securities Act.

F. The Placement Agent shall use all reasonable efforts to determine whether any prospective purchaser is a qualified Accredited Investor. The Placement Agent shall have no obligation to insure that (i) any check, note, draft or other means of payment for the Shares will be honored, paid or enforceable against the subscriber in accordance with its terms, or (ii) subject to the performance of the Placement Agent's obligations and the accuracy of the Placement Agent's representations and warranties hereunder, (a) the Offering is exempt from the registration requirements of the Securities Act or any applicable state "Blue Sky" law or (b) any prospective purchaser is a qualified Accredited Investor.

G. The Placement Agent is a member of FINRA and is a broker-dealer registered as such under the Exchange Act and under the securities laws of the states in which the Shares will be offered or sold by the Placement Agent, unless an exemption for such state registration is available to the Placement Agent. The Placement Agent is in material compliance with all material rules and regulations applicable to the Placement Agent generally and applicable to the Placement Agent's participation in the Offering.

4. Representations and Warranties of the Company.

The Company hereby represents and warrants as follows:

A. The execution, delivery and performance of this Agreement, the Subscription Agreements and the Placement Agent Warrants have been or will be, upon execution by the Company, duly and validly authorized by the Company, and is, or with respect to the Subscription Agreements and Placement Agent Warrants will be, upon execution by the Company, valid and binding agreements of the Company, enforceable in accordance with their respective terms, except to the extent that (i) the enforceability hereof or thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws from time to time in effect and affecting the rights of creditors generally, (ii) the enforceability hereof or thereof is subject to general principles of equity or (iii) the indemnification provisions hereof or thereof may be held to be violative of public policy. The Shares and the Placement Agent Warrants (collectively, the "Securities") have been duly authorized and, when issued and paid for in accordance with the Offering Documents and the Subscription Agreements, as the case may be, the certificates or other instruments representing each of such Securities will be valid and binding obligations of the Company, enforceable in accordance with their respective terms, except to the extent that (i) the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws from time to time in effect and affecting the rights of creditors generally, and (ii) the enforceability thereof is subject to general principles of equity. All corporate action required to be taken for the authorization, issuance and sale of the Securities has been duly and validly taken by the Company.

B. The authorized capital stock of the Company consists of 40,000,000 shares of common stock ("Common Shares") and 11,000,000 shares of preferred stock, par value $.01 per share (the "Preferred Shares"). Of this total, 23,884,712 Common Shares are issued, which includes 699,907 shares held in treasury. There are no Preferred Shares outstanding. As of the date hereof, the Company has reserved 4,542,666 Common Shares for issuance upon the exercise of stock options, and 503,987 Common Shares for issuance upon the exercise of warrants, that have been granted to members of the Company's Board of Directors, advisors, certain employees and others, and the Placement Agent in connection with a prior offering ("Option Securities"). All of the issued and outstanding shares of the capital stock of the Company are, and all shares of Common Shares reserved for issuance will be, upon issuance in accordance with the terms specified in the instruments or agreements pursuant to which they are issuable, duly authorized, validly issued, fully paid, and non-assessable. Except for the outstanding Option Securities, there are no outstanding options, warrants, rights to acquire or subscribe to, or commitments of any nature to which the Company is a party or may be bound, requiring the issuance or sale of any class of capital stock or other equity securities, or securities or rights convertible into or exchangeable for such shares or other equity securities.

C. The Company has been duly incorporated and is validly existing and in good standing under the laws of the State of Delaware, with full corporate power and authority to own, lease and operate its properties and to conduct its business as currently conducted, and is duly registered or qualified to conduct its business and is in good standing in each jurisdiction or place where the nature of its properties or the conduct of its business requires such registration or qualification, except where the failure to register or qualify would not have a material adverse effect on the condition (financial or other), business, properties, net worth or results of operations of the Company and its subsidiaries, taken as a whole ("Material Adverse Effect").

D. The Securities, when issued, sold and delivered in accordance with the terms of the Subscription Agreements, the Placement Agent's Warrant Agreement (to be executed as of the date of this Agreement) and this Agreement, for the consideration expressed herein, will be duly authorized and validly issued, will not be subject to any pre-emptive or similar right and will be free of restrictions on transfer other than restrictions on transfer under applicable securities laws. The execution and delivery of this Agreement, the Placement Agent's Warrant Agreement and the Subscription Agreements, the issuance of the Securities and the consummation of the transactions contemplated hereby and thereby by the Company, have been duly and validly approved by all requisite corporate action, do not contravene any provisions of law or any order of any court or agreement or other instrument by which it is bound or by which any of its assets are affected (including, but not limited to, its charter and by-laws), or violate any judgment, order, injunction, statute or regulation applicable to it. No consent, waiver (including, without limitation, of any right of first refusal), approval or authorization of, or registration or qualification with, any person, bank or lender, corporation, association, governmental body or court, is required for the Company to enter into this Agreement, the Placement Agent's Warrant Agreement or the Subscription Agreements, to issue the Securities or to consummate the transactions contemplated hereby or thereby that has not been obtained, except such filings as may be required pursuant to exemptions from registration under federal and state "Blue Sky" securities laws.

E. The Company has good and marketable title to, or valid and enforceable leasehold estates in, all items of real and personal property necessary to conduct its business, free and clear of all liens, encumbrances, claims, security interests and defects of any material nature whatsoever, other than liens for taxes not yet due and payable.

F. There is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending or, to the actual knowledge of the Company (without inquiry), threatened, against or affecting the Company, or any of its properties, which would reasonably be anticipated to result in a Material Adverse Effect.

G. The Company has: (i) duly and timely filed all tax returns required to be filed by the Company under applicable law that include or relate to the Company, its income, assets, payroll, operations or business, which tax returns, to the best of the Company's knowledge, are true, correct and complete in all material respects; and (ii) duly and timely paid, in full, all taxes which are currently due and payable and for which the Company is liable, except, in each case, where the failure to do so is not reasonably anticipated to result in a Material Adverse Effect.

H. The Company: (i) is not in default under any material agreement, lease, license, contract or commitment, whether oral or written, including, without limitation, those with employees and consultants ("Material Agreements") to which the Company is a party or by which any of its material assets are bound, and there is no event known to the Company that, with notice, or lapse of time, or both, would constitute a default by any party to any Material Agreement or give them any right to terminate or modify any of the same; and (ii) has not received notice that any party to any Material Agreement intends to cancel or terminate any Material Agreement or not to exercise any renewal or extension options under any Material Agreement. The Company is not in violation of any provision of its charter or by-laws or, to its knowledge, in violation of any franchise, license, permit, judgment, decree or order, or, to its knowledge, in violation of any statute, rule or regulation. Neither the execution and delivery of this Agreement, the Placement Agent's Warrant Agreement or the Subscription Agreements, nor the issuance and sale or delivery of the Securities, nor the consummation of any of the transactions contemplated herein or in the Placement Agent's Warrant Agreement or the Subscription Agreements, nor the compliance by the Company with the terms and provisions hereof or thereof, as the case may be, has conflicted with or will conflict with, or has resulted in or will result in a breach of, any of the terms and provisions of, or has constituted or will constitute a default under, or has resulted in or will result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or pursuant to the terms of any indenture, mortgage, deed of trust, note, loan or credit agreement or any other agreement or instrument evidencing an obligation for borrowed money, or any other agreement or instrument to which the Company may be bound or to which any of the property or assets of the Company is subject, except any lien, charge or encumbrance which could not reasonably be expected to have a Material Adverse Effect; nor will such action result in any violation of the provisions of the charter or the by-laws of the Company, or (except any which could not reasonably be expected to have a Material Adverse Effect) of any statute or any order, rule or regulation applicable to the Company of any foreign, federal, state or other regulatory authority or other government body having jurisdiction over the Company.

I. The Company holds, and is in compliance with, all permits, licenses, registrations and authorizations required by it in connection with the conduct of the business of the Company under all federal, state and local laws, rules and regulations, except where the failure to be in compliance has not had, and is not reasonably expected to have, a Material Adverse Effect.

J. The Company maintains insurance policies, including, but not limited to, general liability and property insurance, which insures the Company and each of its employees against such losses and risks generally insured against by comparable businesses. The Company (i) has not failed to give notice or present any insurance claim with respect to any matter, including but not limited to the Company's business, property or employees, under any insurance policy or surety bond in a due and timely manner, (ii) has no disputes or claims against any underwriter of such insurance policies or surety bonds nor has failed to pay any premiums due and payable thereunder, or (iii) has not failed to comply with all conditions contained in such insurance policies and surety bonds. To the Company's knowledge, there are no facts or circumstances under any such insurance policy or surety bond which would relieve any insurer of its obligation to satisfy in full any valid claim of the Company.

K. The Securities, the Placement Agent's Warrant Agreement and the Subscription Agreements conform in all material respects to all statements in relation thereto contained in the Offering Documents.

L. The Company does not have outstanding obligations to any of its respective officers or directors, except as disclosed in the financial statements of the Company included in the Company's Confidential Private Placement Memorandum.

M. There are no claims for services in the nature of a finder's or origination fee with respect to the sale of the Shares or any other arrangements, agreements or understandings that may affect the Placement Agent's compensation.

N. The Company owns or possesses, free and clear of all liens or encumbrances and rights thereto or therein by third parties, the requisite licenses or other rights to use all trademarks, service marks, copyrights, service names, trade names, patents, patent applications and licenses necessary to conduct its business and there is no claim or action by any person pertaining to, or proceeding, pending or threatened, which challenges the exclusive rights of the Company with respect to any trademarks, service marks, copyrights, service names, trade names, patents, patent applications and licenses used in the conduct of the Company's business. The Company's current products, services or processes do not infringe or will not infringe on the patents currently held by any third party.

O. The Company is not under any obligation to pay royalties or fees of any kind whatsoever to any third party with respect to any trademarks, service marks, copyrights, service names, trade names, patents, patent applications, licenses or technology it has developed, uses, employs or intends to use or employ, other than to their respective licensors or sublicensors.

P. Subject to the performance by the Placement Agent of its obligations hereunder, the Offering Documents and the offer and sale of the Securities comply, and will continue to comply, up to the Termination Date in all material respects with the requirements of Rule 506 of Regulation D promulgated by the Commission pursuant to the Securities Act and any other applicable federal and state laws, rules, regulations and executive orders. Neither the Offering Documents nor any amendment or supplement thereto nor any documents prepared by the Company in connection with the Offering will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. All statements of material facts in the Offering Documents are true and correct as of the date of the Offering Documents and will be true and correct on the date of the Closing.

Q. Neither the Company, nor any of its officers, directors, employees or agents, nor any other person acting on behalf of the Company, has, directly or indirectly, given or agreed to give any money, gift or similar benefit (other than legal price concessions to customers in the ordinary course of business) to any customer, supplier, employee or agent of a customer or supplier, or official or employee of any governmental agency or instrumentality of any government (domestic or foreign) or any political party or candidate for office (domestic or foreign) or other person who is or may be in a position to help or hinder the business of the Company (or assist it in connection with any actual or proposed transaction) which (i) might subject the Company to any damage or penalty in any civil, criminal or governmental litigation or proceeding, or (ii) if not given in the past, might have had a materially adverse effect on the assets, business or operations of the Company, as reflected in any of the financial statements contained in the Offering Documents, or (iii) if not continued in the future, might adversely affect the assets, business, operations or prospects of the Company in the future.

R. The Company does not believe it is required to register as an "investment company" within the meaning of such term under the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder.

S. The Company maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

5. Certain Covenants and Agreements of the Company.

The Company covenants and agrees at its expense and without any expense to the Placement Agent as follows:

A. To advise the Placement Agent of any adverse change in the Company's financial condition, prospects or business or of any development materially affecting the Company or rendering untrue or misleading any material statement in the Offering Documents occurring at any time prior to the Closing as soon as the Company is either informed or becomes aware thereof.

B. To use its best efforts to cause the sale of the Shares to be qualified or registered for sale, or to obtain exemptions from such qualification or registration requirements, under the securities laws of such jurisdictions as the Placement Agent shall reasonably request; provided that such states and jurisdictions do not require the Company to qualify as a foreign corporation. Qualification, registration and exemption charges and fees shall be at the sole cost and expense of the Company. The Company's counsel shall perform the required "Blue Sky" service.

C. Unless the Company is at the time a reporting company under the Exchange Act and has filed any of the following information pursuant to its obligations thereunder, to provide to the Placement Agent for five (5) years from the Termination Date, or until the termination or dissolution of the Company, whichever shall come first, copies of all quarterly and audited annual financial statements prepared by or on behalf of the Company.

D. To apply the proceeds of the Offering in accordance with the stated purposes set forth in the Offering Documents.

E. To provide the Placement Agent with as many copies of the Offering Documents as the Placement Agent may reasonably request.

F. To ensure that any transactions between or among the Company and the General Partner and any of their respective affiliates be on terms and conditions that are no less favorable to the Company, than the terms and conditions that would be available in an "arm's length" transaction with independent third parties.

G. To comply with the terms of the Subscription Agreements.

6. Indemnification.

A. The Company hereby agrees that it will indemnify and hold the Placement Agent and each officer, director, shareholder, employee, agent, attorney, accountant or representative of the Placement Agent, and each person controlling, controlled by or under common control of the Placement Agent within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act or the Rules and Regulations, harmless from and against any and all loss, claim, damage, liability, cost or expense whatsoever (including, but not limited to, any and all legal fees, filing fees and other expenses and disbursements incurred in connection with investigating, preparing to defend or defending any action, suit or proceeding, including any inquiry or investigation, commenced or threatened, or any claim whatsoever or in appearing or preparing for appearance as a witness in any action, suit or proceeding, including any inquiry, investigation or pretrial proceeding such as a deposition) to which the Placement Agent or such indemnified person of the Placement Agent may become subject (1) as a result of claims asserted by third parties related to or arising out of the engagement of the Placement Agent by the Company pursuant to the terms hereof or in connection therewith and (2) under the Securities Act, the Exchange Act, the Rules and Regulations, or any other federal or state law or regulation, common law or otherwise, arising out of or based upon (i) any untrue statement or alleged untrue statement of a material fact contained in (A) Section 4 and Section 5 of this Agreement, (B) the Offering Documents (except those written statements relating to the Placement Agent given by an indemnified person for inclusion therein), (C) any application or other document or written communication executed by the Company or based upon written information furnished by the Company filed in any jurisdiction in order to qualify the Shares under the securities laws thereof, or any state securities commission or agency; (ii) the omission or alleged omission from documents described in clauses (A), (B) or (C) above of a material fact required to be stated therein or necessary to make the statements therein not misleading; or (iii) the breach of any material representation, warranty, covenant or agreement made by the Company in this Agreement. The Company further agrees that upon demand by an indemnified person, at any time or from time to time, it will promptly reimburse such indemnified person for any loss, claim, damage, liability, cost or expense actually and reasonably paid by the indemnified person as to which the Company has indemnified such person pursuant hereto. Notwithstanding the foregoing provisions of this Paragraph 6(A), any such payment or reimbursement by the Company of fees, expenses or disbursements incurred by an indemnified person in any proceeding in which a final judgment by a court of competent jurisdiction (after all appeals or the expiration of time to appeal) is entered against the Placement Agent or such indemnified person as a direct result of the Placement Agent or such person's gross negligence or willful misfeasance will be promptly repaid to the Company.

B. The Placement Agent hereby agrees that it will indemnify and hold the Company and each officer, director, shareholder, employee, agent, attorney, accountant or representative of the Company, and each person controlling, controlled by or under common control with the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act or the Rules and Regulations, harmless from and against any and all loss, claim, damage, liability, cost or expense whatsoever (including, but not limited to, any and all reasonable legal fees, filing fees and other expenses and disbursements incurred in connection with investigating, preparing to defend or defending any action, suit or proceeding, including any inquiry or investigation, commenced or threatened, or any claim whatsoever or in appearing or preparing for appearance as a witness in any action, suit or proceeding, including any inquiry, investigation or pretrial proceeding such as a deposition) to which the Company or such indemnified person of the Company may become subject under the Securities Act, the Exchange Act, the Rules and Regulations, or any other federal or state law or regulation, common law or otherwise, arising out of or based upon (i) the conduct of the Placement Agent or its officers, employees or representatives in its acting as placement agent for the Offering, (ii) the breach of any material representation, warranty, covenant or agreement made by the Placement Agent in this Agreement, (iii) information in the Offering Documents relating to the Placement Agent prepared by the Placement Agent or any of its representatives for inclusion therein or (iv) the omission, or alleged omission, in the Offering Documents of a material fact required to be stated therein or necessary to make the statements therein not misleading information, in each case solely as such omission or alleged omission relate to the Placement Agent.

C. Promptly after receipt by an indemnified party of notice of commencement of any action covered by Section 6(A) or 6(B), the party to be indemnified shall, within ten (10) business days, notify the indemnifying party of the commencement thereof; provided, however, that the omission by one indemnified party to so notify the indemnifying party shall not relieve the indemnifying party of its obligation to indemnify any other indemnified party that has given such notice and, provided further, shall not relieve the indemnifying party of any liability outside of this indemnification if not prejudiced thereby. In the event that any action is brought against the indemnified party, the indemnifying party will be entitled to participate therein and, to the extent it may desire, to assume and control the defense thereof with counsel chosen by it which is reasonably acceptable to the indemnified party. After notice from the indemnifying party to such indemnified party of its election to so assume the defense thereof, the indemnifying party will not be liable to such indemnified party under such Section 6(A) or 6(B) for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof, but the indemnified party may, at its own expense, participate in such defense by counsel chosen by it, without, however, impairing the indemnifying party's control of the defense. Subject to the proviso of this sentence and notwithstanding any other statement to the contrary contained herein, the indemnified party or parties shall have the right to choose its or their own counsel and control the defense of any action, all at the expense of the indemnifying party if, (i) the employment of such counsel shall have been authorized in writing by the indemnifying party in connection with the defense of such action at the expense of the indemnifying party, or (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to such indemnified party to have charge of the defense of such action within a reasonable time after notice of commencement of the action, or (iii) such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to one or all of the indemnifying parties and a conflict of interest exists as a result (in which case the indemnifying parties shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events the reasonable fees and expenses of one additional counsel reasonably satisfactory to the indemnifying party shall be borne by the indemnifying party; provided, however, that the indemnifying party shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstance, be liable for the reasonable fees and expenses of more than one separate firm of attorneys at any time for all such indemnified parties. No settlement of any action or proceeding against an indemnified party shall be made without the consent of the indemnifying party.

D. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in Section 6(A) or 6(B) is due in accordance with its terms but is for any reason held by a court to be unavailable on grounds of policy or otherwise, the Company and the Placement Agent shall contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with the investigation or defense of same) which the other may incur in such proportion so that the Placement Agent shall be responsible for such percent of the aggregate of such losses, claims, damages and liabilities as shall equal the percentage of the gross proceeds paid to the Placement Agent and the Company shall be responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation within the meaning of Section 11(f) of the Securities Act shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 6(D), any person controlling, controlled by or under common control with the Placement Agent, or any partner, director, officer, employee, representative or any agent of any thereof, shall have the same rights to contribution as the Placement Agent and each person controlling, controlled by or under common control with the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and each officer of the Company and each director of the Company shall have the same rights to contribution as the Company. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against the other party under this Section 6(D), notify such party from whom contribution may be sought, but the omission to so notify such party shall not relieve the party from whom contribution may be sought from any obligation they may have hereunder or otherwise if the party from whom contribution may be sought is not materially prejudiced thereby. The indemnity and contribution agreements contained in this Section 6 shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any indemnified person or any termination of this Agreement.

7. Payment of Expenses.

The Company will pay all expenses related to the Offering, including, but not limited to, the fees and expenses of its counsel, all expenses incurred in connection with Blue Sky registrations, all printing and duplication costs related to the Offering Documents, in such quantities as the Placement Agent reasonably deems necessary, filing fees, escrow agent fees and expenses, and all postage, mailing and express charges and other expenses in connection with the delivery of copies of the Offering Documents and Subscription Agreements and the distribution of securities after any Closing.

8. Conditions of the Closings

Each Closing shall be held at the offices of the Placement Agent or its counsel. The obligations of the Placement Agent hereunder shall be subject to: the continuing accuracy of the representations and warranties of the Company herein as of the date hereof and as of the date of the Closing with respect to the Company as if it had been made on and as of such Closing; the accuracy on and as of each Closing of the statements of the officers made pursuant to the provisions hereof; and the performance by the Company on and as of the Closing of its covenants and obligations hereunder including at or prior to each Closing, the Company shall have duly executed and delivered the appropriate documentation representing the Shares to the Placement Agent as agent for the respective purchasers whose subscriptions have been accepted by the Company.

9. Termination.

This Agreement shall terminate if the Initial Closing does not take place on or before the seventh (7th) business day following the Termination Date or as soon thereafter as the funds received from subscriptions have cleared the banking system in the normal course of business. Either the Placement Agent or the Company may terminate the Offering in its sole discretion prior to the Initial Closing. In the event that the Company determines to terminate the Offering from and after the date hereof through the end of the Offering Period for any reason other than the Placement Agent's breach of the terms of this Agreement, and the Placement Agent is willing to proceed, then the Company shall immediately pay to the Placement Agent its actual out-of- pocket expenses, including but not limited to fees and expenses of its legal counsel and reasonable travel expenses. Upon such termination, all Subscription Agreements and payments for the Shares not previously delivered to the purchasers thereof, without interest thereon or deduction therefrom, shall be returned to the respective subscribers, the Placement Agent shall have no further obligation to the Company, and the Company shall have no obligation to the Placement Agent, except for payment of its actual out-of-pocket expenses as set forth herein. If the Placement Agent does not or fails to complete the proposed private placement and the reasons therefor are reasonably related to a material adverse change in the business or financial results, prospects or condition of the Company, or if the proposed offering is not completed because of the Company's actions or failure to take such actions as are reasonably required hereunder and the Placement Agent is prepared to perform in accordance with the terms herein, then, in any such case, the Company agrees to promptly pay the Placement Agent its actual out-of-pocket expenses. If the Placement Agent does not or fails to complete the proposed private placement and the reasons therefor are reasonably related to a material adverse change in market conditions, the Company agrees to promptly pay the Placement Agent its actual out-of-pocket expenses.

10. Miscellaneous.

A. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all which shall be deemed to be one and the same instrument.

B. Any notice required or permitted to be given hereunder shall be given in writing and shall be deemed effective when deposited in the United States mail, postage prepaid, or when received if personally delivered or faxed, addressed as follows:

To the Placement Agent:

DPEC Capital, Inc.
135 Fifth Avenue, 10th Floor
New York, New York 10010
Attn.: Mr. Tim Holderbaum
Fax: (212) 655-0140

To the Company:

Algodon Wines & Luxury Development Group, Inc.
135 Fifth Avenue, 10th Floor
New York, New York 10010
Attn.: Mr. Scott Mathis
Fax No. (212) 655-0141

or to such other address of which written notice is given to the others.

C. This Agreement shall be governed by and construed in all respects under the laws of the State of Delaware, without reference to its conflict of laws rules or principles. Any suit, action, proceeding or litigation arising out of or relating to this Agreement shall be brought and prosecuted in such federal or state court or courts located within the State of New York as provided by law. The parties hereby irrevocably and unconditionally consent to the jurisdiction of each such court or courts located within the State of New York and to service of process by registered or certified mail, return receipt requested, or by any other manner provided by applicable law, and hereby irrevocably and unconditionally waive any right to claim that any suit, action, proceeding or litigation so commenced has been commenced in an inconvenient forum.

D. This Agreement and the other agreements referenced herein contain the entire understanding between the parties hereto with respect to this Offering and may not be modified or amended except by a writing duly signed by the party against whom enforcement of the modification or amendment is sought.

E. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

DPEC CAPITAL, INC.

By: /s/ Tim Holderbaum
Name: Tim Holderbaum
Title: Financial and Operations Principal

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

By: /s/ Scott L. Mathis
Name: Scott L. Mathis
Title: Chairman

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

AND

DPEC CAPITAL, INC.

WARRANT AGREEMENT

Dated as of October 1, 2012

WARRANT AGREEMENT dated as of October 1, 2012 between ***ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC***., a Delaware corporation (the "Company"), and ***DPEC CAPITAL, INC.*** (the "Placement Agent") and its assignees or designees (each hereinafter sometimes referred to as a "Holder" or the "Holders").

WITNESSETH:

WHEREAS, the Placement Agent has agreed to act as the placement agent in connection with the Company's proposed private placement up to 7,500,000 shares of Series A Preferred Stock of the Company, $.01 par value per share (the "Preferred Shares") (plus up to an additional 2,250,000 shares), at an offering price of $2.30 per share (the "Offering").

WHEREAS, the Company has agreed to issue warrants to the Placement Agent (the "Warrants") to purchase ten percent (10%) of the aggregate number of Preferred Shares sold in the Offering, or up to 975,000 shares of Preferred Shares.

WHEREAS, as the Offering is being sold on a "best efforts" basis," the Offering may have multiple closings (each, a "Closing").

WHEREAS, the Warrants will be issued on the date of each Closing of the Offering by the Company to the Placement Agent in consideration for, and as part of, the Placement Agent's compensation for serving as Placement Agent.

WHEREAS, the terms and conditions of the Warrants in which the Warrants will be issued are set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises, the agreements herein set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant. The Company agrees to grant to the Placement Agent Warrants to purchase such number of shares which are equal to ten percent (10%) of the aggregate number of shares of Preferred Shares sold on such Closing Date at an initial exercise price of $2.30 per share (the "Exercise Price"). The Warrants shall be exercisable at any time from the date of grant (which shall be the date of each Closing (each, a "Closing Date") until 5:30 p.m., New York time, on the date which is five years from each Closing Date. The number of shares subject to the Warrants granted hereunder and the Exercise Price shall be subject to adjustment as provided in Section 10 hereof.

In the event that the underlying Preferred Shares are converted in accordance with their terms to common stock, such conversion shall, with respect to all unexercised Warrants issued hereunder, effect a conversion of all such Warrants into warrants to purchase the Company's common stock on economically equivalent terms.

2. Warrant Certificates. The warrant certificates (the "Warrant Certificates") delivered and to be delivered pursuant to this Agreement shall be in the form set forth in Exhibit A attached hereto and made a part hereof, with such appropriate insertions, omissions, substitutions, and other variations as required or permitted by this Agreement.

3. Registration of Warrants. The Warrants shall be numbered and shall be registered on the books of the Company when issued.

4. Exercise of Warrants.

4.1 Method of Exercise. The Warrants initially are exercisable at the Exercise Price (subject to adjustment as provided in Section 10 hereof) as set forth in Section 7 hereof payable by certified or official bank check in New York Clearing House funds. Upon surrender of a Warrant Certificate with the annexed Form of Election to Purchase duly executed, together with payment of the Exercise Price for the shares of Preferred Shares purchased, at the Company's principal offices (presently located at 135 Fifth Avenue, 10th Floor, New York, New York 10010), the Holder shall be entitled to receive a certificate or certificates for the shares of Preferred Shares so purchased. The purchase rights represented by each Warrant Certificate are exercisable at the option of the Holder thereof, in whole or in part (but not as to fractional shares of Preferred Shares underlying the Warrants). In the case of the purchase of less than all of the shares of Preferred Shares purchasable under any Warrant Certificate, the Company shall cancel said Warrant Certificate upon the surrender thereof and shall execute and deliver a new Warrant Certificate of like tenor for the balance of the shares of Preferred Shares purchasable thereunder.

4.2 Exercise by Surrender of Warrants. In addition to the method of payment set forth in Section 4.1 and in lieu of any cash payment required thereunder, the Holder(s) of the Warrants shall have the right at any time and from time to time to exercise the Warrants in full or in part by surrendering the Warrant Certificate in the manner specified in Section 4.1 in exchange for the number of shares of Preferred Shares equal to the product of (x) the number of shares of Preferred Shares as to which the Warrants are being exercised, multiplied by (y) a fraction, the numerator of which is the Market Price (as hereinafter defined) of the shares of Preferred Shares minus the Exercise Price of the shares of Preferred Shares and the denominator of which is the Market Price per share of Preferred Shares. As used in this Agreement, the phrase "Market Price" at any date shall be deemed to be the last reported sale price, or, in case no such reported sale takes place on such day, the average of the last reported sale prices for the last three (3) trading days, in either case as officially reported by the principal securities exchange on which the Preferred Shares is listed or admitted to trading, or, if the Preferred Shares is not listed or admitted to trading on any exchange, the average closing sale price as furnished by the NASD through The NASDAQ Stock Market, Inc. ("NASDAQ") or similar organization if NASDAQ is no longer reporting such information, or if the Preferred Shares is not quoted on NASDAQ, as determined in good faith by resolution of the Board of Directors of the Company, based on the best information available to it. Solely for the purposes of this Section 4.2, Market Price shall be calculated either (i) on the date on which the form of election attached hereto is deemed to have been sent to the Company pursuant to Section 15 hereof ("Notice Date") or (ii) as the average of the Market Price for each of the five trading days immediately preceding the Notice Date, whichever of (i) or (ii) results in a greater Market Price.

5. Issuance of Certificates. Upon the exercise of any Warrants, the issuance of certificates for shares of Preferred Shares, properties or rights underlying such Warrants shall be made forthwith (and in any event within five (5) business days thereafter) without charge to the Holder thereof including, without limitation, any tax, other than income taxes, which may be payable in respect of the issuance thereof, and such certificates shall be issued in the name of, or in such names as may be directed by, the Holder thereof; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any such certificates in a name other than that of the Holder and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

The Warrant Certificates and the certificates representing the shares of Preferred Shares or other securities, property or rights issued upon exercise of any Warrants shall be executed on behalf of the Company by the manual or facsimile signature of the then present President or any Vice President of the Company under its corporate seal reproduced thereon, attested to by the manual or facsimile signature of the then present Secretary or any Assistant Secretary of the Company. Warrant Certificates shall be dated the date of execution by the Company upon initial issuance, division, exchange, substitution or transfer.

6. Transfer of Warrants. The Warrants shall be transferable only on the books of the Company maintained at its principal office, where its principal office may then be located, upon delivery of the Warrant Certificates representing such Warrants duly endorsed by the Holder or by its duly authorized attorney or representative accompanied by proper evidence of succession, assignment or authority to transfer. Upon any registration transfer, the Company shall execute and deliver the new Warrant Certificates to the person entitled thereto.

7. Exercise Price and Number of Securities. Except as otherwise provided in Section 10 hereof, each Warrant is exercisable to purchase one share of Preferred Shares at an initial exercise price equal to the Exercise Price. The Exercise Price and the number of shares of Preferred Shares for which the Warrant may be exercised shall be the price and the number of shares of Preferred Shares which shall result from time to time from any and all adjustments in accordance with the provisions of Section 10 hereof.

8. Registration Rights.

8.1 Registration Under the Securities Act of 1933. The Holder of a Warrant Certificate, by its acceptance thereof, covenants and agrees that the Warrants are being acquired as an investment and not with a view to the distribution thereof. Each Warrant Certificate and each certificate representing shares of Preferred Shares and any of the other securities issuable upon exercise of the Warrant (collectively, the "Warrant Shares") shall bear the following legend unless (i) the Warrants or Warrant Shares are distributed to the public or sold to the underwriters for distribution to the public pursuant to this Section 8 or otherwise pursuant to a registration statement filed under the Securities Act of 1933, as amended (the "Act"), or (ii) the Company has received an opinion of counsel, in form and substance reasonably satisfactory to counsel for the Company, that such legend is unnecessary for any such certificate:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT BETWEEN THE ISSUER AND DPEC CAPITAL, INC. DATED AS OF OCTOBER 1, 2012.

8.2 Piggyback Registration. If, at any time commencing after the date hereof and expiring five (5) years thereafter, the Company proposes to register any of its securities under the Act (other than in connection with an initial public offering of shares of Preferred Shares of the Company or in connection with a merger or pursuant to Form S-4 or Form S-8 or successor form thereto) it will give written notice by registered mail, at least thirty (30) days prior to the filing of each such registration statement, to the Holders of the Warrant Shares of its intention to do so. If any of the Holders of the Warrant Shares notify the Company within twenty (20) days after mailing of any such notice of its or their desire to include any such securities in such proposed registration statement, the Company shall afford such Holders of the Warrant Shares the opportunity to have any such Warrant Shares registered under such registration statement. In the event that such registration relates to an underwritten public offering and the managing underwriter for said offering advises the Company in writing that in its opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without causing a diminution in the offering price or otherwise adversely affecting the offering, the Company will include in such registration (a) first, the securities the Company proposes to sell, (b) second, the securities held by the entities that made the demand for registration, (c) third, the Warrant Shares requested to be included in such registration which in the opinion of such underwriter can be sold, pro rata among the Holders of Warrant Shares on the basis of the number of Warrant Shares requested to be registered by such Holders, and (d) fourth, other securities requested to be included in such registration.

Notwithstanding the provisions of this Section 8.2, the Company shall have the right at any time after it shall have given written notice pursuant to this Section 8.2 (irrespective of whether a written request for inclusion of any such securities shall have been made) to elect not to file any such proposed registration statement or to withdraw the same after the filing but prior to the effective date thereof.

8.3 Covenants of the Company With Respect to Registration. In connection with any registration under Section 8.2 hereof, the Company covenants and agrees as follows:

(a) The Company shall pay all costs (excluding fees and expenses of Holder(s)' counsel and any underwriting or selling commissions), fees and expenses in connection with all registration statements filed pursuant to Section 8.2 hereof including, without limitation, the Company's legal and accounting fees, printing expenses, blue sky fees and expenses.

(b) The Company will take all necessary action which may be required in qualifying or registering the Warrant Shares included in a registration statement for offering and sale under the securities or blue sky laws of such states as reasonably are requested by the Holder(s), provided that the Company shall not be obligated to execute or file any general consent to service of process or to qualify as a foreign corporation to do business under the laws of any such jurisdiction.

(c) The Company shall indemnify the Holder(s) of the Warrant Shares to be sold pursuant to any registration statement and each person, if any, who controls such Holders within the meaning of Section 15 of the Act or Section 20(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), against all loss, claim, damage, expense or liability (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Act, the Exchange Act or otherwise, arising from such registration statement.

(d) Nothing contained in this Agreement shall be construed as requiring the Holder(s) to exercise the Warrants prior to the initial filing of any registration statement or the effectiveness thereof.

(e) The Company shall furnish to each Holder participating in the offering and to each underwriter, if any, a signed counterpart, addressed to such Holder or underwriters, of (i) an opinion of counsel to the Company, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, an opinion dated the date of the closing under the underwriting agreement), and (ii) a "cold comfort" letter dated the effective date of such registration statement (and, if such registration relates to an underwritten public offering, a letter dated the date of the closing under the underwriting agreement) signed by the independent public accountants who have issued a report on the Company's financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities.

(f) The Company shall as soon as practicable after the effective date of any registration statement filed pursuant to this Section 8, and in any event within 15 months thereafter, make "generally available to its security holders" (within the meaning of Rule 158 under the Act) an earnings statement (which need not be audited) complying with Section 11(a) of the Act and covering a period of at least 12 consecutive months beginning after the effective date of the registration statement.

(g) For purposes of this Agreement, the term "Majority" in reference to the Warrants or Warrant Shares shall mean in excess of fifty percent (50%) of the then outstanding Warrants or Warrant Shares that (i) are not held by the Company, an affiliate, officer, creditor, employee or agent thereof or any of their respective affiliates, members of their family, persons acting as nominees or in conjunction therewith or (ii) have not been resold to the public pursuant to a registration statement filed with the Commission under the Act.

9. Obligations of Holders. It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 8 hereof that each of the selling Holders shall:

(a) Furnish to the Company such information regarding themselves, the Warrant Shares held by them, the intended method of sale or other disposition of such securities, the identity of and compensation to be paid to any underwriters proposed to be employed in connection with such sale or other disposition, and such other information as may reasonably be required to effect the registration of their Warrant Shares.

(b) Notify the Company, at any time when a prospectus relating to the Warrant Shares covered by a registration statement is required to be delivered under the Act, of the happening of any event with respect to such selling Holder as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(c) The Holder(s) of the Warrants and/or Warrant Shares to be sold pursuant to a registration statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company, its officers and directors and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, against all loss, claim, damage or expense or liability (including all expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which they may become subject under the Act, the Exchange Act or otherwise, arising from information furnished by or on behalf of such Holders, or their successors or assigns, for specific inclusion in such registration statement; provided, however, that the indemnity of such Holder(s) shall be limited to the net proceeds received by such Holder(s) in the sale of securities pursuant to the respective registration statement.

10. Adjustments to Exercise Price and Number of Securities. The Exercise Price in effect at any time and the number and kind of securities purchased upon the exercise of any Warrant shall be subject to adjustment from time to time only upon the happening of the following events:

(a) Stock Dividend, Subdivision and Combination. In case the Company shall (i) declare a dividend or make a distribution on its outstanding shares of Preferred Shares in shares of Preferred Shares, (ii) subdivide or reclassify its outstanding shares of Preferred Shares into a greater number of shares, or (iii) combine or reclassify its outstanding shares of Preferred Shares into a smaller number of shares, the Exercise Price in effect at the time of the record date for such dividend or distribution or of the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the Exercise Price by a fraction, the denominator of which shall be the number of shares of Preferred Shares outstanding after giving effect to such action, and the numerator of which shall be the number of shares of Preferred Shares outstanding immediately prior to such action. Such adjustment shall be made successively whenever any event listed above shall occur.

(b) Adjustment in Number of Securities. Upon each adjustment of the Exercise Price pursuant to the provisions of this Section 10, the number of Warrant Shares issuable upon the exercise at the adjusted Exercise Price of each Warrant shall be adjusted to the nearest number of whole shares of Preferred Shares by multiplying a number equal to the Exercise Price in effect immediately prior to such adjustment by the number of Warrant Shares issuable upon exercise of the Warrants immediately prior to such adjustment and dividing the product so obtained by the adjusted Exercise Price.

(c) Definition of Preferred Shares. For the purpose of this Section 10, the term "Preferred Shares" shall mean (i) the class of stock designated as Series A Preferred Shares as approved by the Issuer's Board of Directors as of the date hereof, or (ii) any other class of stock resulting from successive changes or reclassifications of such Preferred Shares consisting solely of changes in par value, or from par value to no par value, or from no par value to par value.

(d) Merger or Consolidation. In case of any consolidation of the Company with, or merger of the Company into, another corporation (other than a consolidation or merger which does not result in any reclassification or change of the outstanding Preferred Shares), the corporation formed by such consolidation or merger shall execute and deliver to the Holder a supplemental warrant agreement providing that the Holder of each Warrant then outstanding or to be outstanding shall have the right thereafter (until the expiration of such Warrant) to receive, upon exercise of such Warrant, the kind and amount of shares of stock and other securities and property receivable upon such consolidation or merger by a holder of the number of shares of Preferred Shares for which such Warrant might have been exercised immediately prior to such consolidation, merger, sale or transfer. Such supplemental warrant agreement shall provide for adjustments which shall be identical to the adjustments provided in Section 10. The above provision of this subsection shall similarly apply to successive consolidations or mergers.

(e) No Adjustment of Exercise Price in Certain Cases. No adjustment of the Exercise Price shall be made if the amount of said adjustment shall be less than two cents ($.02) per share; provided, however, that in such case any adjustment that would otherwise be required then to be made shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment so carried forward, shall amount to at least two cents ($.02) per Warrant.

11. Exchange and Replacement of Warrant Certificates. Each Warrant Certificate is exchangeable, without expense, upon the surrender thereof by the registered Holder at the principal executive office of the Company for a new Warrant Certificate of like tenor and date representing in the aggregate the right to purchase the same number of Warrant Shares in such denominations as shall be designated by the Holder thereof at the time of such surrender. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of any Warrant Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it and reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of the Warrant, if mutilated, the Company will make and deliver a new Warrant Certificate of like tenor, in lieu thereof.

12. Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of shares of Preferred Shares upon the exercise of any Warrant, nor shall it be required to issue scrip or pay cash in lieu of fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of shares of Preferred Shares or other securities, properties or rights.

13. Reservation and Listing of Securities. The Company shall at all times reserve and keep available out of its authorized shares of Preferred Shares, solely for the purpose of issuance upon the exercise of the Warrants, such number of shares of Preferred Shares or other securities, properties or rights as shall be issuable upon the exercise thereof. Every transfer agent ("Transfer Agent") for the Preferred Shares and other securities of the Company issuable upon the exercise of the Warrants will be irrevocably authorized and directed at all times to reserve such number of authorized shares of Preferred Shares and other securities as shall be requisite for such purpose. The Company will keep a copy of this Agreement on file with every Transfer Agent for the Preferred Shares and other securities of the Company issuable upon the exercise of the Warrants. The Company will supply every such Transfer Agent with duly executed stock and other certificates, as appropriate, for such purpose. The Company covenants and agrees that, upon exercise of the Warrants and payment of the Exercise Price therefor, all shares of Preferred Shares and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as any Warrants shall be outstanding, the Company shall use its best efforts to cause all shares of Preferred Shares issuable upon the exercise of the Warrants to be listed (subject to official notice of issuance) on all securities exchanges on which the Preferred Shares issued to the public in connection herewith may then be listed and/or quoted on The NASDAQ Stock Market.

14. No Rights as Stockholder; Notices to Holders in Certain Circumstances. Nothing contained in this Agreement shall be construed as conferring upon the Holders the right to vote or to consent or to receive notice as a stockholder in respect of any meetings of stockholders for the election of directors or any other matter, or as having any rights whatsoever as a stockholder of the Company. If, however, at any time prior to the expiration of the Warrants and their exercise, any of the following events shall occur:

(a) the Company shall take a record of the holders of its shares of Preferred Shares for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of current or retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company; or

(b) the Company shall offer to all the holders of its Preferred Shares any additional shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company, or any option, right or warrant to subscribe therefor; or

(c) a dissolution, liquidation or winding up of the Company (other than in connection with a consolidation or merger) or a sale of all or substantially all of its property, assets and business as an entirety shall be proposed;

then in any one or more of said events, the Company shall give written notice of such event at least fifteen (15) days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution, convertible or exchangeable securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of closing the transfer books, as the case may be. Failure to give such notice or any defect therein shall not affect the validity of any action taken in connection with the declaration or payment of any such dividend, or the issuance of any convertible or exchangeable securities, or subscription rights, options or warrants, or any proposed dissolution, liquidation, winding up or sale.

15. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly made and sent when delivered, or mailed by registered or certified mail, return receipt requested:

(a) if to the registered Holder(s) of the Warrants, to the addresses of such Holder as shown on the books of the Company; or

(b) if to the Company, to the address set forth in Section 4 hereof or to such other address as the Company may designate by notice to the Holders.

16. Supplements; Amendments; Entire Agreement. This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof and may not be modified or amended except by a writing duly signed by the party against whom enforcement of the modification or amendment is sought. The Company and the Placement Agent may from time to time supplement or amend this Agreement without the approval of any holders of Warrant Certificates (other than the Placement Agent) in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any provisions herein, or to make any other provisions in regard to matters or questions arising hereunder which the Company and the Placement Agent may deem necessary or desirable and which the Company and the Placement Agent deem shall not adversely affect the interests of the Holders.

17. Successors. All of the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the Company, the Placement Agent and their respective successors and assigns hereunder.

18. Survival of Representations and Warranties. All statements in any schedule, exhibit or certificate or other instrument delivered by or on behalf of the parties hereto, or in connection with the transactions contemplated by this Agreement, shall be deemed to be representations and warranties hereunder. Notwithstanding any investigations made by or on behalf of the parties to this Agreement, all representations, warranties and agreements made by the parties to this Agreement or pursuant hereto shall survive.

19. Governing Law. This Agreement and each Warrant Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be construed in accordance with the laws of said State without giving effect to the rules of said State governing the conflicts of laws.

20. Severability. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

21. Captions. The caption headings of the Sections of this Agreement are for convenience of reference only and are not intended, nor should they be construed as, a part of this Agreement and shall be given no substantive effect.

22. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company and the Placement Agent and any other registered Holder(s) of the Warrant Certificates or Warrant Shares any legal or equitable right, remedy or claim under this Agreement; and this Agreement shall be for the sole and exclusive benefit of the Company and the Placement Agent and any other Holder(s) of the Warrant Certificates or Warrant Shares.

23. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

IN WITNESS HEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first above written.

ATTEST:

/s/ Keith Fasano
Director of Compliance

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

By: /s/ Scott L. Mathis
Name: Scott L. Mathis
Title: Chief Executive Officer

DPEC CAPITAL, INC.

By: /s/ Tim Holderbaum
Name: Tim Holderbaum
Title: Financial and Operations Principal

WARRANT CERTIFICATE

THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER SUCH ACT (OR ANY SIMILAR RULE UNDER SUCH ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE.

THE TRANSFER OR EXCHANGE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED IN ACCORDANCE WITH THE WARRANT AGREEMENT DATED AS OF OCTOBER 1, 2012 BETWEEN THE ISSUER AND DPEC CAPITAL, INC.

EXERCISABLE ON OR BEFORE
5:30 P.M., NEW YORK TIME, March 31, 2018

Warrant No. ___

_____ Shares of Preferred Shares

This Warrant Certificate certifies that DPEC Capital, Inc., or registered assigns, is the registered holder of Warrants to purchase initially, at any time from March 31, 2013 until 5:30 p.m., New York time on March 31, 2018 ("Expiration Date"), up to ____,000 shares of fully-paid and non-assessable Series A Preferred Shares, $.01 par value per share (the "Preferred Shares") of ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC., a Delaware corporation (the "Company"), at the initial exercise price, subject to adjustment in certain events, of $2.30 per share of Preferred Shares (the "Exercise Price") upon surrender of this Warrant Certificate and payment of the Exercise Price at an office or agency of the Company, but subject to the conditions set forth herein and in the Warrant Agreement dated as of October 1, 2012 between the Company and DPEC Capital, Inc. (the "Warrant Agreement"). Payment of the Exercise Price shall be made by certified or official bank check in New York Clearing House funds payable to the order of the Company.

No Warrant may be exercised after 5:30 p.m., New York time, on the Expiration Date, at which time all Warrants evidenced hereby, unless exercised prior thereto, shall thereafter be void.

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants issued pursuant to the Warrant Agreement, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price and the type and/or number of the Company's securities issuable thereupon may, subject to certain conditions, be adjusted. In such event, the Company will, at the request of the holder, issue a new Warrant Certificate evidencing the adjustment in the Exercise Price and the number and/or type of securities issuable upon the exercise of the Warrants; provided, however, that the failure of the Company to issue such new Warrant Certificates shall not in any way change, alter, or otherwise impair, the rights of the holder as set forth in the Warrant Agreement.

Upon due presentment for registration of transfer of this Warrant Certificate at an office or agency of the Company, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided herein and in the Warrant Agreement, without any charge except for any tax or other governmental charge imposed in connection with such transfer.

Upon the exercise of less than all of the Warrants evidenced by this Certificate, the Company shall forthwith issue to the holder hereof a new Warrant Certificate representing such numbered unexercised Warrants.

The Company may deem and treat the registered holder(s) hereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, and of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary.

All terms used in this Warrant Certificate which are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

This Warrant Certificate does not entitle any holder thereof to any of the rights of a shareholder of the Company.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

Dated: _____, 2012

ATTEST:

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

_____
Secretary

By:_____
Name: Scott L. Mathis
Title: Chairman

Subsidiaries of Algodon Wines & Luxury Development Group, Inc.

1. InvestProperty Group, LLC, a Delaware limited liability company

2. Algodon Global Properties, LLC, a Delaware limited liability company

3. DPEC Capital, Inc., a Delaware corporation

4. Mercari Communications Group, Ltd., a Colorado corporation
(owned 96.5% by Algodon Wines & Luxury Development Group, Inc.)

5. The Algódon – Recoleta S.R.L., an Argentine Sociedad de Responsabilidad Limitada
(owned 100% through InvestProperty Group, LLC, Algodon Global Properties, LLC, and Algodon Properties II S.R.L.)

6. Algodon Europe Limited, a United Kingdom private company
(owned 100% by InvestProperty Group, LLC)

7. Algodon Properties II S.R.L., an Argentine Sociedad de Responsabilidad Limitada
(owned 100% through InvestProperty Group, LLC and Algodon Global Properties, LLC)

8. Algodon Wine Estates S.R.L., an Argentine Sociedad de Responsabilidad Limitada
(owned 100% through InvestProperty Group, LLC, Algodon Global Properties, LLC, Algodon Properties II S.R.L. and The Algódon – Recoleta S.R.L.)

ALGODON WINE ESTATES

850 hectares (2.050 acres)
Residential Lots, Vineyard Estates and Private Estancias
From 2.500 mts2 to 2 hectares

20 minutes away from San Rafael Airport
15 minutes away from downtown San Rafael
2,5 hs away from Mendoza city
2,5 hours away from Las Leñas Ski Center

ALGODON
WINE ESTATES &
CHAMPIONS CLUB
SAN RAFAEL • MENDOZA

Azcona Vega arquitectos

BORMIDA & YANZON ARQUITECTOS

ARGENTINA

Mendoza RN 144, Km 674, C. Benegas, (5.603) San Rafael, Arg. / Tel: +54 (260) - 4429 020 / C+54 9 (260) 4404 594

USA

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