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

FORM 10-K

(Mark one)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2016

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ________________

Commission file number: 000-55209

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 No.)
135 Fifth Avenue, Floor 10, New York, NY	10010
(Address of Principal Executive Offices)	(Zip Code)

(212) 739-7700
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: Not applicable

Securities registered pursuant to Section 12 (g) of the Act: Common Stock, par value $0.01 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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 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 [ ] (Do not check if a smaller reporting company)	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act): Yes [ ] No [X]

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of the last business day of the registrant's most recently completed second fiscal quarter ($2.00) was $60,988,430. (Management believes that the $2.00 figure is more accurate than the average bid and asked price as of June 30, 2016, which was $400.13.) Solely for the purposes of this calculation, shares held by directors, executive officers and 10% owners of the registrant have been excluded. Such exclusion should not be deemed a determination or an admission by the registrant that such individuals

are, in fact, affiliates of the registrant.

As of March 28, 2017, there were 42,937,873 shares of the registrant’s common stock outstanding.

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PART I

Forward-Looking Statements

This Annual Report on Form 10-K for the year ended December 31, 2016 contains forward-looking statements (as defined in Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). To the extent that any statements made in this Annual Report contain information that is not historical, these statements are essentially forward-looking. Forward-looking statements may be identified by the use of words such as expects," "plans," "will," "may," "anticipates," "believes," "should," "intends," "estimates" and other words or phrases of similar meaning. Although we believe that the expectations reflected in these forward-looking statements are reasonable and achievable, these statements are subject to a number of risks and uncertainties discussed under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Annual Report. All forward-looking statements attributable to us are expressly qualified by these and other factors. We cannot assure you that actual results will be consistent with these forward-looking statements.

Information regarding market and industry statistics contained in this Annual Report is included based on information available to us that we believe is accurate. Forecasts and other forward-looking information obtained from this available information is subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. The forward-looking statements made in this Annual Report relate only to events as of the date on which the statements are made. We do not undertake any obligation to publicly update any forward-looking statements. As a result, you should not place undue reliance on these forward-looking statements.

ITEM 1. BUSINESS.

Business and Overview of Algodon Wines & Luxury Development Group, Inc.

Through its wholly-owned subsidiaries, Algodon Wines & Luxury Development Group, Inc. ("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.

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
The Algodon - 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.

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. Repositioning means we are working to gradually increment our average fares to solidify our position as a luxury option. This trend has been well received in large metropolitan areas which have become quite competitive. We believe 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. We continue to seek opportunities where value can be added through re-capitalization, repositioning, expansion, improved marketing and/or professional management. We believe 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.

We are currently increasing our activity, occupancy and presence in the market by using direct marketing actions (FB, Trip Advisor, Relais & Chateau chains, internet presence), and expanding our net of travel agencies and operators, introducing effective changes in our direct sales capacity (new sales-oriented webpages, joint ventures with other hotel organizations, training of our reservations employees, implementing new reservation software). We have also reached out to travel industry media operators to develop new strategic relationships and we are implementing a new commercial management operation for a more aggressive approach with a sales-oriented objective. AWLD has built a team of industry professionals to assist in implementing its vision toward repositioning real estate assets. See "Item 10 Directors, Executive Officers and Corporate Governance."

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.

Long Term Growth Strategy

One of AWLD's goals include positioning its brand ALGODON® as one of luxury. We continue to form 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. AWLD may also be able to acquire property for stock instead of cash.

The ALGODON® Brand

We believe that the force and power of brand is of paramount importance in the luxury real estate/hotel market. 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. In 2016, the Algodon Mansion hotel received an international award of excellence from TripExpert, and was awarded 8th place in the 'Top 20 International Hideaway' category for Andrew Harper's 2016 Readers' Choice Awards.

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 March 15, 2017, Relais & Châteaux's global fellowship of individually owned and operated luxury hotels and restaurants has nearly 530 members in 64 countries on six 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. We own and manage the food and beverage operations (restaurant, events, catering) at Algodon Club.

ALGODON
Wine Bar

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. Le Spa's licensed medical specialists help to design customized holistic treatments for each individual with an emphasis on organic, non-invasive and non-aggressive products for the face and body.

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 2,050-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.

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 completed the expansion of its nine-hole golf course to 18 holes during 2013, 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 Wines

Algodon Wine Estates 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 March 2014, Algodon Wine Estates acquired its own bottling machine in order to improve the winery's production capacity. This 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 significantly increased our production capacity. During the production year of 2016, we produced over 100,000 liters, which would translate roughly to about 120,000 bottles or 10,000 cases, representing a production increase of 81% over the prior year's production. Despite our increased production capacity, production during 2015 was negatively affected by a significant hailstorm. During 2015, we produced 55,000 liters, which translates to about 73,000 bottles or 6,000 cases of wine.

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. 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 andwww.initiumworldwide.com, and believes this may result in a significantly improved presence of Algodon wines in the Brazilian market. In the United States, Algodon Fine Wines will soon be available for sale online at Sherry-Lehmann.com (which ships to 39 states), and at Sherry-Lehmann's iconic retail store in New York City.

Through December 2015, Jomada Imports, LLC (www.jomadaimports.com) ("Jomada"), with its principal location at 500 Capital Drive, Lake Zurich, IL 60047 was the authorized importer of wines to the U.S. bearing the name Algodon Wine Estates; San Rafael, Argentina and was authorized to import wine under Federal Basic Permit IL-I-15170. The Company's agreement with Jomada was terminated effective January 8, 2016. On June 1, 2016, the Company executed an import and distribution agreement with Seaview Imports, with its principal location is at 48 Harbor Park Drive, Suite D, Port Washington, NY 10150.

None of the understandings with wine importers constitute a binding commitment by either party to produce, import or export the Company's wines; performance by any of the parties is dependent upon numerous factors such as economic and political climate, consumer spending, weather, the Company's ability to continue wine production operations, the market acceptance of the Company's products, and other matters described in the Item 1A - Risk Factors.

AWE 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.

James Galtieri holds the title of Senior Wine Advisor on Algodon's Advisory Board. 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 ranked among the World Association of Wine & Spirit Writers' and Journalists' (WAWWJ®) Top 100 Wines of the World 2014. In 2016 Algodon's Black Label Malbec was awarded a gold medal in the Global Malbec Masters 2016 Wine Competition

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 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.

Ginevra Sotheby's International Realty provides sales representation for AWLD's residential development. Ginevra Sotheby's International Realty is a leading luxury real estate firm in Buenos Aires, Argentina with listings in the most prestigious neighborhoods in the city of Buenos Aires and the rest of the country. Through Ginevra Sotheby's International Realty's website (ginevrasir.com), Algodon Wine Estates listings will be marketed on the sothebysrealty.com, to a global clientele.

Currently, AWLD is developing lots for sale to third party builders and is not engaged in any construction activity. To date, twenty-one lots have been sold, and the Company expects to close on the sale of these lots and record the deeds during 2017. Revenue is recorded when the deeds are issued. To date, no deeds have been issued. As of December 31, 2016, the Company has $1,652,180 of lot deposits for pending sales.

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 on January 16, 2008 filed a Certificate of Amendment of Certificate of Incorporation changing its name to DPEC Capital, Inc. DPEC Capital was broker-dealer registered with the U.S. Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority ("FINRA") and was charged with raising sufficient capital for the development of AWLD's operations.. On November 29, 2016, our Board of Directors determined that it was in the Company's best interest to close down DPEC Capital and we ceased our broker-dealer operations on December 31, 2016. On February 21, 2017, our request to FINRA for Broker-Dealer Withdrawal ("BDW") became effective.

Mercari Communications Group, Ltd.

On December 20, 2016, the Company entered into a Stock Purchase Agreement (the "Transaction") with China Concentric Capital Group, Inc. (the "Purchaser"), in which the Purchaser would purchase all 43,822,001 shares of common stock of Mercari Communications Group, Ltd., a Colorado corporation ("Mercari") held by the Company and any additional shares of Mercari currently held by the Company (the "Shares") for $260,000 (a net after fees and expenses of less than $200,000) (the "Purchase Price").

On January 20, 2017, the Transaction was completed and the Company assigned to the Purchaser all its right, title and interest to the Shares and to amounts payable to the Company for non-interest bearing advances to Mercari, which advances, as of January 20, 2017, were in the aggregate amount of $150,087.

In connection with the Transaction, J.M. Walker & Associates (the "Escrow Agent") disbursed a total of $199,250 to the Company, a total of $60,000 in business consulting fees to three consultants, and $750 to the Escrow Agent for services.

Ticker Symbol

AWLD was verified for trading on the OTCQB Venture Marketplace under the symbol "VINO" on March 7, 2016.

Employees

Including the operating subsidiaries in Argentina, the Company has approximately 63 full-time employees. In Argentina, AWLD also employs temporary, seasonal employees during the busy harvest season. In the United States, AWLD currently employs approximately thirteen full-time employees, including four who are compensated in part on a commission basis. None of the employees in the United States are covered by a collective bargaining agreement and management believes it has good relations with its employees.

Available Information

We maintain a website at http://www.algodongroup.com. The information contained on, or accessible through, our website is not part of this Annual Report on Form 10-K. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Exchange Act, are available on our website, free of charge, as soon as reasonably practicable after we electronically file such reports with, or furnish those reports to, the SEC.

In addition, we maintain our corporate governance documents on our website, including:

- a Code of Business Conduct and Ethics for Directors, Officers and Employees which contains information regarding our whistleblower procedures,
- our Insider Trading Policy,
- our Audit Committee Charter,
- our Trading Blackout Policy, and
- our Related Party Transaction Policy.

ITEM 1A. RISK FACTORS

An investment in our securities involves certain risks relating to our structure and investment objective. The risks set forth below are the risks we have identified and which we currently deem material or 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

In December 2015, Mauricio Macri took office as the new president of Argentina, and along with new finance minister Alfonso Prat-Gray, has made a number of decisions in pursuit of economic reform, including removing currency controls, which resulted in a 30% devaluation of the peso. Is it not certain what other policy changes may take place, or what the impact of the changes may be on the economy of Argentina. Our discussion below is based on recent history without regard to changes that may occur in the future as a result of the new administration.

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 15.5 pesos per dollar in March 2017.

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, then 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 even though the Macri administration has not announced any plans for nationalization, 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 National Institute of Statistics and Census ("Instituto Nacional de Estadísticas y Censos" or the "INDEC") reports that inflation for 2016 was 27% while some private estimates report inflation at nearly 30%. The high inflation rate has resulted in nationwide strikes, devaluation of the Argentine peso in January 2014 and again in December 2015, 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.

For accounting purposes, 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 estimated cumulative three-year inflation rate for Argentina through the end of 2016 is 90.9%.

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

After the economic crisis in 2002, the Argentine government has maintained a policy of fiscal surplus. To be able to repay its debt, the Argentine government may be required to continue adopting austere fiscal measures that could adversely affect 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, but the U.S. Supreme Court declined to consider Argentina's appeal.

A U.S. Court of Appeals blocked the most recent debt payment made by Argentina in June 2014 because it was improperly structured, giving Argentina through the end of July 2014 to find a way to pay to fulfill its obligations. On or about July 30, 2014, credit rating agencies Fitch and S&P declared Argentina to be in "selective default" after a U.S. judge blocked trustee Bank of New York Mellon from making payments to Argentine bond holders, after Argentina deposited the $539 million in funds due to bond holders with the trustee. The court's reason for blocking the payments was due to Argentina failing to reach an agreement with a group of hedge funds that are holding out for better terms on old Argentine defaulted debt. In August 2014, Argentina filed a petition with the International Court of Justice against the United States alleging that courts have violated its sovereignty with respect to payments to Argentina's creditors. For the suit to proceed, the U.S. would have to consent to jurisdiction, which may be unlikely. In March 2015, more than 500 creditors, separate from the hedge fund creditors, filed suit against Argentina for payment on debt of $5.4 billion. Argentina filed a motion opposing those claims noting that there were now $10 billion in judgments and claims before the court. In February 2016, Argentina offered a $6.5 billion cash payment to creditors suing the country over defaulted bonds which represents roughly 75% of the principal and interest owed on the bonds. During 2016 Argentina has paid more than $6.2 billion to settle disputes with 20 creditors.

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.

There can be no assurance that the Argentine government will not truly default (as opposed to the current technical default) on its obligations under its bonds if it experiences another economic crisis. A new default by the Argentine government could lead to a new recession, higher inflation, restrictions on Argentine companies to access financing and funds, limit the operations of Argentine companies in the international markets, higher unemployment and social unrest, which would negatively affect our financial condition, results of operations and cash flows.

The Argentine government may again place currency limitations on withdrawals of funds.

Through 2015, the Argentine government, led by then president Cristina Fernández, 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.

During 2015, newly elected President, Mauricio Macri ended the central bank's support of the peso and removed the currency controls that limited the ability of Argentines to buy dollars, resulting in a 30% devaluation of the Argentine peso.

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 and rising utility rates. 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 (61,776 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 and the total land held for cultivation of fruit or wines by the Company is 834 hectares, this law may apply to the Company in the future, and could affect the Company's ability to acquire additional real property in Argentina. The inability to acquire additional land could curtail the Company's growth strategy.

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 Wine Estates has 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.

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;
- 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 investment will depend largely upon the ability of management 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 Europe through Algodon Europe Ltd., a wholly-owned subsidiary. In countries to which Algodon Wine Estates intends to export its products, 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 profit and cash flow. Such a loss would seriously harm the business and reduce overall sales and profits. The Company is not insured against crop losses as a result of weather conditions or natural disasters. 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.

Climate change, or legal, regulatory or market measures to address climate change, may negatively affect our business, operations or financial performance, and water scarcity or poor water quality could negatively impact our production costs and capacity.

Our wine business depends upon agricultural activity and natural resources. There has been much public discussion related to concerns that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. Severe weather events and climate change may negatively affect agricultural productivity in the regions from which we presently source our agricultural raw materials such as grapes. Decreased availability of our raw materials may increase the cost of goods for our products. Severe weather events or changes in the frequency or intensity of weather events can also disrupt our supply chain, which may affect production operations, insurance cost and coverage, as well as delivery of our products to wholesalers, retailers and consumers.

Water is essential in the production of our products. The quality and quantity of water available for use is important to the supply of grapes and our ability to operate our business. Water is a limited resource in many parts of the world and if climate patterns change and droughts become more severe, there may be a scarcity of water or poor water quality that may affect our production costs or impose capacity constraints.

Various diseases, pests and certain weather conditions may negatively affect our business, operations or financial performance.

Various diseases, pests, fungi, viruses, drought, frosts and certain other weather conditions could affect the quality and quantity of grapes other agricultural raw materials available, decreasing the supply of our products and negatively impacting profitability. We cannot guarantee that our grape suppliers or our suppliers of other agricultural raw materials will succeed in preventing contamination in existing vineyards or fields or that we will succeed in preventing contamination in our existing vineyards or future vineyards we may acquire. Future government restrictions regarding the use of certain materials used in growing grapes or other agricultural raw materials may increase vineyard costs and/or reduce production of grapes or other crops. Growing agricultural raw materials also requires adequate water supplies. A substantial reduction in water supplies could result in material losses of grape crops and vines or other crops, which could lead to a shortage of our product supply.

Contamination could adversely affect our sales

The success of our brands depends upon the positive image that consumers have of those brands. Contamination, whether arising accidentally or through deliberate third-party action, or other events that harm the integrity or consumer support for our brands, could adversely affect their sales. Contaminants in raw materials, packaging materials or product components purchased from third parties and used in the production of our wine or defects in the fermentation or distillation process could lead to low beverage quality as a perceived failure to maintain high ethical, social and environmental standards for all of our operations and activities; a perceived failure to address concerns relating to the quality, safety or integrity of our products; our environmental impact, including use of agricultural materials, packaging, water and energy use, and waste management; or effects that are perceived as insufficient to promote the responsible use of alcohol.

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.

General Corporate Business Considerations

Insiders continue to have substantial control over the Company

As of March 28, 2017, the Company's directors and executive officers hold the current right to vote approximately 20.5% of the Company's outstanding voting stock. Of this total, 16.7% 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.

There is little to no public market for trading the Company's common stock.

Although the Company's shares are quoted on the over-the-counter market, there is little to no public trading market for our common stock, and there can be no assurance that a trading market will ever develop or be sufficiently liquid for an investor to sell his or her shares. Investors must be prepared to hold such securities for an indefinite period of time even after the restricted stock holding period has expired.

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

Our independent registered public accountant noted that our recurring losses from operations (continuing) of $6,560,871 and $6,109,812 for the years ended December 31, 2016 and 2015, respectively) and negative net operating cash flow $6,469,560 and, $6,537,708 for the years ended December 31, 2016 and 2015, respectively) 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 Annual Report. 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 States. His duties as CEO of Hollywood Burger Holdings, Inc. consume approximately 15-25% of his time, which may interfere with Mr. Mathis's duties as the CEO of AWLD.

In addition, Maria Echevarria, Chief Financial Officer and Chief Operating Officer of AWLD also serves as the Chief Financial Officer of Hollywood Burger Holdings, Inc. Ms. Echevarria's duties as CFO of Hollywood Burger Holdings Inc. consume approximately 10% of her time, which may interfere with her duties as the CFO of AWLD.

Our management is relatively inexperienced with running a public company and could create a risk of non-compliance.

Management's inexperience with running a public company may cause us to fall out of compliance with applicable regulatory requirements, which could lead to enforcement action against us and a negative impact on our stock price.

Compliance with changing regulation of corporate governance and public disclosure may result in additional expenses and could create a risk of non-compliance.

Changing laws, regulations and standards relating to corporate governance and public disclosure have created uncertainty for public companies and significantly increased the costs and risks associated with accessing the public markets and public reporting. These corporate governance standards are the product of many sources, including, without limitation, public market perception, stock exchange regulations and SEC disclosure requirement. Our management team expects to invest significant management time and financial resources to comply with both existing and evolving standards for public companies, which will lead to increased general and administrative expenses and a diversion of management time and attention from revenue generating activities to compliance activities. Management's inexperience may cause us to fall out of compliance with applicable regulatory requirements, which could lead to enforcement action against us and a negative impact on our stock price.

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 faces significant regulation by the SEC and state securities administrators

The holders of shares of AWLD's common 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.

There is no guarantee that the Company's securities will be available for trading on a national stock exchange.

Although the Company has announced its intent to list a class of its securities on a national exchange such as NYSE MKT or NASDAQ, there is no assurance that the Company will ever do so or meet the requirements of such exchanges to list its securities. As a result, the stockholders of the Company may have a difficult time reselling their shares.

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 and 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 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. 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 2020. 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 3. 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. We do not believe that we are involved in any litigation that is likely, individually or in the aggregate, to have a material adverse effect on our consolidated financial condition, results of operations or cash flows. Notwithstanding the above, in connection with the routine audit of DPEC Capital commenced in November 2016, the Company has promptly responded to requests from the SEC regarding the reported unregistered sales of the Company's securities.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

On January 20, 2016 FINRA cleared the request to submit quotations on the OTC Bulletin Board and in OTC Link by Glendale Securities, Inc. of Sherman Oaks, California. On March 7, 2016, Company was upgraded from the Pink Sheets of OTC Markets to the OTCQB Venture Marketplace. There was no public trading market for the Company's common stock for the quarterly periods within fiscal year 2015. In fiscal year 2016, because there were only limited and sporadic quotations of the Company's common stock, the Company does not believe that there was an established public trading market.

In light of the above, transaction of our common stock are currently reported under the symbol "VINO" on the OTCQB. The first trade on the over-the-counter market occurred on September 23, 2016. The following table sets forth the range of high and low bids reported in the over-the-counter market for our common stock. The prices reflect inter-dealer prices, do not include retail mark-ups, markdowns or commissions, and do not necessary reflect actual transactions.

Fiscal Year 2016	High	Low
First Quarter (beginning on January 22)	$ 0.10	$ 0.10
Second Quarter	$ 800.00	$ 0.10
Third Quarter	$ 400.13	$ 0.25
Fourth Quarter	$ 3.00	$ 0.25

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.

There were approximately 690 holders of the Company's common stock as of March 28, 2017.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth securities authorized for issuance under equity compensation plans as of December 31, 2016.

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 compenation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders:			
2008 Plan	7,124,265	2.41	1,875,735
2016 Plan	900,000	2.20	324,308
Equity compensation plans not approved by security holders	-	-	-
Total	8,024,265	2.39	2,200,043

Recent Sales of Unregistered Securities

During the three months ended December 31, 2016, the Company issued 775,136 shares of its common stock for $2.00 per share to accredited investors in a private placement transaction for gross proceeds of $1,550,271. No general solicitation was used in this offering. For this sale of securities, the Company relied on the exemption from registration available under Section 4(a)(2) and Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering. Commissions earned by DPEC Capital, Inc. the Company's registered broker dealer subsidiary in connection with these share issuances, included $68,715 of cash commissions and warrants to purchase 115,343 shares of common stock at an exercise price of $2.00 per share. DPEC Capital, Inc., in turn, awarded such warrants to its registered representatives who all had sufficient knowledge and experience in financial, investment and business matters to be capable of evaluating the merits and risks of investment in the Company and able to bear the risk of loss. An initial Form D was filed with the SEC on October 8, 2015 and an amended Form D was filed on December 8, 2016.

Subsequently, and pursuant to the same private placement transaction above, on January 7, 2017, the Company issued 25,000 shares of its common stock to one accredited investor for gross proceeds of $50,000. Commissions earned by DPEC Capital Inc. included $5,000 of cash commissions and warrants to purchase 2,500 shares of common stock at an exercise price of $2.00 per share. DPEC Capital, Inc., in turn, awarded such warrants to its registered representatives.

On October 20, 2016, the Company granted five-year options for the purchase of 100,000 shares of the Company's common stock to an employee of the Company and five-year options for the purchase of an aggregate 400,000 shares of the Company's common stock to Company consultants, under the 2016 Plan, at an exercise price of $2.20 per share. No general solicitation was used in this offering and options were granted to employees and consultants who all had sufficient knowledge and experience in financial, investment and business matters to be capable of evaluating the merits and risks of investment in the Company and able to bear the risk of loss. For this sale of securities, the Company relied on the exemption from registration available under Section 4(a)(2) of the Securities Act with respect to transactions by an issuer not involving any public offering.

On March 24, 2017, the Company issued 15,000 shares of its Series B Preferred Shares for $10.00 per share to one accredited investor in a private placement transaction for gross proceeds of $150,000. Series B Preferred Shares feature an 8% annual dividend and will be subject to certain rights and obligations to convert to common shares on a ten to one basis. A description of the Series B Preferred Shares is set forth in the Company's Current Report on Form 8-K as filed with the SEC on March 2, 2017. No general solicitation was used in this offering. For this sale of securities, the Company relied on the exemption from registration available under Section 4(a)(2) and Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering. No commissions were paid in connection with the transaction. An initial Form D will be filed with the SEC on or before April 7, 2017.

Other than as set forth herein or in the Company's current reports on Form 8-K or quarterly reports on Form 10-Q, there have not been any sales of unregistered securities.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

We did not purchase any of our equity securities during the twelve months ended December 31, 2016.

In connection with the private placement transaction during the three months ended December 31, 2016, on or about January 17, 2017, at the request of the investor, the Company cancelled 2,500 shares of its common stock previously issued to one accredited investor and refunded the investor the full purchase price of the securities, which was $5,000. Warrants to purchase 250 shares of common stock and commissions in the amount of $500 were returned by DPEC Capital, Inc. to the Company.

ITEM 6. SELECTED FINANCIAL DATA

As a smaller reporting company, we are not required to provide the information required by this Item.

ITEM 7. 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-K 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-K 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.

Developments and Trends

Investment in foreign real estate requires consideration of certain risks typically not associated with investing in the United States. Such risks include, 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. See also Item 1A—Risk Factors for more information.

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. Additionally, no foreign individual or entity can acquire more than 30 percent within the allowed 15 percent of the total land of the department.

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 (61,776 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. Currently, the Company owns Argentine rural land through two legal entities, including one entity that owns 780 hectares (1,880 acres) and another that owns 54 hectares (130 acres), all of which is considered land held for cultivation of fruit or vines. Because the maximum area for this type of land allowed per non-national is 25,000 hectares, the Company is compliant with the law's limit, were it to apply today. Costs of compliance with the law may be significant in the future.

Currently AWLD is developing lots for sale to third party builders and is not engaged in any construction activity. Twenty-one lots have been sold, and the Company expects to close on the sale of these lots and record the deeds during 2017. To date, no deeds have been issued. As of December 31, 2016, the Company has $1,652,180 of lot deposits for pending sales.

As reflected in our consolidated financial statements we have generated significant losses from operations (continuing) of $6,560,871 and $6,109,812 for the years ended December 31, 2016 and 2015, respectively, consisting primarily of general and administrative expenses, 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 and obtaining additional debt or equity capital sufficient to fund operations. Our business strategy may not be successful in addressing these issues and there can be no assurance that we will be able to obtain any additional capital. If we cannot execute our business plan (including acquiring additional capital), our stockholders may lose their entire investment in us. If we are able to obtain additional debt or equity capital (of which there can be no assurance), we hope to acquire additional management as well as increase marketing our products and continue the development of our real estate holdings.

Financings

In 2016 and 2015, we raised, net of repayments, approximately $7,056,000 and $6,181,000, respectively 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.

Quotation on OTC Bulletin Board

On January 20, 2016 FINRA cleared the request to submit quotations on the OTC Bulletin Board and in OTC Link by Glendale Securities, Inc. of Sherman Oaks, California. In addition, the Company submitted its application for quotation on the OTCQB marketplace and was approved on March 7, 2016. The first trade on the over-the-counter market occurred on September 23, 2016.

Consolidated Results of Operations

Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

The following table represents selected items in our consolidated statements of operations for the years ended December 31, 2016 and 2015, respectively:

	For the Years Ended December 31,	
	2016	**2015**
Sales	$ 1,526,075	$ 1,866,685
Cost of sales	(1,760,451)	(2,225,813)
Gross loss	(234,376)	(359,128)
Operating Expenses		
Selling and marketing	154,626	220,019
General and administrative	6,107,016	5,306,383
Depreciation and amortization	64,853	224,282
Total operating expenses	6,326,495	5,750,684
Loss from Operations	(6,560,871)	(6,109,812)
Other Expenses		
Interest expense, net	207,913	319,748
Common Stock price modification	941,530	-
Warrant modification expenses	89,549	-
Total other expenses	1,238,992	319,748
Loss from Continuing Operations	(7,799,863)	(6,429,560)
Loss from Discontinued Operations	(2,242,278)	(1,849,404)
Net Loss	$ (10,042,141)	$ (8,278,964)

Overview

We reported net losses from continuing operations of approximately $7.8 million and $6.4 million for the years ended December 31, 2016 and 2015, respectively, reflecting an increase of approximately $1.4 million or 21%. Our results were impacted by both the devaluation of the Argentine Peso and decreases in operating expenses, partially offset by increases in common stock price modification expense, and warrant modification expense.

Revenues

Revenues from continuing operations were approximately $1.5 million and $1.9 million during the years ended December 31, 2016 and 2015, respectively, reflecting a decrease of approximately $341 thousand or 18%. Decreases in revenues primarily resulted from the impact of the decline in the value of the Argentine peso ("ARS") vis-à-vis the U.S. dollar during 2016. There was an average devaluation of the Argentine peso from 9.25 for the year ended December 31, 2015 to 14.76 for the year ended December 31, 2016, which decreased the average worth of the Argentine peso from US $0.11 to $0.07. Increases in hotel and wine and revenues of $732,000 were offset by $1,073,000 decrease in revenues resulting from the impact of the decline in value of the Argentine peso vis-à-vis the U.S. dollar for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Total sales from Argentina were ARS $26.5 million during the year ended December 31, 2016 as compared to ARS $17.1 million during the year ended December 31, 2015, reflecting a net increase of approximately ARS $9.4 million or 55%. Hotel room and event revenues were approximately ARS $12.5 million and ARS $7.9 million during both years ended December 31, 2016 and 2015, representing an increase of approximately ARS $4.6 million, or 58.6% due to higher occupancy and average room rates. Restaurant revenues were approximately ARS $4.7 million and 4.8 million during the years ended December 31, 2016 and 2015. Argentine winemaking revenues were approximately ARS $7.7 million and 3.3 million during the years ended December 31, 2016 and 2015, respectively, representing an increase of approximately ARS $4.4 million or 131.8%, resulting from an expansion of distribution channels and additional investments in marketing and sales staff. Other revenues, including golf, tennis and agricultural revenues, were ARS $1.7 million and ARS $1.1 million during the years ended December 31, 2016 and 2015, respectively. The increase of ARS $0.6 million is primarily due to an increase in agricultural revenues.

Gross loss

We generated a gross loss of approximately $234,000 from continuing operations for the year ended December 31, 2016 as compared to a gross loss of approximately $359,000 from continuing operations for the year ended December 31, 2015, representing a decrease of $125,000 or 35%. The variance results primarily from the impact of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar for the year ended December 31, 2016 compared to the year ended December 31, 2016.

Cost of sales, which consists of raw materials, direct labor and indirect labor associated with our business activities, decreased by $465,000 from $2,226,000 for the year ended December 31, 2015 to $1,761,000 for the year ended December 31, 2016. The $603,000 increase in wine and hotel costs was offset by a $1,068,000 decrease in cost of sales resulting from the impact of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar for the year ended December 31, 2016 compared to the year ended December 31, 2015.

The restaurant and golf and tennis business units at AWE realized negative margins in 2016 and 2015, due to significant fixed costs (i.e. depreciation on golf courses and tennis courts) related to these business units. The restaurant and golf and tennis are kept open every day at a loss, in order to support the image of the winery. During 2016 and 2015, we recorded approximately $91,000 and $193,000, respectively, in inventory write-down as the result significant hailstorms which damaged vineyard in process.

Selling and marketing expenses

Selling and marketing expenses were approximately $155,000 and $220,000 from continuing operations, for the years ended December 31, 2016 and 2015, respectively, representing a decrease of approximately $65,000 or 30%. The decrease is primarily due to expenses incurred during 2015 related to a marketing event to promote our international wine sales, including meeting with potential importers and distributors, as well as potential wine clients and investors in China, the Middle East and Europe.

General and administrative expenses

General and administrative expenses were approximately $6,107,000 and $5,306,000 from continuing operations for the years ended December 31, 2016 and 2015, respectively, representing an increase of approximately $801,000 or 15%. The increase in general and administrative expenses is primarily related to $872,615 increase in stock-based compensation related to stock and warrants granted to consultants in exchange for services, and $304,000 increase in commission expenses, partially offset by decreases in compensation expense resulting from headcount reductions and the impact of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Depreciation and amortization expense

Depreciation and amortization expense was approximately $65,000 and $225,000 during the years ended December 31, 2016 and 2015, respectively, a decrease of approximately $160,000 or 71%. It should be noted that approximately an additional $103,000 and $169,000 of depreciation and amortization expense was capitalized to inventory during the years ended December 31, 2016 and 2015, respectively. Most of our property and equipment is located in Argentina and the 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 $208,000 and $320,000 during the years ended December 31, 2016 and 2015, respectively, representing a decrease of approximately $112,000, or 35%. The decrease is primarily due to a decrease in amounts due under payment plans for Argentine taxes, as well as decreases in convertible debt interest during the period, as well as decreases resulting from to the devaluation of the Argentine peso relative to the United States dollar.

Discontinued Operations

On November 29, 2016, our Board of Directors determined that it was in the Company's best interest to close down DPEC Capital and we ceased our broker-dealer operations December 31, 2016. On February 21, 2017, our request to FINRA for Broker-Dealer Withdrawal ("BDW") became effective.

AWLD also owned approximately 96.5% of Mercari Communications Group, Ltd. ("Mercari"), a public shell corporation current in its SEC reporting obligations. On December 20, 2016, we entered into a Stock Purchase Agreement with a Purchaser, whereby the Purchaser agreed to purchase all of our shares or Mercari for $260,000. The sale of Mercari stock was completed on January 20, 2017 and we received net proceeds after expenses of $199,250.

Liquidity and Capital Resources

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

	For the Years Ended December 31,	
	2016	2015
Cash	$ 131,190	$ 110,645
Working Capital Deficiency	$ (1,643,034)	$ (1,477,183)

Based upon our working capital situation as of December 31, 2016, 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, 2016 and 2015, we have relied primarily on private placement equity offerings to third party independent, accredited investors to sustain operations. These offerings were conducted by our wholly-owned subsidiary DPEC Capital, Inc. which was discontinued at year end.

During the year ended December 31, 2016, we issued 3,146,875 shares of common stock at prices from $2.00 to $2.50 per share for cash proceeds of $7,097,862. During the year ended December 31, 2015, we issued 2,821,942 shares of common stock at $2.00 per share for cash proceeds of $5,643,884 and issued 274,860 shares of common stock at $2.50 per share for cash proceeds of $687,150. On June 1, 2016, the Company issued an additional 470,771 common shares for no consideration, to investors who had purchased shares between December 2015 and May 2016 at a price of $2.50 per share, in order to effectively reduce the per share price to $2.00 per share. All shares were issued to accredited investors in private placement transactions.

The proceeds from these financing activities were used to fund our existing operating deficits, expenditures associated with our real estate development projects, enhanced marketing efforts to increase revenues and the general working capital needs of the business. 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, 2016 and 2015

Net Cash Used in Operating Activities

Net cash used in operating activities for the years ended December 31, 2016 and 2015, amounted to approximately $6,470,000 and $6,538,000, respectively. During the year ended December 31, 2016 the net cash used in operating activities was primarily attributable to the net loss of approximately $10,042,000, adjusted for approximately $3,821,000 of non-cash expenses and $248,000 cash provided by changes in the levels of operating assets and liabilities. During the year ended December 31, 2015 the net cash used in operating activities was primarily attributable to the net loss of approximately $8,279,000, adjusted for approximately $1,674,000 of non-cash expenses and $67,000 cash 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, 2016 and 2015 amounted to approximately $549,000 and $470,000, respectively, and was related to the purchase of property and equipment.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the years ended December 31, 2016 and 2015 amounted to approximately $7,056,000 and $6,181,000, respectively. For the year ended December 31, 2016, the net cash provided by financing activities resulted primarily from the issuance of equity securities for net proceeds of approximately $7,098,000 and proceeds from loans payable of approximately $68,000, partially offset by net repayments of debt of approximately $110,000. For the year ended December 31, 2015, the net cash provided by financing activities resulted primarily from the issuance of equity securities for net proceeds of approximately $6,331,000, partially offset by net repayments of debt of approximately $150,000.

Going Concern and Management's Liquidity 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.

Based on current cash on hand and subsequent activity as described herein, our cash-on-hand only allows us to operate our business operations on a month-to-month basis. Because of our limited cash availability, we have scaled back our operations to the extent possible. While we are exploring opportunities with third parties and related parties to provide some or all of the capital we need, we have not entered into any agreement to provide us with the necessary capital. Historically, the Company has been successful in raising funds to support our capital needs. During the first three months of 2017, we raised additional capital through the sale of convertible promissory notes to accredited investors for total gross proceeds of $1,260,000, and the sale of Series B convertible preferred stock for gross proceeds $150,000. However, if we are unable to obtain additional financing on a timely basis, we may have to delay 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, 2016 and 2015 consolidated financial statements.

Off-Balance Sheet Arrangements

None.

Contractual Obligations

As a smaller reporting company, we are not required to provide the information required by paragraph (a)(5) of this Item.

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 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, (15.9681 and 12.9441 at December 31, 2016 and 2015, respectively) and revenue and expense accounts are translated at a weighted average exchange rate for the period or for the year then ended (14.7590 and 9.2495 for the years ended December 31, 2016 and 2015, respectively). Resulting translation adjustments are made directly to accumulate other comprehensive income. Losses arising from exchange rate fluctuations on transactions denominated in a currency other than the functional currency of $52,528 and $360,170 for the years ended December 31, 2016 and 2015, 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 90.9%, although the International Monetary Fund has concerns regarding the accuracy of the official data.

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, 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. During the year ended December 31, 2016 and December 31, 2015, we recorded a write-down in the value of work-in-process inventory of approximately $91,000 and $193,000, respectively, as a result of hailstorms that occurred during each year.

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
Furniture and fixtures	3 - 10 years
Vineyards	7 - 20 years
Machinery and equipment	3 - 20 years
Leasehold improvements	3 - 5 years
Computer hardware and software	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. Such costs will be allocated to individual lots proportionately based on square meters and those allocated costs will be derecognized upon the sale of individual lots. Given that they are not currently in service, capitalized real estate development costs are currently not being depreciated. Land is an inexhaustible asset and is not 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.

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-owner 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, 2016 and 2015, 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.

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.

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 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers," ("ASU 2014-09"). ASU 2014-09 supersedes the revenue recognition requirements in ASC 605 - Revenue Recognition and most industry-specific guidance throughout the ASC. The standard requires that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. ASU 2014-09 should be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application. To allow entities additional time to implement systems, gather data and resolve implementation questions, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, in August 2015, to defer the effective date of ASU No. 2014-09 for one year, which is fiscal years beginning after December 15, 2017. We are currently evaluating the impact of the adoption of ASU 2014-09 on our consolidated financial statements or disclosures.

In July 2015, the FASB issued ASU 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory," which applies to inventory that is measured using first-in, first-out ("FIFO") or average cost. Under the updated guidance, an entity should measure inventory that is within scope at the lower of cost and net realizable value, which is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Subsequent measurement is unchanged for inventory that is measured using last-in, last-out ("LIFO"). This ASU is effective for annual and interim periods beginning after December 15, 2016, and should be applied prospectively with early adoption permitted at the beginning of an interim or annual reporting period. The adoption of ASU 2015-11 did not have a material impact on the Company's financial statements.

In November 2015, FASB issued ASU No. 2015-17, "Income Tax (Topic 740): Balance Sheet Classification of Deferred Taxes," ("ASU 2015-17"). This ASU requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. We do not anticipate that the adoption of ASU 2015-17 will have a material impact on our financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)" ("ASU 2016-02"), which increases the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 will require lessees to recognize a right-of-use (ROU) asset for its right to use the underlying asset and a lease liability for the corresponding lease obligation for leases with terms of more than twelve months. Both the ROU asset and lease liability will initially be measured at the present value of the future minimum lease payments over the lease term. Subsequent measurement, including the presentation of expenses and cash flows, will depend on the classification of the lease as either a finance or an operating lease. Accounting by lessors will remain largely unchanged from current U.S. GAAP. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, and interim periods within those years, with early adoption permitted, and is to be applied as of the beginning of the earliest period presented using a modified retrospective approach. We are currently evaluating the impact that the provisions of ASU 2016-02 will have on our financial statements and related disclosures.

In March 2016, the FASB issued ASU No. 2016-08, "Revenue from Contracts with Customers - Principal versus Agent Considerations." This Update provides clarifying guidance regarding the application of ASU No. 2014-09 – Revenue From Contracts with Customers when another party, along with the reporting entity, is involved in providing a good or a service to a customer. In these circumstances, an entity is required to determine whether the nature of its promise is to provide that good or service to the customer (that is, the entity is a principal) or to arrange for the good or service to be provided to the customer by the other party (that is, the entity is an agent). The amendments in the Update clarify the implementation guidance on principal versus agent considerations. The Update is effective, along with ASU 2014-09, for annual and interim periods beginning after December 15, 2017. The adoption of ASU 2016-8 is not expected to have a material impact on our consolidated financial statement or disclosures.

In March 2016, the FASB issued ASU No. 2016-09, "Compensation – Stock Compensation (Topic 718)" ("ASU 2016-09"). ASU 2016-09 requires an entity to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. We are currently evaluating ASU 2016-09 and its impact on our consolidated financial statements or disclosures.

In April 2016, the FASB issued ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606) - Identifying Performance Obligations and Licensing." ASU No. 2016-10 maintains the core principles of Topic 606 on revenue recognition, but clarifies identification of performance obligations and licensing implementation guidance. The amendments in ASU 2016-10 affect the guidance of ASU 2014-09 which is not yet effective. We are currently evaluating the effect, if any, that adoption of this guidance will have on our financial statements.

On May 9, 2016, the FASB issued ASU No. 2016-12, "Revenue from Contracts with Customers (Topic 606)" ("ASU 2016-12"). ASU 2016-12 provides clarifying guidance in a few narrow areas and adds some practical expedients to the guidance. The effective date and transition requirements for this ASU are the same as the effective date and transition requirements for ASU 2014-09. We are currently evaluating the effect of ASU 2014-09, if any, on our financial statements.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (230) – Restricted Cash." ASU No. 2016-18 requires an entity to include amounts described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. It is effective for annual reporting periods beginning after December 15, 2018. The adoption of this standard is not expected to have a material impact on our financial position or results of operations

In December 2016, the FASB issued ASU No. 2016-20, "Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers." ASU No. 2016-20 amends certain aspects of ASU No. 2014-09 and clarifies, rather than changes, the core revenue recognition principles in ASU No. 2014-09. It is effective for annual reporting periods beginning after December 15, 2018. The adoption of this standard is not expected to have a material impact on our financial position and results of operations.

On February 22, 2017, the FASB issued ASU 2017-05, 'Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets (Topic 610-20)", which requires that all entities account for the derecognition of a business in accordance with ASC 810, including instances in which the business is considered in substance real estate. The ASU is effective for annual periods, and interim periods therein, beginning after December 15, 2017. Early application is permitted. We are currently evaluating the impact of adopting this standard on our consolidated financial statements.

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 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide the information required by this Item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements and the related notes to the financial statements called for by this item appear beginning with the Table of Contents on Page F-1 at the end of this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this Annual Report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the Principal Executive and Accounting Officer, as appropriate to allow timely decisions regarding required disclosure. Internal controls are procedures which are designed with the objective of providing reasonable assurance that (1) our transactions are properly authorized, recorded and reported; and (2) our assets are safeguarded against unauthorized or improper use, to permit the preparation of our consolidated financial statements in conformity with United States generally accepted accounting principles.

In connection with the preparation of this Annual Report, management, with the participation of our Principal Executive and Accounting Officers, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)). Based upon that evaluation, our Principal Executive and Accounting Officers concluded that, as of December 31, 2016, our disclosure controls and procedures were effective.

Management's Assessment of Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Internal control over financial reporting is a process designed by, or under the supervision of, our Principal Executive and Financial Officer, and effected by the Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP including those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and the disposition of our assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP and that receipts and expenditures are being made only in accordance with authorizations of our management and Board of Directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the 2013 framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2016.

Changes in Internal Control over Financial Reporting

During the year ended December 31, 2016, there were no changes in our internal controls over financial reporting, or in other factors that could significantly affect these controls, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and all fraud. Controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or deterioration in the degree of compliance with the policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

ITEM 9B. OTHER INFORMATION

On or about January 11, 2016, we entered an agreement with Maxim Group LLC ("Maxim") to provide general financial advisory and investment banking services to the Company. Pursuant to the terms of the agreement, Maxim would receive a monthly fee of $7,500 for the term of the agreement, which may be terminated by either party after six months, provided that 30 days' written notice be provided. Upon execution of the agreement, Maxim received 350,000 shares of common stock of the Company, which shares vested monthly over nine months. In addition, Maxim was entitled to 100,000 shares of common stock of the Company if the Company lists on a national exchange, such as NASDAQ or NYSE MKT.

On or about October 28, 2016, the Company terminated its agreement with Maxim. In connection with the termination, we are currently in negotiations with Maxim for a return of a portion of the 350,000 shares of common stock previously issued to Maxim but there can be no assurance that any shares will be returned.

PART III

ITEM 10. DIRECTORS, OFFICERS AND CORPORATE GOVERNANCE

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	54	AWLD	Chairman, Chief Executive Officer, President	April, 1999
		TAR	General Manager (1)	December, 2007
		APII	General Manager (1)	March, 2009
		AWE	General Manager (1)	July, 2007
Maria I. Echevarria	38	AWLD	Chief Financial Officer, Chief Operating Officer, Secretary, Treasurer and Compliance Officer	April, 2015
		AEU	Chief Financial Officer	April, 2015
Julian H. Beale	82	AWLD	Director	April, 1999
Peter J.L. Lawrence	83	AWLD	Director	April, 1999
		AEU	Director	November, 2009
Sergio O. Manzur Odstrcil	47	TAR	Chief Financial Officer, Chief Operating Officer (2)	March, 2011
		APII	Chief Financial Officer	March, 2011
		AWE	Chief Financial Officer, Chief Operating Officer (2)	September, 2010
Keith T. Fasano	49	CAP	Managing Director	March, 2001
		CAP	Chief Compliance Officer	February, 2010
		CAP	President and Secretary (3)	September, 2015

(1) Translation of Argentine statutory corporate office.
(2) Mr. Manzur Odstrcil was appointed Chief Operating Officer of TAR and AWE on April 11, 2015.
(3) Mr. Fasano resigned his positions with DPEC as of December 31, 2016

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 April 1999. Mr. Mathis has over five years' experience serving as Chief Executive Officer and Chairman of the Board of Directors of Mercari Communications Group, Ltd., a public company. Mr. Mathis is also the founder, Chief Executive Officer, and Chairman of IPG, AGP and various other affiliated entities Since July 2009, Mr. Mathis has served as 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 States. Since June 2011, Mr. Mathis has also served as 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. The determination was made that Mr. Mathis should serve on AWLD's Board of Directors due to his executive level experience working in the real estate development industry and in several consumer-focused businesses. He has also served on the board of directors of a number of non-public companies in the biotechnology industry.

Maria I. Echevarria. Ms. Echevarria was appointed Chief Financial Officer, Chief Operating Officer, Secretary and Compliance Officer for the Company effective April 13, 2015. She joined the Company as Corporate Controller in June of 2014 and had primary responsibility for the Company's corporate consolidation, policies and procedures as well as financial reporting for SEC compliance, coordinating budgets and projections, preparing financial presentations and analyzing financial data. Ms. Echevarria has over 15 years of experience in Accounting, Compliance, Finance, Information Systems and Operations. Her experience includes SEC reporting and financial analysis, and her career accomplishments include developing and implementing major initiatives such as SOX, BSA and AML reporting and valuation of financial instruments. Prior to her employment with the Company, Ms. Echevarria served as Director of Finance and Accounting for The Hope Center, a nonprofit, from 2008 to June 2014 overseeing Finance, Information Systems and Operations. From 2001 through 2008 she served as a Quality Control and Compliance Analyst, Financial Analyst, and Accounting Manager for Banco Popular in San Juan, Puerto Rico, where she specialized in Mortgage Quality Control, Compliance, Financial Analysis and Mortgage Accounting, and corresponding with the FHA, VA and other mortgage guarantors. Ms. Echevarria also coordinated audits and compliance programs related to reporting, remittances, escrow accounting and default management for Fannie Mae, Freddie Mac and other private investors. She has developed and taught accounting courses for Herzing University, and currently serves as an adjunct faculty member at Southern New Hampshire University. She is a CPA, licensed in New Jersey and Puerto Rico, and holds a B.B.A. in Accounting from the University of Puerto Rico and a MBA in Business from University of Phoenix. Mrs. Echevarria was born and raised in Puerto Rico, and is fluent in Spanish and English.

Julian H. Beale. Mr. Beale has served as a director of AWLD since its inception in April 1999. Since 1996, Mr. Beale has managed his own investments, which include listed "blue chip" shares, numerous speculative stocks, and real estate. Mr. Beale has over 10 years' experience serving as a director of Adacel Technologies Ltd., an Australian Stock Exchange listed company that provides air traffic simulations, training, and management activities. Mr. Beale is also a director of Private Branded Beverage Ltd., a private company, and since July 2009 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 12 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. The determination was made that Mr. Beale should serve on AWLD's Board of Directors due to his experience as a director for other public companies and as an investor in real estate.

Peter J.L. Lawrence. Mr. Lawrence has served as a director of AWLD since its inception in April 1999. Since 2000, Mr. Lawrence has been a director of Sprue Aegis plc, a U.K. company traded on the London Stock Exchange 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 June 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 has additional experience as a director of a publicly-traded company by serving as a director of Beacon Investment Trust PLC, a London Stock Exchange-listed company from 2003 to June 2010. 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. The determination was made that Mr. Lawrence should serve on AWLD's Board of Directors due to his experience as an investor in smaller public companies and service as a director for a number of public companies.

Additional Key Personnel

Keith T. Fasano. Mr. Fasano was appointed President and Secretary of DPEC Capital, Inc. in September 2015 and he has been Chief Compliance Officer since February 2010. 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. Mr. Fasano has over 20 years of experience in the securities industry, particularly with managing portfolios for institutional and high net-worth individuals. 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. Mr. Fasano received his Bachelor of Arts in Economics from Rutgers University.

Sergio O. Manzur Odstrcil. Algodon Mansion & Algodon Wine Estates, Chief Financial Officer ("CFO") and Chief Operating Officer ("COO"). Mr. Manzur Odstrcil is an Argentina Certified Public Accountant whose professional experience includes administration and management positions with companies in Argentina, Brazil, Mexico and Chile. As CFO and COO 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 May 2007, where he was responsible for the design and development of a financial debt strategy and negotiations with banks and strategic suppliers to obtain credits. He was also responsible for the organization of new funding to the company for $4 million and also served as a member of the company's executive committee. From March 2002 to September 2006 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 from 1997 to 1998. 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.

Advisors

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 via Market 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.

Family Relationships

There are no family relationships among any of our executive officers and directors.

Term of Office

Each director will hold office until the next annual meeting of stockholders and until his successor is elected and qualified or until his earlier resignation or removal.

Involvement in Certain Legal Proceedings

See Part I, Item 3—Legal Proceedings.

Corporate Governance

In considering its corporate governance requirements and best practices, the Company looks to the NYSE MKT Listed Company manual. The manual is available through the Internet at http://wallstreet.cch.com/MKT/CompanyGuide/.

Board's Role and the Role of the Audit Committee in Risk Oversight

While management is charged with the day-to-day management of risks that the Company faces, the Board of Directors and the audit committee are responsible for oversight of risk management. The full Board and the audit committee have responsibility for general oversight of risks facing the Company. Specifically, the audit committee reviews and assesses the adequacy of the Company's risk management policies and procedures with regard to identification of the Company's principal risks, both financial and non-financial, and reviews updates on these risks from the Chief Financial Officer and the Chief Executive Officer. The audit committee also reviews and assesses the adequacy of the implementation of appropriate systems in order to mitigate and manage the principal risks.

Review and Approval of Transactions with Related Parties

On March 24, 2015 and effective April 15, 2015, the Board adopted a policy requiring that disinterested directors approve transactions with related parties which are not market-based transactions. Generally, the Board of Directors will approve transactions only to the extent the disinterested directors believe that they are in the best interests of the Company and on terms that are fair and reasonable (in the judgment of the disinterested directors) to the Company.

Audit Committee

The Board of Directors approved the Audit Committee Charter on March 24, 2015 to be effective April 15, 2015, in accordance with Section 3 (a)(58)(A) of the Exchange Act and NYSE MKT Rule 803(B) as modified for smaller reporting companies by NYSE MKT Rule 801(h). The Audit Committee was established to oversee the Company's corporate accounting and financial reporting processes and audits of its financial statements.

The members of our Audit Committee are Messrs. Beale and Lawrence. Mr. Lawrence is the chairman of the Audit Committee. The Board of Directors has determined that Julian H. Beale and Peter J.L. Lawrence are independent under SEC Rule 10A-3(b)(1) and NYSE MKT Rule 802(a). Management has determined that all members of the Audit Committee are "financially literate" as interpreted by management. No members of the audit committee have been qualified as an audit committee financial expert, as defined in the applicable rules of the SEC because the Board believes that the Company's status as a smaller reporting company does not require expertise beyond financial literacy.

The Audit Committee Charter deals with the establishment of the Audit Committee and sets out its duties and responsibilities. The Audit Committee will review and reassess the adequacy of the Audit Committee Charter on an annual basis. The Audit Committee Charter is available on our Company website at http://www.algodongroup.com.

No Nominating Committee

The Company has not established a nominating committee. Under the NYSE MKT Rule 804(a), if there is no nominating committee, nominations must be made by a majority of the independent directors. The Company believes that this is appropriate in light of the NYSE MKT rules on point and based on the fact that AWLD remains a smaller reporting company and (as described below) nominating decisions are made by the independent directors. In order to comply with the NYSE MKT rules, however effective April 15, 2015, the Board of Directors adopted a nomination procedure by which eligible stockholders may nominate a person to the Board of Directors. That procedure is as follows:

The Company will consider all recommendations from any person (or group) who holds and has (or collectively if a group have) held more than 5% of the Company's voting securities for longer than one year. Any stockholder who desires to submit a nomination of a person to stand for election of directors at the next annual or special meeting of the stockholders at which directors are to be elected must submit a notification of the stockholder's intention to make a nomination ("Notification") to the Company by the date mentioned in the most recent proxy statement under the heading "Proposal From Stockholders" as such date may be amended in cases where the annual meeting has been changed as contemplated in SEC Rule 14a-8(e), Question 5, and in that notification must provide the following additional information to the Company:

- Name, address, telephone number and other methods by which the Company can contact the stockholder submitting the Notification and the total number of shares beneficially owned by the stockholder (as the term "beneficial ownership" is defined in SEC Rule 13d-3);

- If the stockholder owns shares of the Company's voting stock other than on the records of the Company, the stockholder must provide evidence that he or she owns such shares (which evidence may include a current statement from a brokerage house or other appropriate documentation);

- Information from the stockholder regarding any intentions that he or she may have to attempt to make a change of control or to influence the direction of the Company, and other information regarding the stockholder any other persons associated with the stockholder that would be required under Items 4 and 5 of SEC Schedule 14A were the stockholder or other persons associated with the stockholder making a solicitation subject to SEC Rule 14a-12(c);

- Information from the stockholder regarding any intentions that he or she may have to attempt to make a change of control or to influence the direction of the Company, and other information regarding the stockholder any other persons associated with the stockholder that would be required under Items 4 and 5 of SEC Schedule 14A were the stockholder or other persons associated with the stockholder making a solicitation subject to SEC Rule 14a-12(c);

- All information required by Item 7 of SEC Schedule 14A with respect to the proposed nominee, which shall be in a form reasonably acceptable to the Company.

No Compensation Committee or Compensation Consultant

The Company has not established a compensation committee. The Company believes that this is appropriate in light of the NYSE MKT Exchange ("NYSE MKT") rules on point and based on the fact that the Company remains a smaller reporting company and (as described below) compensation decisions are made by the independent directors. Under the NYSE MKT Rule 805(a), if there is no compensation committee, compensation of the Chief Executive Officer (being Mr. Mathis) must be determined, or recommended to the Board of Directors for determination, by a majority of the independent directors on its Board. The CEO may not be present during voting or deliberations of his compensation.

In lieu of a formal charter, effective April 15, 2015, the Board adopted these guidelines to assist the Board with its duties and responsibilities in monitoring, approving and disclosing the Company's compensation philosophies and practices, in accordance with applicable rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"), the Internal Revenue Service and the NYSE MKT.

All compensation decisions will be made by a majority of the independent directors who are "non-employee directors" as such term is defined Rule 16b-3 of the Securities Exchange Act of 1934 (the "Exchange Act") and not officers or employees of the Company or its subsidiaries and who meet the definition of "independent" as set forth in NYSE MKT Rule 805, and Section 10C of the Exchange Act and the rules and regulations promulgated thereunder. In addition, all independent directors must be "outside directors" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.

NYSE MKT Rule 805(c)(1) enhances the independence requirements for directors in connection with compensation decisions by requiring that the directors "consider all factors specifically relevant to determining whether a director has a relationship to the listed company which is material to that director's ability to be independent from management in connection with the duties of a Compensation Committee member."

Responsibilities and authority of the independent directors are as follows:

- The independent directors will meet as often as they deem necessary or appropriate to perform their responsibilities. The independent directors may meet in person or by telephone conference call, and may act by unanimous written consent.

- The independent directors will make regular reports to the entire Board of Directors and will propose any necessary or appropriate action to the Board of Directors.

- The independent directors will be directly responsible for establishing annual and long-term performance goals and objectives for the Company's Chief Executive Officer and other executive officers, as well as setting the overall compensation philosophy for the Company. The directors should consider various factors when evaluating and determining the compensation terms and structure of its executive officers, including the following:

  - The executive's leadership and operational performance and potential to enhance long-term value to the Company's stockholders;

  - The Company's financial resources, results of operations, and financial projections;

  - Performance compared to the financial, operational and strategic goals established for the Company;

  - The nature, scope and level of the executive's responsibilities;

  - Competitive market compensation paid by other companies for similar positions, experience and performance levels; and

  - The executive's current salary, the appropriate balance between incentives for long-term and short-term performance.

- In fulfilling its compensation responsibilities, the independent directors will:

  - Review and approve performance goals and objectives relevant to the compensation of the Company's Chief Executive Officer and other executive officers;

  - Evaluate the performance of the Chief Executive Officer and other executive officers in light of approved performance goals and objectives;

  - Establish the compensation of the Chief Executive Officer and other executive officers based upon the evaluation of the performance of the Chief Executive Officer and the other executive officers;

  - Advise the entire Board of Directors on the setting of compensation for senior management whose compensation is not otherwise set by the committee;

  - Grant options and awards under the Company's existing stock incentive plan;

  - Subject to the necessary approval of the Board of Directors and/or the Company's stockholders, propose the adoption, amendment and termination of any stock option plans, pension and profit sharing plans, stock bonus plans, stock purchase plans, bonus plans, deferred compensation plans and other similar programs ("Compensation Plans");

  - Make recommendations to the Board of Directors with respect to the Compensation Plans;

  - Administer the Compensation Plans in accordance with their terms;

  - Review and approve any severance or similar termination payments proposed to be made to any current or former executive officer of the Company; and

  - Review such other compensation matters as the Chief Executive Officer or the Board of Directors of the Company requests.

Company management should be responsible for reviewing the base salary, annual bonus and long-term compensation levels for other Company employees. The entire Board of Directors should be responsible for significant changes to, or adoption, of new employee benefit plans.

NYSE MKT Rule 805(c)(1) enhances the independence requirements for directors in connection with compensation decisions by requiring that the directors "consider all factors specifically relevant to determining whether a director has a relationship to the listed company which is material to that director's ability to be independent from management in connection with the duties of a Compensation Committee member." The Board of Directors has determined that Messrs. Beale and Lawrence were independent under this requirement. Their independence is considered at each audit committee meeting.

Although NYSE MKT Rule 805(c)(3)(i) provides that a compensation committee may (in its discretion, not the discretion of the Board) retain compensation consultants, independent legal counsel, and other advisors, the independent directors acting as the compensation committee have not decided to do so.

Code of Business Conduct and Whistleblower Policy

On March 24, 2015 and effective April 15, 2015, our Board of Directors adopted a Code of Business Conduct and Whistleblower Policy (the "Code of Conduct"). The Code of Conduct applies to all of our officers and employees, including our principal executive officer, and principal accounting officer. Our Code of Conduct establishes standards and guidelines to assist our directors, officers, and employees in complying with both the Company's corporate policies and with the law and is posted at our website: www.algodongroup.com.

Insider Trading Policy

On March 24, 2015 and effective April 15, 2015, our Board of Directors adopted an Insider Trading Policy. The Insider Trading Policy applies to all of our officers, directors, and employees. Our Insider Trading Policy is posted at our website: www.algodongroup.com.

Stockholder Communications to the Board

Stockholders who are interested in communicating directly with members of the Board, or the Board as a group, may do so by writing directly to the individual Board member c/o Secretary, 135 Fifth Avenue, Floor 10, New York, NY 10010. The Company's Secretary will forward communications directly to the appropriate Board member. If the correspondence is not addressed to the particular member, the communication will be forwarded to a Board member to bring to the attention of the Board. The Company's Secretary will review all communications before forwarding them to the appropriate Board member.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16 of the Exchange Act requires that reports of beneficial ownership of common stock and changes in such ownership be filed with the Securities and Exchange Commission by Section 16 "reporting persons," including directors, certain officers, holders of more than 10% of the outstanding common stock and certain trusts of which reporting persons are trustees. We are required to disclose in this Annual Report each reporting person whom we know to have failed to file any required reports under Section 16 on a timely basis during the fiscal year ended December 31, 2016. To our knowledge, based solely on a review of copies of Forms 3, 4 and 5 filed with the Securities and Exchange Commission and written representations that no other reports were required, during the fiscal year ended December 31, 2016 our officers, directors and 10% stockholders complied with all Section 16(a) filing requirements applicable to them, except for the untimely filing of a Form 4 for each of Messrs. Beale and Lawrence related to the granting of stock options, and the untimely filing of a Form 4 for Mr. Fasano, related to the acquisition of common shares held in his 401(k) account. Further, Messrs. Fasano and Mathis have not yet filed a Form-4 related to warrants granted to them during 2016 in their capacity as registered representatives of DPEC Capital.

Code of Ethics

On March 24, 2015 and effective April 15, 2015, the Company's Board of Directors adopted a Code of Ethics that is applicable to all of the Company's and its subsidiaries' employees, including the Company's Chief Executive Officer, Chief Financial Officer and Chief Compliance Officer. The Code of Ethics contains written standards that are designed to deter wrongdoing and to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest; full, fair, accurate, timely and understandable public disclosures and communications, including financial reporting; compliance with applicable laws, rules and regulations; prompt internal reporting of violations of the code; and accountability for adherence to the code. A copy of the Code of Ethics is posted at our website at www.algodongroup.com.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth, for our named executive officers, the compensation earned in the years ended December 31:

Summary Compensation Table for Executive Officers

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards (1) ($)	All Other Compensation ($)	Total ($)
Scott L. Mathis[2]	2016	404,713	-	-	-	-	404,713
Chairman of the Board and Chief Executive Officer	2015	401,700	-	-	932,045	-	1,333,745
Maria I Echevarria[3]	2016	150,000	25,000	-	-	-	175,000
Chief Financial Officer and Chief Operating Officer	2015	125,000	20,000	-	95,765	-	240,765

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

(2) On September 28, 2015, we entered into a new employment agreement with Scott Mathis, our CEO. Among other things, the agreement provides for a three-year term of employment at an annual salary of $401,700 (subject to a 3% cost-of-living adjustment per year), bonus eligibility, paid vacation and specified business expense reimbursements. The agreement sets limits on the Mr. Mathis’ annual sales of AWLD common stock. Mr. Mathis is subject to a covenant not to compete during the term of the agreement and following his termination for any reason, for a period of twelve months. Upon a change of control (as defined by the agreement), all of Mr. Mathis’ outstanding equity-based awards will vest in full and his employment term resets to two years from the date of the change of control. Following Mr. Mathis’s termination for any reason, Mr. Mathis is prohibited from soliciting Company clients or employees for one year and disclosing any confidential information of AWLD for a period of two years. The agreement may be terminated by the Company for cause or by the CEO for good reason, in accordance with the terms of the agreement.

(3) Maria Echevarria was appointed Chief Financial Officer, Chief Operating Officer, Secretary and Compliance Officer effective April 13, 2015.

Outstanding Equity Awards at Fiscal Year End

The following table provides information as to option awards held by each of the named executive officers of AWLD as of December 31, 2016. There have been no stock awards made to Mr. Mathis or Ms. Echevarria as of December 31, 2016.

	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	25,000	-	3.85	4/15/2017
	25,000	-	2.48	4/15/2018
	1,000,000	-	2.48	6/30/2018
	281,250(1)	218,750(1)	2.48	8/27/2019
	150,000	-	2.48	8/27/2019
	547,460(2)	912,430(2)	2.20	6/8/2020
Maria I. Echevarria	56,250(3)	93,750(3)	2.20	6/8/2020

(1) On August 27, 2014, Mr. Mathis was granted an option to acquire 500,000 shares of the Company's common stock, of which 31,250 shares underlying the option vested on November 27, 2014 and 31,250 shares vest every three months thereafter.

(2) On June 8, 2015, Mr. Mathis was granted an option to acquire 1,459,890 shares of the Company's common stock, of which 364,794 shares underlying the option vest on June 8, 2016, and 91,243 shares vest every three months thereafter.

(3) On June 8, 2015, Ms. Echevarria was granted an option to acquire 150,000 shares of the Company's common stock, of which 37,500 shares underlying the option vest on June 8, 2016, and 9,375 shares vest every three months thereafter.

Director Compensation

The following table sets forth compensation received by our non-employee directors:

		Director Compensation				
	Year	Fees Earned or Paid in Cash ($)	Bonus ($)	Stock Awards ($)	Option Awards[(1)] ($)	Total ($)
Peter Lawrence (2)	2016	-	-	-	119,710	119,710
	2015	-	-	-	-	-
Julian Beale (3)	2016	-	-	-	119,710	119,710
	2015	-	-	-	-	-

(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) On July 19, 2016, the Company granted Mr. Lawrence an option to acquire 200,000 shares of the Company's common stock at a price of $2.20 per share, of which 66,667 were vested and exercisable as of December 31, 2016

(3) On July 19, 2016, the Company granted Mr. Beale an option to acquire 200,000 shares of the Company's common stock at a price of $2.20 per share, of which 66,667 were vested and exercisable as of December 31, 2016.

During the fiscal year ended December 31, 2015, our non-employee directors did not receive any compensation for their service on our board.

Summary of the Company's Equity Incentive Plans

General Plan Information

The 2008 Equity Incentive Plan (the "2008 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 2008 Plan was subsequently amended with Board consent and majority stockholder consent to increase the aggregate number of shares issuable under the 2008 Plan from 5,000,000 to 9,000,000, of which 1,875,735 remain available for issuance as of December 31, 2016.

On July 11, 2016, the Board of Directors adopted the 2016 Stock Option Plan (the "2016 Plan"). Under the 2016 Plan, 1,224,308 shares of common stock of the Company are authorized for issuance, with an automatic annual increase on January 1 of each year equal to 2.5% of the total number of shares of common stock outstanding on such date, on a fully diluted basis. As of December 31, 2016, there are 324,308 shares available for issuance under the 2016 Plan. On January 1, 2017, the number of shares available under the 2016 Plan was automatically increased by 1,072,774 shares for a total of 1,397,082 shares available. Authorized shares under the 2016 Plan may be subject to adjustment upon determination by the committee in the event of a corporate transaction including but not limited to a stock split, recapitalization, reorganization, or merger.

The 2016 Plan includes two types of options, stock appreciation rights, restricted stock and restricted stock units, performance awards and other stock-based awards. Options intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended are referred to as incentive options. Options which are not intended to qualify as incentive options are referred to as non-qualified options.

The 2016 Plan is administered and interpreted by the Company's compensation committee, or the entire Board of Directors. In addition to determining who will be granted options or other awards under the 2016 Plan and what type of awards will be granted, the committee has the authority and discretion to determine when awards will be granted and the number of awards to be granted. The committee also may determine the terms and conditions of the awards; amend the terms and conditions of the awards; how the awards may be exercised whether in cash or securities or other property; establish, amend, suspend, or waive applicable rules and regulations and appoint agents to administer the 2016 Plan; take any action for administration of the 2016 Plan; and adopt modifications to comply with laws of non-U.S. jurisdictions.

Participants in the 2016 Plan consist of Eligible Persons, who are employees, officers, consultants, advisors, independent contractors, or directors providing services to the Company or any affiliate of the Company as determined by the committee. The committee may take into account the duties of persons selected, their present and potential contributions to the success of Company and such other considerations as the committee deems relevant to the purposes of the 2016 Plan.

The exercise price of any option granted under the 2016 Plan must be no less than 100% of the "fair market value" of the Company's common stock on the date of grant. Any incentive stock option granted under the 2016 Plan to a person owning more than 10% of the total combined voting power of the common stock must be at a price of no less than 110% of the fair market value per share on the date of grant.

Awards remain exercisable for a period of six months (but no longer than the original term of the award) after a participant ceases to be an employee or the consulting services are terminated due to death or disability. All restricted stock held by the participant becomes free of all restrictions, and any payment or benefit under a performance award is forfeited and cancelled at time of termination unless the participant is irrevocably entitled to such award at the time of termination, where termination results from death or disability. Termination of service as a result of anything other than death or disability results in the award remaining exercisable for a period of one month (but no longer than the original term of the award) after termination and any payment or benefit under a performance award is forfeited and cancelled at time of termination unless the participant is irrevocably entitled to such award at the time of termination. All restricted stock held by the participant becomes free of all restrictions unless the participant voluntarily resigns or is terminated for cause, in which event the restricted stock is transferred back to the Company.

The committee may amend, alter, suspend, discontinue or terminate the 2016 Plan at any time; *provided*, *however*, that, without the approval of the stockholders of the Company, no such amendment, alteration, suspension, discontinuation or termination shall be made that, absent such approval: (i) violates the rules or regulations of the Financial Industry Regulatory Authority, Inc. (FINRA) or any other securities exchange that are applicable to the Company; (ii) causes the Company to be unable, under the Internal Revenue Code, to grant incentive stock options under the 2016 Plan; (iii) increases the number of shares authorized under the 2016 Plan other than the 2.5% increase per year; (iv) permits the award of options or stock appreciation rights at a price less than 100% of the fair market value of a share on the date of grant of such award, as prohibited by the 2016 Plan or the repricing of options or stock appreciation rights, as prohibited by the 2016 Plan; or (v) would prevent the grant of options or stock appreciation rights that would qualify under Section 162(m) of the Internal Revenue Code.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding our shares of common stock beneficially owned as of March 28, 2017, for (i) each stockholder known to be the beneficial owner of more than 5% of our outstanding shares of common stock (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 March 28, 2017[1]
More than 5% Stockholders		
The WOW Group, LLC	4,660,656	10.9%
Murdock and Janie Richard [2]	2,789,913	6.5%
Ralph & Mary Rybacki [3]	2,782,348	6.5%
Directors and Named Executive Officers		
Scott L. Mathis	7,740,710(4)	17.0%
Julian H. Beale	664,255(5)	1.5%
Peter J.L. Lawrence	762,367(6)	1.8%
Maria I. Echevarria	65,625(7)	*
Keith T. Fasano	433,441(8)	*
All directors and executive officers as a group:	9,450,215(9)	20.5%

* Less than one percent

(1) Based on 42,937,873 shares of our common stock outstanding on March 28, 2017, and, with respect to each individual holder, rights to acquire our common stock exercisable within 60 days of March 28, 2017.

(2) Based on information contained on Schedule 13G filed by Murdock Richard on February 6, 2015. The principal business address of Mr. and Mrs. Richard is 5950 Sherry Lane, Suite 210, Dallas, TX 75225.

(3) Based on information contained on Schedule 13G filed by Ralph and Mary Rybacki on February 11, 2016. The principal business address of Mr. and Mrs. Rybacki is 500 Capital Drive, Lake Zurich, IL 60047.

(4) Consists of (a) 336,545 shares of common stock owned by Mr. Mathis directly; (b) 4,660,656 shares owned by The WOW Group, LLC, of which Mr. Mathis is a controlling member; (c) 98,399 shares owned by Mr. Mathis's 401(k) account; (d) warrants to acquire 462,657 shares of common stock, and (e) the right to acquire 2,182,453 shares of common stock subject to the exercise of options.

(5) Consists of (a) 97,588 shares of common stock owned by Mr. Beale directly; and (b) 566,667 shares of our common stock issuable upon the exercise of stock options.

(6) Consists of (a) 187,971 shares of our common stock owned by Mr. Lawrence directly; (b) 10,729 shares owned by Mr. Lawrence and his spouse as trustees for the Peter Lawrence 1992 Settlement Trust; and (c) 566,667 shares or our common stock issuable upon the exercise of stock options.

(7) Consists of 65,625 shares of our common stock issuable upon the exercise of stock options.

(8) Consists of (a) 1,843 shares of our common stock owned by Mr. Fasano directly; (b) 24,497 shares owned by Mr. Fasano's 401(k) account; (c) 196,875 issuable upon the exercise of stock options; and (d) warrants to acquire 210,226 shares of common stock. As of December 31, 2016, Mr. Fasano resigned as DPEC Capital's President and Secretary and as of April 1, 2017 will no longer be considered an affiliate of the Company.

(9) Consists of 5,415,228 shares of our common stock, 3,584,537 shares of our common stock issuable upon the exercise of stock options, and 311,274 shares of our common stock issuable upon the exercise of warrants.

The WOW Group, LLC

Scott Mathis is a managing member and holds 56.57% of The WOW Group. Non-managing members include certain former DPEC Capital employees and certain AWLD stockholders. The WOW Group's only asset is its 11.8% interest in AWLD as of December 31, 2016.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The following is a description of transactions during the last fiscal year 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."

- 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 States. The Company has an expense sharing agreement with HBH to provide office space and other clerical services. The Company was entitled to receive reimbursements of general and administrative expenses in the amount of $124,428 and $126,766 during the years ended on December 31, 2016 and 2015, respectively, as a result of the expense sharing agreement. As of December 31, 2016 and 2015, HBH owes $363,389 and $177,755, respectively, to the Company under such and similar prior agreements.

- InvestBio, Inc. ("InvestBio") was a wholly-owned subsidiary of AWLD until it was spun-off to AWLD stockholders, 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. The Company was entitled to receive reimbursements of general and administrative expenses in the amount of $15,960 and $15,960 during the years ended December 31, 2016 and 2015, respectively as a result of the agreement. InvestBio owed $396,067 and $380,472 to the Company under the expense sharing agreement as of December 31, 2016 and 2015, respectively, of which $387,000 and $376,000, respectively, is deemed unrecoverable and written off.

- DPEC Capital paid regular brokerage commissions to its registered representatives according to the standard firm payout schedule, which includes the allocation of earned warrants. During 2016, in connection with the sale of AWLD common stock, the Company issued five-year warrants to its subsidiary DPEC Capital who acted as placement agent, to purchase 342,642 and 16,000 shares of AWLD common stock at an exercise price of $2.00 and $2.50 per share, respectively, including 100,188 warrants valued at $87,965 to Scott Mathis and 38,988 warrants valued at $34,231 to Keith Fasano, each in their capacity as registered representatives. Mr. Mathis and Mr. Fasano also received cash commissions of $173,330 and $56,637, respectively, related to the sale of common stock. During 2015, in connection with the sale of AWLD common stock, the Company issued five-year warrants to its subsidiary DPEC Capital who acted as placement agent, to purchase 342,642 and 16,000 shares of AWLD common stock at an exercise price of $2.00 and $2.50 per share, respectively, including 100,188 warrants valued at $87,965 to Scott Mathis and 38,988 warrants valued at $34,231 to Keith Fasano, each in their capacity as registered representatives. Mr. Mathis and Mr. Fasano also received cash commissions of $173,330 and $56,637, respectively, related to the sale of common stock. The Company recorded $262,113 and $259,901 of stock-based compensation expense for the years ended December 31, 2016 and 2015, respectively, which is recorded within general and administrative expense in the consolidated statements of operations.

- On June 1, 2016, the Company modified the warrants granted to DPEC Capital between December 2015 and May 2016, such that the exercise price was adjusted from $2.50 per share to $2.00 per share, and the aggregate number of shares available to be purchased in connection with the warrants was increased from 198,807 to 245,883 shares. The Company recorded warrant modification expense of $68,548 related to the modification of the CAP Warrants.

Warrants in Affiliates Earned by DPEC Capital

As noted above, DPEC Capital earned warrants to purchase the shares of certain companies including AWLD affiliates for which DPEC Capital has provided investment banking and advisory services. It was the Company's policy to distribute part or all of the warrants DPEC Capital 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. During the fiscal year ended December 31, 2016, DPEC Capital earned warrants to purchase 75,745 shares of common stock in Hollywood Burger Holdings, Inc. in connection with providing investment banking services to Hollywood Burger Holdings, Inc., of which warrants for the purchase of 53,022 shares of common stock in Hollywood Burger Holdings, Inc. were awarded to its registered representatives. During the fiscal year ended December 31, 2015, DPEC Capital earned warrants to purchase 156,016 shares of common stock in Hollywood Burger Holdings, Inc. in connection with providing investment banking services to Hollywood Burger Holdings, Inc., of which warrants for the purchase of 109,218 shares of common stock in Hollywood Burger Holdings, Inc. were awarded to its registered representatives. The Company recorded $19,392 and $44,801 of stock-based compensation expense for the years ended December 31, 2016 and 2015, respectively, related to the warrants awarded to its registered representatives, which is recorded within discontinued operations in the consolidated statements of operations.

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 (Julian Beale and Peter J.L. Lawrence) are "independent" under the rules and regulations of the SEC and the NYSE MKT. 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 10 and his significant stock ownership as described in Item 12.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees billed to us by Marcum, LLP, our independent registered public accounting firm, for the years ended December 31, 2016 and 2015:

	2016	2015
Audit fees [(1)]	$ 227,500	$ 175,000
Audit-related fees	5,000	8,000
Tax fees	27,500	25,200
	$ 260,000	$ 208,200

(1) Represents fees associated with the audit of the Company's consolidated financial statements for the fiscal years ended December 31, 2016 and 2015, and the reviews of the consolidated financial statements included in the Company's quarterly reports on Form 10-Q during 2016 and 2015.

Audit Committee Policies and Procedures.

The Board of Directors approved the audit committee charter effective April 15, 2015. The audit committee must pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for us by our independent auditors, subject to the de-minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act. Each year the independent auditor's retention to audit our financial statements, including the associated fee, is approved by the audit committee before the filing of the previous year's Annual Report on Form 10-K. At the beginning of the fiscal year, the audit committee will evaluate other known potential engagements of the independent auditor, including the scope of work proposed to be performed and the proposed fees, and approve or reject each service, taking into account whether the services are permissible under applicable law and the possible impact of each non-audit service on the independent auditor's independence from management. At each such subsequent meeting, the auditor and management may present subsequent services for approval. Typically, these would be services such as due diligence for an acquisition, that would not have been known at the beginning of the year.

Each new engagement of Marcum, LLP, has been approved by the Board, and none of those engagements made use of the de-minimis exception to the pre-approval contained in Section 10A(i)(1)(B) of the Exchange Act.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS AND SCHEDULE

EXHIBIT INDEX

The following documents are being filed with the Commission as exhibits to this Annual Report on Form 10K.

Exhibit	Description
2.1	Stock Purchase Agreement between the Company and China Concentric Capital Group, Inc., dated December 20, 2016*
2.2	First Amendment to the Stock Purchase Agreement between the Company and China Concentric Capital Group, Inc., dated January 17, 2016*
2.3	Escrow Agreement between the Company, China Concentric Capital Group, Inc., and J.M. Walker & Associates, dated December 16, 2016*
2.4	First Amendment to the Escrow Agreement between the Company, China Concentric Capital Group, Inc., and J.M. Walker & Associates, dated January 17, 2017*
3.1	Amended and Restated Certificate of Incorporation filed September 30, 2013[1]
3.2	Amended and Restated Bylaws[1]
4.1	Amended and Restated Certificate of Designation of the Series A Preferred filed September 30, 2013[1]
4.2	Amendment No. 1 to the Amended and Restated Certificate of Designation of Series A Convertible Preferred Stock, dated February 28, 2017[2]
4.3	Certificate of Designation of Series B Convertible Preferred Stock, dated February 28, 2017[2]
4.4	Diversified Private Equity Corp. 2008 Equity Incentive Plan; Amendment No. 1 dated January 18, 2011; and Amendment No. 2 dated September 14, 2012[1]
4.5	Form of Stock Option Certificate Pursuant to the 2008 Stock Option Plan[1]
4.6	2016 Stock Option Plan.*
4.7	First Amendment to 2016 Stock Option Plan as adopted by the Board of Directors on October 20, 2016.*
10.1	Employment Agreement by and between Algodon Wines & Luxury Development Group, Inc. and Scott L. Mathis dated September 28, 2015[6]
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[1]
10.3	Second Amendment of Lease between 135 Fifth Avenue LLC and Diversified Private Equity Corp., dated July 10, 2015[5]
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[1]
10.5	Fifth Extension of Placement Agent Agreement between Hollywood Burger Holdings, Inc. and DPEC Capital, Inc. dated February 28, 2014[5]
10.6	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[1]
10.7	Third Extension of Warrant Agreement between Hollywood Burger Holdings, Inc. and DPEC Capital, Inc. dated February 28, 2014[5]
10.8	Convertible Note Purchase Agreement dated June 24, 2011; Amendment No. 1 dated September 30, 2011; and Form of Convertible Promissory Note[1]

10.9	Placement Agent Agreement between Algodon Wines & Luxury Development Group, Inc. and DPEC Capital, Inc. dated October 1, 2012[1]
10.10	First Extension of Placement Agent Agreement between Algodon Wines & Luxury Development Group, Inc. and DPEC Capital, Inc., dated June 30, 2013; and Revised Second Extension and First Modification of October 1, 2012 Placement Agent Agreement[3]
10.11	Amended Revised Second Extension and First Modification of the October 1, 2012 Placement Agent Agreement dated as of September 8, 2014[4]
10.12	Warrant Agreement between Algodon Wines & Luxury Development Group, Inc. and DPEC Capital, Inc. dated October 1, 2012 and Form of Warrant Certificate[1]

10.13	Extension of Termination Date of Placement Agent Agreement, dated December 31, 2014; Second Extension of Termination Date of Placement Agent Agreement and Warrant Agreement, dated March 31, 2015; and Third Extension and Second Modification of the October 1, 2012 Placement Agent Agreement, dated as of October 1, 2015[5]
10.14	Extension of Warrant Agreement, dated July 9, 2014 Second Extension of Warrant Agreement, dated Sept. 8, 2014; and Third Extension of Warrant Agreement, dated October 1, 2015[5]
10.15	Letter Agreement between Maxim Group, LLC and the Company, dated January 11, 2016[5]
10.16	Investor Relations Consulting Agreement between MZHCI, LLC and the Company, dated April 8, 2016[7]
14.1	Code of Business Conduct and Ethics and Whistleblower Policy[4]
14.2	Audit Committee Charter[4]
21.1	Subsidiaries of Algodon Wines & Luxury Development Group, Inc.*
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32	Certification of the Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
99.1	Algodon Wine Estates Property Map[1]
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

1. Incorporated by reference from the Company's Registration of Securities Pursuant to Section 12(g) on Form 10 dated May 14, 2014.
2. Incorporated by reference from the Company's Current Report on Form 8-K, filed on March 2, 2017.
3. Incorporated by reference from the Company's Registration of Securities Pursuant to Section 12(g) on Amendment No. 2 to Form 10 dated August 13, 2014.
4. Incorporated by reference from the Company's Registration of Securities Pursuant to Section 12(g) on Amendment No. 3 to Form 10 dated September 12, 2014.
5. Incorporated by reference from the Company's Annual Report on Form 10-K, filed on March 31, 2015.
6. Incorporated by reference from the Company's Quarterly report on Form 10-Q, filed on November 16, 2015.
7. Incorporated by reference from the Company's Quarterly Report on Form 10-Q, filed on May 16, 2016.

* Filed herewith.

** Furnished, not filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

Dated: March 31, 2017

By: */s/ Scott L. Mathis*
Scott L. Mathis
Principal Executive Officer

Dated: March 31, 2017

By: */s/ Maria I. Echevarria*
Maria I. Echevarria
Principal Financial and Accounting Officer

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Dated: March 31, 2017

By: */s/ Scott L. Mathis*
Chief Executive Officer (principal executive officer) & Chairman of the Board

Dated: March 31, 2017

By: */s/ Maria I. Echevarria*
Maria I. Echevarria
Chief Financial Officer (principal financial and accounting officer)

Dated: March 31, 2017

By: */s/ Julian H. Beale*
Julian H. Beale
Director

Dated: March 31, 2017

By: */s/ Peter J.L. Lawrence*
Peter J.L. Lawrence
Director

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 Stockholders of Algodon Wines & Luxury Development Group, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Algodon Wines & Luxury Development Group, Inc. and Subsidiaries (the "Company") as of December 31, 2016 and 2015, 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, 2016 and 2015, 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

Marcum LLP
New York, NY
March 31, 2017

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
Consolidated Balance Sheets

	December 31,	
	2016	**2015**
Assets		
Current Assets		
Cash	$ 131,190	$ 110,645
Accounts receivables, net	179,637	232,789
Accounts receivables - related parties, net	493,531	237,119
Advances and loans to employees	232,057	-
Inventory	1,186,189	1,184,268
Prepaid expenses and other current assets, net	105,429	120,774
Current assets of discontinued operations	208,154	768,430
Total Current Assets	2,536,187	2,654,025
Property and equipment, net	3,971,733	4,454,969
Prepaid foreign taxes, net	337,917	360,015
Investment - related parties	42,688	127,202
Deposits	61,284	61,284
Total Assets	$ 6,949,809	$ 7,657,495
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 349,180	$ 522,820
Accrued expenses	1,691,743	1,875,287
Deferred revenue	1,884,606	1,384,317
Loans payable	31,312	-
Debt obligations	162,500	287,500
Current portion of other liabilities	15,776	4,488
Current liabilities of discontinued operations	44,104	56,796
Total Current Liabilities	4,179,221	4,131,208
Accrued expenses, non-current portion	344,127	399,119
Total Liabilities	4,523,348	4,530,327
Commitments and Contingencies		
Series B convertible redeemable preferred stock, par value $0.01 per share, 902,670 shares authorized, 0 shares issued and outstanding	-	-
Stockholders' Equity		
Preferred stock, 11,000,000 shares authorized:		
Series A convertible preferred stock, par value $0.01 per share; 10,097,330 shares authorized; 0 shares issued and outstanding	-	-
Common stock, par value $0.01 per share; 80,000,000 shares authorized; 42,915,379 and 38,879,333 shares issued and 42,910,962 and 38,874,922 shares outstanding as of December 31, 2016 and 2015, respectively.	429,153	388,793
Additional paid-in capital	80,102,189	69,933,147
Accumulated other comprehensive loss	(10,459,242)	(9,591,274)
Accumulated deficit	(67,631,569)	(57,589,428)
Treasury stock, at cost, 4,411 shares at December 31, 2016 and 2015	(14,070)	(14,070)
Total Stockholders' Equity	2,426,461	3,127,168
Total Liabilities and Stockholders' Equity	$ 6,949,809	$ 7,657,495

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,	
	2016	**2015**
Sales	$ 1,526,075	$ 1,866,685
Cost of sales	(1,760,451)	(2,225,813)
Gross loss	(234,376)	(359,128)
Operating Expenses		
Selling and marketing	154,626	220,019
General and administrative	6,107,016	5,306,383
Depreciation and amortization	64,853	224,282
Total operating expenses	6,326,495	5,750,684
Loss from Operations	(6,560,871)	(6,109,812)
Other Expenses		
Interest expense, net	207,913	319,748
Common stock price modification	941,530	-
Warrant modification expenses	89,549	-
Total other expenses	1,238,992	319,748
Loss from Continuing Operations	(7,799,863)	(6,429,560)
Loss from Discontinued Operations	(2,242,278)	(1,849,404)
Net Loss	$ (10,042,141)	$ (8,278,964)
Net loss per basic and diluted common share:		
Loss from continuing operations	$ (0.19)	$ (0.17)
Loss from discontinued operations	(0.06)	(0.05)
Net loss per common share	$ (0.24)	$ (0.22)
Weighted Average Number of Common Shares Outstanding:		
Basic and Diluted	41,078,655	37,681,332

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,	
	2016	**2015**
Net Loss	$ (10,042,141)	$ (8,278,964)
Other Comprehensive Loss		
Foreign currency translation adjustments	(867,968)	(1,821,060)
Total Comprehensive Loss	$ (10,910,109)	$ (10,100,024)

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

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
Consolidated Statement of Changes in Stockholders' Equity

	Common Stock		Treasury Stock		Additional Paid-In	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Loss	Deficit	Equity
Balance - December 31, 2014	35,745,831	$357,458	4,411	$(14,070)	$62,517,913	$ (7,770,214)	$ (49,310,464)	$ 5,780,623
Stock-based compensation:								
Common stock issued under 401(k) profit sharing plan	36,700	367	-	-	73,033	-	-	73,400
Options and warrants	-	-	-	-	1,042,135	-	-	1,042,135
Common stock issued for cash	3,096,802	30,968	-	-	6,300,066	-	-	6,331,034
Comprehensive loss:								
Net loss	-	-	-	-	-	-	(8,278,964)	(8,278,964)
Other comprehensive loss	-	-	-	-	-	(1,821,060)	-	(1,821,060)
Balance - December 31, 2015	38,879,333	388,793	4,411	(14,070)	69,933,147	(9,591,274)	(57,589,428)	3,127,168
Common stock issued for cash	3,146,875	31,468	-	-	7,066,394	-	-	7,097,862
Common stock issued for price modification	470,771	4,708	-	-	936,822	-	-	941,530
Exchange of 12.5% notes for common stock	37,700	377	-	-	75,056	-	-	75,433
Stock-based compensation:								
Common stock issued under 401(k) profit sharing plan	30,700	307	-	-	76,443	-	-	76,750
Options and warrants					1,131,056	-	-	1,131,056
Vesting of restricted stock	350,000	3,500			793,722	-	-	797,222
Warrant modification expense					89,549	-	-	89,549
Comprehensive loss:								
Net loss	-	-	-	-	-	-	(10,042,141)	(10,042,141)
Other comprehensive loss	-	-	-	-	-	(867,968)	-	(867,968)
Balance - December 31, 2016	42,915,379	$429,153	4,411	$(14,070)	$80,102,189	$ (10,459,242)	$ (67,631,569)	$ 2,426,461

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
(unaudited)

	For the Years Ended December 31,	
	2016	**2015**
Cash Flows from Operating Activities		
Net loss	$ (10,042,141)	$ (8,278,964)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation:		
401(k) stock	73,869	76,749
Options and warrants	1,131,056	1,042,135
Restricted stock	797,222	-
Common stock price modification expense	941,530	-
Warrant modification expense	89,549	-
Net realized and unrealized investment losses	92,825	167,451
Depreciation and amortization	64,853	224,580
Provision for uncollectible assets	543,909	(49,073)
Write-down of inventory	91,479	193,146
Prepaid compensation amortization	3,000	19,121
Other non-cash income, net	(8,311)	-
Decrease (increase) in assets:		
Accounts receivable	(339,739)	(206,755)
Inventory	(246,391)	(284,924)
Prepaid expenses and other current assets	(288,685)	(154,192)
Deposits	-	(19,266)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(186,236)	(558,249)
Deferred revenue	790,372	731,991
Other liabilities	22,279	558,542
Total Adjustments	3,572,581	1,741,256
Net Cash Used in Operating Activities	(6,469,560)	(6,537,708)
Cash Flows from Investing Activities		
Purchase of property and equipment	(548,834)	(470,442)
Net Cash Used in Investing Activities	(548,834)	(470,442)
Cash Flows from Financing Activities		
Proceeds from loans payable	68,001	-
Repayments of loans payable	(35,128)	(100,000)
Repayments of debt obligations	(75,000)	(50,000)
Proceeds from common stock offering	7,097,862	6,331,034
Net Cash Provided by Financing Activities	7,055,735	6,181,034
Effect of Exchange Rate Changes on Cash	(16,796)	495,036
Net Increase (Decrease) in Cash	20,545	(332,080)
Cash - Beginning of Period	110,645	442,725
Cash - End of Period	$ 131,190	$ 110,645

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
(unaudited)

	For the Years Ended December 31,			
	2016		2015	
Supplemental Disclosures of Cash Flow Information:				
Interest paid	$	149,795	$	248,567
Income taxes paid	$	8	$	25,049
Non-Cash Investing and Financing Activity				
Accrued stock based compensation converted to equity	$	76,750	$	73,400
Debt and interest converted to equity	$	75,433	$	-

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. AWLD's wholly owned subsidiary Algodon Europe, Ltd., is a United Kingdom wine distribution company.

Through December 31, 2016, AWLD's wholly owned subsidiary, DPEC Capital, Inc. ("CAP"), was 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 cleared its securities transactions on a fully disclosed basis with another broker-dealer. CAP provided brokerage securities trading; private equity and venture capital investments; and advisory and other financial services to customers, including AWLD and certain related affiliates. On November 29, 2016, the Company's Board of Directors determined that it was in the Company's best interest to close down CAP and the Company ceased its broker-dealer operations on December 31, 2016. On February 21, 2017, the Company's request to FINRA for Broker-Dealer Withdrawal ("BDW") became effective (see Note 4 – Discontinued Operations).

AWLD also owned approximately 96.5% of Mercari Communications Group, Ltd. ("Mercari"), a public shell corporation current in its SEC reporting obligations. On December 20, 2016 AWLD entered into a Stock Purchase Agreement with a Purchaser, whereby the Purchaser agreed to purchase all of AWLD's shares or Mercari for $260,000. The sale of Mercari stock was completed on January 20, 2017 and AWLD received net proceeds after expenses of $199,250.

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 from continuing operations of $7,799,863 and $6,429,560 during the years ended December 31, 2016 and 2015, respectively. Cash used in operating activities was $6,469,560 and $6,537,708 for the years ended December 31, 2016 and 2015, respectively. During the first three months of 2017, the Company raised additional capital through the sale of convertible promissory notes to accredited investors for total gross proceeds of $1,260,000, and the sale of Series B convertible preferred stock for gross proceeds $150,000. 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.

2. GOING CONCERN AND MANAGEMENT'S LIQUIDITY PLANS, continued

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, 2016 and 2015, primarily through the sale of common stock for net proceeds of $7,097,862 and $6,331,034, respectively, and proceeds from loans payable of $68,001 and $0, respectively. During the years ended December 31, 2016 and 2015, the Company repaid debt obligations of $75,000 and $50,000, respectively (see Note 12 –Debt Obligations), and notes payable of $35,128 and $100,000, respectively (See Note 11 – Loans Payable).

The Company presently has enough cash on hand to sustain its operations on a month to month basis. Historically, the Company has been successful in raising funds to support its capital needs. Management believes that it will be successful in obtaining additional financing; however, no assurance can be provided that the Company will be able to do so. Further, 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, 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, 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 include the valuation of equity instruments, the useful lives of property and equipment and reserves associated with the realizability of certain assets.

Discontinued Operations

The Company accounted for its decision to close down its broker-dealer subsidiary, CAP, as discontinued operations in accordance with the guidance provided in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 360, "Accounting for Impairment or Disposal of Long-Lived Assets," and ASC Topic 205, "Presentation of Financial Statements," which require that only a disposal of a component of an entity, or a group of components of an entity, that represents a strategic shift that has, or will have, a major effect on the reporting entity's operations and financial results shall be reported in the financial statements as discontinued operations. Accordingly, the results of operations for CAP during the periods presented are reclassified into separate line items in the statements of operations. Assets and liabilities are also reclassified into separate line items on the related balance sheets for the periods presented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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. Assets and liabilities are translated into U.S. dollars at the balance sheet date (15.9681 and 12.9441 at December 31, 2016 and 2015, respectively), and revenue and expense accounts are translated at a weighted average exchange rate for the year then ended (14.7590 and 9.2495 for the years ended December 31, 2016 and 2015, 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 $52,528 and $360,170 for the years ended December 31, 2016 and 2015, 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 90.9%, 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. The allowance for doubtful accounts was $7,001 and $5,882, as of December 31, 2016 and 2015, respectively. Bad debt expense for the years ended December 31, 2016 and 2015 was $10,990 and $93,755, respectively. Write-offs of accounts receivable for the years ended December 31, 2016 and 2015 were $6,484 and $10,347, 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 net realizable value (which is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation), 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 consists of olives, other fruits, golf equipment and restaurant food.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Inventory, continued

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. The Company carries inventory at the lower of cost or net realizable value in accordance with ASC 330 "Inventory", and 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. During the years ended December 31, 2016 and 2015, the Company recorded write-downs in the value of work-in-process inventory of $91,479 and $193,146 as a result of hailstorms.

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
Furniture and fixtures	3 - 10 years
Vineyards	7 - 20 years
Machinery and equipment	3 - 20 years
Leasehold improvements	3 - 5 years
Computer hardware and software	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. Such costs will be allocated to individual lots proportionately based on square meters and those allocated costs will be derecognized upon the sale of individual lots. Given that they are not currently in service, capitalized real estate development costs are currently not being depreciated. Land is an inexhaustible asset and is not 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 for which 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 that the estimates are revised. The Company considers many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 were aggregate uninsured cash balances of $73,633 and $45,055 at December 31, 2016 and 2015, respectively.

Foreign Operations

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

	As of December 31,	
	2016	**2015**
Assets- Argentina	$ 5,456,317	$ 6,254,631
Assets- U.S.	1,285,338	634,434
Assets of continuing operations	$ 6,741,655	$ 6,889,065
Liabilities- Argentina	$ 2,883,656	$ 2,222,456
Liabilities- U.S.	1,595,588	2,251,075
Liabilities of continuing operations	$ 4,479,244	$ 4,473,531

	For The Years Ended December 31,	
	2016	**2015**
Revenues- Argentina	$ 1,478,946	$ 1,842,356
Revenues- U.S.	47,129	24,329
Revenues from continuing operations	$ 1,526,075	$ 1,866,685
Net Loss- Argentina	$ 1,693,684	$ 2,434,321
Net Loss- U.S.	6,106,179	3,995,239
Net Loss from continuing operations	$ 7,799,863	$ 6,429,560

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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-owner 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, 2016 and 2015.

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.

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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue Recognition, continued

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 from continuing operations associated with its different products and services, as follows:

	For The Years Ended December 31,	
	2016	2015
Hotel rooms and events	$ 846,245	$ 851,389
Restaurants	317,258	519,255
Winemaking	246,918	372,035
Agricultural	25,647	13,336
Golf, tennis and other	90,007	110,670
Total revenues	$ 1,526,075	$ 1,866,685

Revenues from the Company's broker-dealer are included in income from discontinued operations for the periods presented.

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,	
	2016	2015
Options	8,024,265	8,939,436
Warrants	1,901,480	1,382,186
Total potentially dilutive shares	9,925,745	10,321,622

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2016 and 2015 was $57,987 and $92,050, respectively.

Reclassifications

Certain prior year balances have been reclassified in order to conform to current year presentation. These reclassifications have no effect on previously reported results of operations or loss per share.

New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers," ("ASU 2014-09"). ASU 2014-09 supersedes the revenue recognition requirements in ASC 605 - Revenue Recognition and most industry-specific guidance throughout the ASC. The standard requires that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. ASU 2014-09 should be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application. To allow entities additional time to implement systems, gather data and resolve implementation questions, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, in August 2015, to defer the effective date of ASU No. 2014-09 for one year, which is fiscal years beginning after December 15, 2017. The Company is currently evaluating the impact that the adoption of ASU 2014-09 will have on its consolidated financial statements or disclosures.

In July 2015, the FASB issued ASU 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory," which applies to inventory that is measured using first-in, first-out ("FIFO") or average cost. Under the updated guidance, an entity should measure inventory that is within scope at the lower of cost and net realizable value, which is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Subsequent measurement is unchanged for inventory that is measured using last-in, last-out ("LIFO"). This ASU is effective for annual and interim periods beginning after December 15, 2016. The adoption of ASU 2015-11 did not have a material impact on the Company's financial statements.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2016-02, "Leases (Topic 842)" ("ASU 2016-02"), which increases the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 will require lessees to recognize a right-of-use (ROU) asset for its right to use the underlying asset and a lease liability for the corresponding lease obligation for leases with terms of more than twelve months. Both the ROU asset and lease liability will initially be measured at the present value of the future minimum lease payments over the lease term. Subsequent measurement, including the presentation of expenses and cash flows, will depend on the classification of the lease as either a finance or an operating lease. Accounting by lessors will remain largely unchanged from current U.S. GAAP. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, and interim periods within those years, with early adoption permitted, and is to be applied as of the beginning of the earliest period presented using a modified retrospective approach. The Company is currently evaluating the impact that the provisions of ASU 2016-02 will have on the Company's financial statements and related disclosures.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

In March 2016, the FASB issued ASU 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting". The amendments are effective for public companies for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Several aspects of the accounting for share-based payment award transactions are simplified, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification in the statement of cash flows. The adoption of ASU 2016-09 is not expected to have a material impact on the Company's consolidated financial statements or disclosures.

In April 2016, the FASB issued ASU 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing. The amendments in this update clarify the following two aspects to Topic 606: identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. The entity first identifies the promised goods or services in the contract and reduce the cost and complexity. An entity evaluates whether promised goods and services are distinct. Topic 606 includes implementation guidance on determining whether an entity's promise to grant a license provides a customer with either a right to use the entity's intellectual property (which is satisfied at a point in time) or a right to access the entity's intellectual property (which is satisfied over time). The Company is currently evaluating the impact of the adoption of ASU 2016-10 on its consolidated financial statements or disclosures.

In May 2016, the FASB issued ASU 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients" ("Update 2016-12"), amending Update 2014-09. The amendments do not change the core principles of Update 2014-09, but clarify matters related to assessment of a collectability criterion, presentation of sales and other taxes collected from customers, non-cash consideration, contract modifications at transition and completed contracts at transition. The requirements for these standards relating to Topic 606 will be effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted for interim and annual periods beginning after December 15, 2016. The Company is currently evaluating the impact of the updated requirements on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments (Topic 230)" which provides guidance on the presentation and classification of certain cash receipts and cash payments in the statement of cash flows in order to reduce diversity in practice. The ASU is effective for interim and annual periods beginning after December 15, 2017 with early adoption permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

On February 22, 2017, the FASB issued ASU 2017-05, 'Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets (Topic 610-20)", which requires that all entities account for the derecognition of a business in accordance with ASC 810, including instances in which the business is considered in substance real estate. The ASU is effective for annual periods, and interim periods therein, beginning after December 15, 2017. Early application is permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

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

4. DISCONTINUED OPERATIONS

On November 29, 2016, the Company's Board of Directors determined that it was in the Company's best interest to close down CAP and the Company ceased is broker-dealer operations December 31, 2016. On February 21, 2017, the Company's request to FINRA for Broker-Dealer Withdrawal ("BDW") became effective.

Results of Discontinued Operations

Summarized operating results of discontinued operations are presented in the following table:

	For The Years Ended December 31, 2016	2015
Revenues	$ 12,192	$ 141,460
Gross profit	$ 12,192	$ 141,460
Operating expenses	$ (2,254,551)	$ (1,991,049)
Interest income, net	$ 81	$ 185
Loss from discontinued operations	$ (2,242,278)	$ (1,849,404)

Revenues from discontinued operations includes non-cash warrant revenues from affiliates of $22,972 and $63,546, as well as unrealized losses on affiliate warrants of $92,824 and $184,530 for the years ended December 31, 2016 and 2015, respectively.

Operating expenses from discontinued operations includes non-cash warrant and stock compensation totaling, in the aggregate, $284,092 and $403,159 for the years ended December 31, 2016 and 2015, respectively.

Summarized assets and liabilities of discontinued operations are presented in the following table:

	December 31, 2016	2015
Related party receivable	$ 155,420	$ 96,792
Advances and loans to registered representatives, net of allowance of $513,520 and $118,000 at December 31, 2016 and 2015, respectively	-	189,612
Forgivable loans receivable	-	233,190
Prepaid expenses and other current assets	52,734	105,449
Prepaid commissions, net of allowance of $0 and $57,000 at December 31, 2016 and 2015, respectively	-	143,387
Total current assets of discontinued operations	$ 208,154	$ 768,430
Accounts payable and accrued expenses	$ 44,104	$ 56,796
Total current liabilities of discontinued operations	$ 44,104	$ 56,796

5. INVENTORY

Inventory at December 31, 2016 and 2015 is comprised of the following:

	December 31,	
	2016	**2015**
Vineyard in process	$ 239,978	$ 180,582
Wine in process	741,158	826,851
Finished wine	128,461	104,159
Other	76,592	72,676
Total	$ 1,186,189	$ 1,184,268

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31,	
	2016	**2015**
Buildings	$ 2,911,847	$ 3,305,715
Real estate development	930,671	939,551
Land	386,794	481,431
Furniture and fixtures	441,944	508,642
Vineyards	358,868	442,707
Machinery and equipment	563,703	562,551
Leasehold improvements	164,375	164,375
Computer hardware and software	75,105	82,043
	5,833,307	6,487,015
Less: Accumulated depreciation and amortization	(1,861,574)	(2,032,046)
Property and equipment, net	$ 3,971,733	$ 4,454,969

Depreciation and amortization of property and equipment was $168,236 and $393,717 for the years ended December 31, 2016 and 2015, respectively, of which $64,853 and $224,580 was recorded as expense in the accompanying statement of operations, and $103,383 and $169,137 was capitalized to inventory, respectively. Most of our property and equipment is located in Argentina and the gross cost being depreciated declined year-over-year due to the devaluation of the Argentine peso relative to the United States dollar.

7. PREPAID FOREIGN TAXES

Prepaid foreign taxes, net, of $337,917 and $360,015 at December 31, 2016 and 2015, respectively, consists primarily of prepaid value added tax ("VAT") credits. VAT credits are recovered through VAT collections on subsequent sales of products by the Company. Prepaid VAT tax credits do not expire.

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. Management considers the historical and projected revenues, expenses and capital expenditures in making this assessment. Based on this assessment, management has recorded a valuation allowance related to prepaid foreign taxes of $421,656 and $457,447 as of December 31, 2016 and 2015, respectively.

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, 2016	Level 1	Level 2	Level 3	Total
Warrants- Affiliates	$ -	$ -	$ 42,688	$ 42,688

As of December 31, 2015	Level 1	Level 2	Level 3	Total
Warrants- Affiliates	$ -	$ -	$ 127,202	$ 127,202

8. INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

A reconciliation of Level 3 assets is as follows:

	Warrants
Balance - December 31, 2014	$ 294,653
Received	63,997
Allocated to employees as compensation	(44,800)
Unrealized loss	(186,648)
Balance - December 31, 2015	127,202
Received	27,703
Allocated to employees as compensation	(19,392)
Unrealized loss	(92,825)
Balance - December 31, 2016	$ 42,688
Accumulated unrealized loss related to investments at fair value at December 31, 2016	$ (53,372)

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. Warrants retained by the Company are marked to market at each reporting date using the Black-Scholes option pricing model.

The Company's financial instruments include cash, accounts receivable, advances and loans to registered representatives, accounts payable, accrued expenses, other liabilities, loans payable and 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,	
	2016	2015
Accrued compensation and payroll taxes	$ 1,030,015	$ 1,405,977
Accrued taxes payable	79,926	97,428
Accrued interest	270,761	255,497
Other accrued expenses	311,041	116,385
Accrued expenses, current	1,691,743	1,875,287
Accrued payroll tax obligations, non-current	344,127	399,119
Total accrued expenses	$ 2,035,870	$ 2,274,406

During May 2015, the Company entered into a payment plan, under which it agreed to pay its Argentine payroll tax obligations over a period of 36 months. The current portion of payments due under the plan is $226,078 as of December 31, 2016, which is included in accrued compensation and payroll taxes above. The non-current portion of accrued expenses represents payments under the plan that are scheduled to be paid after twelve months.

10. DEFFERED REVENUES

Deferred revenues are comprised of the following:

	December 31,	
	2016	2015
Real estate lot sales deposits	$ 1,652,180	$ 1,175,990
Other	232,426	208,327
Total	$ 1,884,606	$ 1,384,317

The Company accepts deposits in conjunction with agreements to sell real estate building lots at Algodon Wine Estates in the Mendoza wine region of Argentina. These lot sale deposits are generally denominated is US dollars. As of December 31, 2016 and 2015, the Company had executed agreements to sell real estate building lots for aggregate proceeds of $3,541,512 and $2,924,983, respectively. To date, twenty-one lots have been sold. The Company expects to close on the sale of these lots and record the deeds during 2017. To date, no deeds have been issued.

11. LOANS PAYABLE

On March 6, 2016, the Company entered into a short-term loan payable in exchange for proceeds of $34,701 (ARS $500,000) which was used to pay certain payroll and payroll tax obligations. The loan matured on May 6, 2016 and bore interest of 10% over term of the loan. All principal and interest due under the loan payable was repaid in full on May 6, 2016.

On November 7, 2016, the Company received a bank loan in the amount of $33,300 (ARS $500,000). The loan has no stated maturity date and bears interest at 10% per month, and interest payments are due monthly. During the year ended December 31, 2016, the Company paid interest of $6,470 (ARS $100,000) related to this loan. No principal payments have been made on this loan. The decrease in the principal balance of the loan at December 31, 2016 is related to the fluctuation in exchange rates during the period.

12. DEBT OBLIGATIONS

8% Notes

During an offering that 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"). During the years ended December 31, 2016 and 2015, principal of $75,000 and $50,000, respectively was repaid in cash. During the years ended December 31, 2016 and 2015 the Company accrued interest expense of $49,877 and $32,127, respectively, on the 8% Notes. As of December 31, 2016 and 2015, principal of $162,500 and $237,500, respectively, and accrued interest of $270,761 and $220,884, respectively, remained outstanding. The notes matured on March 31, 2011 and are no longer convertible. Interest continues to accrue based on the interest rate stated above.

12.5% Notes

During an offering that 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"). As of December 31, 2015, principal of $50,000 and accrued interest of $34,613, remained outstanding. On January 1, 2016, principal and interest of $50,000 and $25,433, respectively, related to the 12.5% Notes were exchanged for 37,700 shares of the Company's common stock at $2.00 per share, in connection with a one-time offer that was not pursuant to the original terms of the note. An additional $9,180 of accrued interest related to the 12.5% Notes was derecognized during the first quarter of 2016. As of December 31, 2016, there is no principal or interest outstanding related to the 12.5% Notes.

The Company's debt obligations consist of the following:

	December 31,					
	2016			2015		
	Principal	Interest[1]	Total	Principal	Interest[1]	Total
8% Notes	$ 162,500	$ 270,761	$ 433,261	$ 237,500	$ 220,884	$ 458,384
12.5% Notes	-	-	-	50,000	34,613	84,613
Total	$ 162,500	$ 270,761	$ 433,261	$ 287,500	$ 255,497	$ 542,997

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

13. 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,	
	2016	2015
United States	$ (8,624,371)	$ (5,837,026)
International	(1,417,770)	(2,441,938)
Income before income taxes	$ (10,042,141)	$ (8,278,964)

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

	For The Years Ended December 31,	
	2016	2015
Federal		
Current	$ -	$ -
Deferred	(2,668,414)	(1,849,290)
State and local		
Current	-	-
Deferred	(824,069)	(571,104)
Foreign		
Current	-	-
Deferred	404	135,468
	(3,492,079)	(2,284,926)
Change in valuation allowance	3,492,079	2,284,926
Income tax provision (benefit)	$ -	$ -

13. INCOME TAXES, continued

For the years ended December 31, 2016 and December 31, 2015, 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,	
	2016	2015
U.S. federal statutory rate	(34.0)%	(34.0)%
State taxes, net of federal benefit	(8.2)%	(6.9)%
Permanent differences	4.5%	2.8%
Write-off of deferred tax asset	4.6%	2.3%
Foreign minimum presumed income tax credit	0.0%	1.6%
Foreign rate differential	0.0%	1.3%
Shift in state and local rate	(2.3)%	0.0%
Other	0.6%	5.3%
Change in valuation allowance	34.8%	27.6%
Income tax provision (benefit)	0.0%	0.0%

As of December 31, 2016 and December 31, 2015, the Company's deferred tax assets consisted of the effects of temporary differences attributable to the following:

	December 31,	
	2016	2015
Net operating loss	$ 21,887,309	$ 18,480,962
Stock based compensation	1,845,969	1,678,231
Argentine tax credits	455,032	455,436
Accruals and other	263,122	563,390
Receivable allowances	429,084	247,811
Total deferred tax assets	24,880,516	21,425,831
Valuation allowance	(24,861,306)	(21,369,226)
Deferred tax assets, net of valuation allowance	19,210	56,604
Excess of book over tax basis of warrants	(19,210)	(56,604)
Net deferred tax assets	$ -	$ -

As of December 31, 2016 the Company had approximately $48,433,000, $54,568,000 and $33,922,000 of gross U.S. federal, state and local 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 $6,315,000 of NOLs will expire unused and are not included in available NOLs stated above. Therefore, we have reduced the related deferred tax asset for U.S. NOL carryovers by approximately $2,810,000 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.

13. INCOME TAXES, continued

As of December 31, 2016, the Company had approximately $462,000 of gross U.K. NOL carryovers which do not expire. Finally, as of December 31, 2016, the Company had approximately $455,000 of Argentine tax credits which may be carried forward 10 years and begin to expire in 2017.

Foreign earnings are assumed to be permanently reinvested. U.S. federal income taxes have not been provided on undistributed earnings of our foreign subsidiary.

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, 2016 and 2015 increased by approximately $3,492,000 and $2,285,000, 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, 2016 and 2015. 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, 2012. 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.

14. RELATED PARTY TRANSACTIONS

Assets

Accounts receivable – related parties of $493,531 and $237,119 at December 31, 2016 and 2015, 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, for a discussion of the Company's investment in warrants of a related, but independent, entity.

14. RELATED PARTY TRANSACTIONS, continued

Expense Sharing

On April 1, 2010, the Company entered into an agreement with a related, but independent, entity under common management, of which AWLD's CEO is Chairman and Chief Executive Officer, and AWLD's CFO is an executive officer, to share expenses such as office space, support staff and other operating expenses. The agreement was amended on January 1, 2015 to update for current use of personnel, office space, professional services and material. During the years ended December 31, 2016 and 2015, the Company was entitled to receive $124,428 and $126,766, respectively, in reimbursement of general and administrative expenses as a result of the agreement. The entity owed $363,389 and $177,755, respectively, as of December 31, 2016 and 2015, under such and similar prior agreements. The amount owed to the Company at December 31, will be repaid in installments through October 1, 2018, pursuant to a repayment schedule agreed upon by the Company and the related entity on March 24, 2017.

The Company has an expense sharing agreement with a related entity to share expenses such as office space and other clerical services. The owners of more than 5% of that entity include (i) AWLD's chairman, and (ii) a more than 5% owner of AWLD. During each of the years ended December 31, 2016 and 2015, the Company was entitled to receive $15,960 in reimbursement of general and administrative expenses as a result of the agreement. The entity owed $396,067and $380,472 to the Company under the expense sharing agreement as of December 31, 2016 and 2015, respectively, of which $387,000 and $376,000, respectively, is deemed unrecoverable and reserved.

Other Relationships

An investor and a greater than 5% stockholder of the Company is affiliated with a company that imported wines for AWE to the United States through December 31, 2015.

15. 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, 2016 and 2015, the Company recorded a charge associated with its contribution of approximately $74,000 and $77,000, 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 $2.50 and $2.00 per share during 2016 and 2015, respectively.)

16. STOCKHOLDERS' EQUITY

Authorized Shares

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. As of December 31, 2016 and 2015, there were 42,915,379 and 38,879,333 shares of common stock issued, and 42,910,962 and 38,874,922 shares outstanding, respectively.

The Company is authorized to issue up to 11,000,000 shares of preferred stock, $0.01 par value per share, of which 10,097,330 shares are designated as Series A convertible preferred stock, and 902,670 shares are designated as Series B convertible preferred stock (See Note 18 – Subsequent Events. As of December 31, 2016 and 2015, there were no shares of preferred stock outstanding.

Equity Incentive Plans

The Company's 2008 Equity Incentive Plan, as amended (the "2008 Plan"), was approved by the Company's Board and stockholders on August 25, 2008. The 2008 Plan provides for grants for the purchase of up to an aggregate 9,000,000 shares, including incentive and non-qualified stock options, restricted and unrestricted stock, loans and grants, and performance awards. As of December 31, 2016, there are 1,875,735 shares available for issuance under the 2008 Plan.

On July 11, 2016, the Board of Directors adopted the 2016 Stock Option Plan (the "2016 Plan"). Under the 2016 Plan, 1,224,308 shares of common stock of the Company are authorized for issuance, with an automatic annual increase on January 1 of each year equal to 2.5% of the total number of shares of common stock outstanding on such date, on a fully diluted basis. During the year ended December 31, 2016, options for the exercise of 900,000 shares have been granted under the 2016 plan, and as of December 31, 2016, there are 324,308 shares available for issuance under the 2016 Plan. On January 1, 2017, the number of shares available under the plan was automatically increased by 1,072,774 shares for a total of 1,397,082 shares available.

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.

Application for Quotation on OTC Bulletin Board

On January 20, 2016 FINRA cleared the Company's request to submit quotations on the OTC Bulletin Board and in OTC Link. In addition, the Company submitted its application for quotation on the OTCQB marketplace, which was approved on March 7, 2016. The first trade on the over-the-counter market occurred on September 23, 2016.

16. STOCKHOLDERS' EQUITY, continued

Preferred Stock

Pursuant to the Company's Amended and Restated Certificate of Designation 10,097,330 shares of the Company's preferred stock is designated as Series A Convertible Preferred Stock (see Note 18 – Subsequent Events). The Series A stockholders are entitled to cumulative cash dividends at an annual rate of 8%, payable when, as and if declared by the Board of Directors. The Series A Preferred stock is convertible into common stock on a one-for-one basis, and each holder of Series A Preferred stock is entitled to the 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. The are no additional shares of Series A Preferred stock available to be issued.

Common Stock

On June 30, 2015, the Company issued 36,700 shares of common stock at $2.00 per share to settle its 2014 obligation, (an aggregate of $73,400 representing the Company's 401(k) matching contributions) to the Company's 401(k) profit-sharing plan.

During 2015, the Company issued 2,821,942 shares of common stock at $2.00 per share for cash proceeds of $5,643,884, and issued 274,860 shares of common stock at $2.50 per share for cash proceeds of $687,150.

On January 1, 2016, the Company issued 37,700 shares of the Company's common stock at $2.00 per share in exchange for principal and interest of $75,433 due under the 12.5% Notes (see Note 12 – Debt Obligations).

On March 31, 2016, the Company issued 30,700 shares of common stock at $2.50 per share to settle its 2015 obligation, (an aggregate of $76,750 representing the Company's 401(k) matching contributions), to the Company's 401(k) profit-sharing plan.

During 2016, the Company issued 1,608,200 shares of common stock at $2.50 per share and 1,538,675 shares of common stock at $2.00 per share for aggregate cash proceeds of $7,097,862.

On June 1, 2016, the Company issued an additional 470,771 common shares for no consideration, to investors who had purchased shares between December 2015 and May 2016 at a price of $2.50 per share, in order to effectively reduce the per share price to $2.00 per share. The Company recorded a charge of $941,530 related to the issuance of these shares during the year ended December 31, 2016, which is recorded as common stock price modification expense in the accompanying consolidated statements of operations.

16. STOCKHOLDERS' EQUITY, continued

Restricted Stock Awards

On January 11, 2016, the Company issued 350,000 shares of restricted stock with a grant date value of $875,000 to Maxim Group, LLC ("Maxim"), in connection with entering into an agreement with Maxim for general financial advisory and investment banking services. The shares vested 11.11% in connection with the execution of the agreement, and vest 11.11% monthly thereafter. The shares are marked to market when they vest, and unvested shares are marked to market at each reporting period, with the current fair value expensed over the vesting period. During the year ended December 31, 2016, the Company recognized $797,222 of stock-based compensation expense related to the vesting of this award, which is included in general and administrative expenses in the accompanying consolidated statement of operations. The shares are fully vested and there is no unrecognized stock-based compensation expense related to these shares as of December 31, 2016.

On or about October 28, 2016, the Company terminated its agreement with Maxim. In connection with the termination, the Company is currently in negotiations with Maxim for a return of a portion of the 350,000 shares of common stock previously issued to Maxim but there can be no assurance that any shares will be returned.

Accumulated Other Comprehensive Loss

For the years ended December 31, 2016 and 2015, the Company recorded $867,968 and $1,821,060, respectively, of foreign currency translation adjustments as accumulated other comprehensive loss.

Warrants

During 2015, in connection with the sale of its common stock, the Company issued five-year warrants to CAP, who acted as a placement agent, to purchase 342,642 shares of the Company's common stock at $2.00 per share, and 16,000 shares of the Company's common stock at $2.50 per share. Similarly, during 2016, the Company issued five-year warrants to CAP for the purchase of 194,694 shares of the Company's common stock at $2.00 per share and 172,307 shares of the Company's common stock at $2.50 per share. CAP, in turn, awarded such warrants to its registered representatives and recorded $262,113 and $259,901 of stock-based compensation expense for the years ended December 31, 2016 and 2015, respectively, which is recorded within discontinued operations in the accompanying statements of operations (see Note 4 – Discontinued Operations).

16. STOCKHOLDERS' EQUITY, continued

Warrants, continued

Warrants granted during 2016 and 2015 had a weighted average grant date value of $0.80 and $0.84, respectively, and were valued using the Black-Scholes pricing model, with the following assumptions:

	For The Years Ended December 31,	
	2016	2015
Risk free interest rate	1.01 - 1.93%	1.37 - 1.63%
Expected term (years)	5.00	5.00
Expected volatility	44.0% - 46.0%	45.9% - 47.0%
Expected dividends	0%	0%
Forfeiture rate	5.0%	5.0%

The expected term of warrants represents the contractual term of the warrant. Given that the Company's shares were not publicly traded through September 30, 2016, the Company developed an expected volatility based on a review of the historical volatilities, over a period of time equivalent to the contractual term of the warrant, 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 contractual term of the warrants.

Pursuant to the Company's Investor Relations Consulting Agreement (see Note 17 – Commitments and Contingencies – Commitments), the Company granted five-year warrants for the purchase of 75,000 shares of the Company's common stock to MZCHI on April 18, 2016 and granted five-year warrants for the purchase of an additional 75,000 shares of the Company's common stock on October 18, 2016 (collectively, the "IR Warrants"). The warrants, as granted, had an exercise price of $2.50 per share, and vested three months from the date of grant. As of the effective date of the agreement, the IR Warrants had an aggregate value of $103,500, and the unvested warrants are subject to mark to market adjustments at each reporting and vest date, and which is amortized through the vesting period for each respective grant. During the year ended December 31, 2016, the Company recorded $73,393 of stock-based compensation related to the amortization of the IR Warrants, which is recorded within general and administrative expense in the consolidated statement of operations.

On October 8, 2016, the IR Warrants were amended such that the exercise price was adjusted from $2.50 per share to $2.00 per share. The Company recorded warrant modification expense of $21,001 related to the modification of the IR Warrants.

16. STOCKHOLDERS' EQUITY, continued

Warrants, continued

A summary of warrants activity during the years ended December 31, 2016 and 2015 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Intrinsic Value
Outstanding, December 31, 2014	1,069,674	$ 2.26		
Issued	358,642	2.00		
Exercised	-	-		
Cancelled	(46,130)	1.59		
Outstanding, December 31, 2015	1,382,186	2.10		
Issued	519,294	2.17		
Exercised	-	-		
Cancelled	-	-		
Outstanding, December 31, 2016	1,901,480	$ 2.20	2.79	$ -
Exercisable, December 31, 2016	1,901,480	$ 2.20	2.79	$ -

A summary of outstanding and exercisable warrants as of December 31, 2016 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
$ 2.00	Common Stock	739,629	2.8	739,629
$ 2.30	Preferred Stock	973,544	1.6	973,544
$ 2.50	Common Stock	188,307	4.0	188,307
	Total	1,901,480		1,901,480

16. STOCKHOLDERS' EQUITY, continued

Modification of CAP Warrants

On June 1, 2016, in connection with the issuance of common stock for the purpose of modifying the investor price per share see Common Stock, above), the Company modified CAP Warrants granted between December 2015 and May 2016, such that the exercise price was adjusted from $2.50 per share to $2.00 per share, and the aggregate number of shares available to be purchased in connection with the warrants was increased from 198,807 to 245,883 shares. The Company recorded warrant modification expense of $68,548 related to the modification of the CAP Warrants.

Stock Options

The Company has computed the fair value of options granted using the Black-Scholes option pricing model.

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

	For The Years Ended December 31,	
	2016	2015
Risk free interest rate	0.84% - 1.26%	1.06% - 1.10%
Expected term (years)	3.25 - 3.5	2.53 - 3.59
Expected volatility	44.0% - 46.1%	45.9% - 46.1%
Expected dividends	0%	0%
Forfeiture rate	5.0%	5.0%

Until September 23, 2016, there was no public trading market for the shares of AWLD common stock underlying the Company's 2001 Plan and 2008 Plan and 2016 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 were not publicly traded through September 30, 2016, the Company developed an expected volatility based on a review of the historical volatilities, over a period of time equivalent to the expected term of the options, 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. The Company estimated forfeitures related to options at an annual rate of 5% for options outstanding at December 31, 2016.

On June 15, 2015, the Company granted five-year options to purchase an aggregate of 2,211,890 shares of common stock to employees, officers, directors and consultants of the Company, pursuant to the 2008 Plan. Options to purchase an aggregate of 2,201,890 shares had an exercise price of $2.20 per share and an option to purchase 10,000 shares of common stock had an exercise price of $3.30 per share. The options vest over a four year period with one-fourth vesting on June 8, 2016 and the remainder vesting quarterly thereafter. The options had an aggregate grant date value of $1,409,900, of which, options granted to employees, officers and directors had an aggregate grant date fair value of $1,251,384, which will be recognized ratably over the vesting period, while options granted to consultants had an aggregate grant date value of $158,516, which will be re-measured on financial reporting dates and vesting dates until the service period is complete.

On July 19, 2016, the Company granted five-year options to purchase a total of 400,000 shares of common stock at an exercise price of $2.20 to two members of the Company's Board of Directors pursuant to the 2016 Plan. The options vested one-third on the date of grant and one-third on each of the two anniversaries subsequent to the date of grant. The options had an aggregate grant date value of $239,421.

16. STOCKHOLDERS' EQUITY, continued

Stock Options, continued

On October 20, 2016, the Company granted five-year options for the purchase of 100,000 shares of the Company's common stock to an employee of the Company and five-year options for the purchase of an aggregate 400,000 shares of the Company's common stock to Company consultants, under the 2016 Plan. The options had an exercise price of $2.20 and vested 25% at the date of grant and 25% on each of the three anniversaries subsequent to the date of the grant. The options had an aggregate grant date fair value of $302,025, of which options granted to an employee had a grant date fair value of $60,405, which will be recognized ratably over the vesting period, and options granted to consultants had an aggregate grant date fair value of $241,620 which will be re-measured on financial reporting dates and vesting dates until the service period is complete.

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

	For The Years Ended December 31,	
	2016	**2015**
Risk free interest rate	0.84% - 1.267%	1.06 - 1.10%
Expected term (years)	3.25 – 3.50	2.53 – 3.59
Expected volatility	44.0% - 46.1%	45.9% - 46.1%
Expected dividends	0%	0%
Forfeiture rate	5.0%	5.0%

The weighted average grant date fair value per share of options granted during the years ended December 31, 2016 and 2015 was $0.60 and $0.64, respectively.

During April 2015, in connection with certain employee separation agreements, the Company modified options to purchase an aggregate of 132,671 shares of common stock, such that (a) previously vested options to purchase 68,671 shares of common stock will remain outstanding and exercisable until their original expiration dates, notwithstanding the termination and (b) an unvested option to purchase 64,000 shares of common stock will become vested immediately and will remain outstanding and exercisable until its original expiration date, notwithstanding the termination. During the year ended December 31, 2015, the Company recorded incremental stock-based compensation expense of $40,300 in connection with the modification of the options.

During the years ended December 31, 2016 and 2015, the Company recorded stock-based compensation expense of $795,550 and $782,234, respectively, related to stock option grants, which is reflected as general and administrative expenses in the consolidated statements of operations. As of December 31, 2016, there was $1,976,179 of unrecognized stock-based compensation expense related to stock option grants that will be amortized over a weighted average period of 2.1 years, of which $566,392 of unrecognized expense is subject to non-employee mark-to-market adjustments.

16. STOCKHOLDERS' EQUITY, continued

Stock Options, continued

A summary of options activity during the years ended December 31, 2016 and 2015 is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Intrinsic Value
Outstanding, December 31, 2014	7,806,836	$ 2.85		
Granted	2,211,890	2.20		
Exercised	-	-		
Expired	(643,836)	2.95		
Forfeited	(435,454)	2.51		
Outstanding, December 31, 2015	8,939,436	2.70		
Granted	900,000	2.20		
Exercised	-	-		
Expired	(1,771,421)	3.85		
Forfeited	(43,750)	2.32		
Outstanding, December 31, 2016	8,024,265	$ 2.39	3.0	$ -
Exercisable, December 31, 2016	5,166,099	$ 2.45	2.4	$ -

The following table presents information related to stock options as of December 31, 2016:

Options Outstanding		Options Exercisable	
Exercise Price	Outstanding Number of Options	Weighted Average Remaining Life In Years	Exercisable Number of Options
$ 4.32	3,066,890	4.3	1,070,954
1.91	4,847,375	1.9	3,991,395
3.44	10,000	3.4	3,750
1.49	25,000	1.5	25,000
0.29	75,000	0.3	75,000
	8,024,265	2.4	5,166,099

17. 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. Notwithstanding the above, in connection with the routine audit of DPEC capital commenced in November 2016, the Company has promptly responded to requests from the SEC regarding the reported unregistered sales of the Company's securities. The Company records legal costs associated with loss contingencies as incurred. Settlements are accrued when, and if, they become probable and estimable.

Employment Agreement

On September 28, 2015, the Company entered into a new employment agreement with its CEO, (the "Employment Agreement"). Among other things, the Employment Agreement provides for a three-year term of employment at an annual salary of $401,700 (subject to a 3% cost-of-living adjustment per year), bonus eligibility, paid vacation and specified business expense reimbursements. The Employment Agreement sets limits on the CEO's annual sales of AWLD common stock. The CEO is subject to a covenant not to compete during the term of the Employment Agreement and following his termination for any reason, for a period of twelve months. Upon a change of control (as defined by the Employment Agreement), all of the CEO's outstanding equity-based awards will vest in full and his employment term resets to two years from the date of the change of control. Following the CEO's termination for any reason, the CEO is prohibited from soliciting Company clients or employees for one year and disclosing any confidential information of AWLD for a period of two years. The Employment Agreement may be terminated by the Company for cause or by the CEO for good reason, in accordance with the terms of the Employment Agreement.

Effective September 29, 2015, the CEO resigned his position as President and Secretary for DPEC Capital, Inc. but remained on as a director and non-executive chairman. The same day, Mr. Fasano was appointed President and Secretary in addition to his continuing role as Chief Compliance Officer of DPEC Capital, Inc.

17. COMMITMENTS AND CONTINGENCIES, continued

Consulting Agreements

On or about January 11, 2016, the Company entered into an agreement with Maxim Group LLC ("Maxim") to provide general financial advisory and investment banking services to the Company. Pursuant to the terms of this agreement, Maxim will receive a monthly cash fee of $7,500 for the duration of the agreement, which may be terminated by either party at any time after nine months, or upon 30 days prior written notice to the other party. In connection with the agreement, the Company issued 350,000 shares of restricted common stock valued at $2.50 per share to Maxim (see Note 16 – Stockholders' Equity). On or about October 28, 2016, the Company terminated its agreement with Maxim.

The Company entered into an Investor Relations Consulting Agreement effective April 8, 2016 (the "IR Agreement") with MZHCI LLC ("MZHCI") to provide consulting services with respect to financial markets and exchanges, competitors, business acquisitions and other related matters in exchange for consideration of $6,500 of cash per month plus five-year warrants for the purchase of up to 150,000 shares of the Company's common stock at an exercise price of $2.50 per share (see Note 16 – Stockholders' Equity – Warrants).

Importer Agreement

The Company entered into an agreement (the "Importer Agreement") with an importer (the "Importer") effective June 1, 2016, pursuant to which the Company has engaged the Importer as its sole and exclusive importer, distributor and marketing agent of wine in the United States at prices mutually agreed upon by the Company and the Importer. The Importer Agreement terminates on December 31, 2020, and is renewable for an indefinite number of successive three year terms. The Importer Agreement may be terminated by the Company or the Importer for cause, as defined in the Importer Agreement.

Lease Commitments

The Company leases office space in New York City under an operating lease which expired on August 31, 2015. During July 2015, the Company entered into the second amendment of this lease (the Second Lease Amendment). Pursuant to the terms of the Second Lease Amendment, annual rent for the New York City office is increased from $156,000 to $217,800 effective September 1, 2015, is subject to modest specified annual rent increases, and the lease is extended through August 31, 2020.

Future minimum payments on these operating leases are as follows:

For The Years Ended December 31,	Amount
2017	$ 226,577
2018	233,375
2019	240,376
2020	163,424
Total	$ 863,752

Rent expense for this property, for the years ended December 31, 2016 and 2015 was $189,928 and $139,107, respectively, net of reimbursements under expense sharing agreements (see Note 14 – Related Party Transactions – Expense Sharing).

18. SUBSEQUENT EVENTS

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

Foreign Currency Exchange Rates

The Argentine Peso to United States Dollar exchange rate was 15.5365, 15.9681 and 12.9441 at March 28, 2017, December 31, 2016 and December 31, 2015, respectively.

Issuance of Convertible Notes

Between January 27, 2017 and February 27, 2017, the Company sold convertible promissory notes to accredited investors for total gross proceeds to the Company of $1,260,000. The notes have a 90-day maturity, pay 8% annual interest and are convertible into the Company's Series B preferred stock at a conversion price of $10 per share, beginning fifteen days after being notified of the Series B preferred offering.

On March 28, 2017, a convertible promissory note in the amount of $400,000 was converted into 40,000 shares of the Company's Series B preferred stock.

Amended and Restated Certification of Designation

On February 28, 2017, the Company filed an Amended and Restated Certificate of Designation with the Secretary of State of the state of Delaware, decreasing the number of shares of the Company's preferred stock designated as Series A Convertible Preferred Stock to 10,097,330 shares.

Series B Preferred Stock

On February 28, 2017, the Company filed a Certificate of Designation with the Secretary of State of the state of Delaware, designating 902,670 shares of the Company's preferred stock as Series B Convertible Preferred Stock ("Series B") at a par value of $0.01 per share.

The Series B stockholders are entitled to cash dividends at an annual rate of 8% of the Series B liquidation value, as defined, payable when, as and if declared by the Board of Directors. Each share of Series B stock is entitled the number of votes determined by dividing $10 by the fair market value of the Company's common stock on the date that the Series B shares were issued, up to a maximum of ten votes per share of Series B stock.

Each Series B share is convertible at the option of the holder into 10 shares of the Company's common stock and is automatically converted into common stock upon the uplisting of the Company's common stock to a national securities exchange. On the second anniversary of the termination of the Series B offering, the Company will redeem all then-outstanding shares of Series B shares at a price equal to the liquidation value per share, plus all unpaid accrued and accumulated dividends.

On March 24, 2017, the Company sold 15,000 shares of Series B Preferred Stock at $10.00 per share for gross proceeds of $150,000.

AGREEMENT FOR THE PURCHASE OF COMMON STOCK

THIS COMMON STOCK PURCHASE AGREEMENT, (this "Agreement") made this 20th day of December, 2016, by and between Algodon Wines & Luxury Development Group, Inc., (hereinafter referred to as ("Algodon" or "Seller"), and China Concentric Capital Group, Inc., ("Purchaser"). The Seller and the Purchaser may be referred to herein singularly as a "Party" and collectively, as the "Parties".

In consideration of the mutual promises, covenants, and representations contained herein, THE PARTIES HERETO AGREE AS FOLLOWS:

WITNESSETH:

WHEREAS, the Seller wishes to sell, and the Purchaser wishes to purchase Forty-Three Million Eight Hundred Twenty Two Thousand Four Hundred and One (43,822,401) shares of Mercari Communications Group, Ltd. ("Mercari" or the "Company") common stock (the "Shares" or "Common Stock").

WHEREAS, the Seller and Purchaser have entered into an Escrow Agreement dated December __, 2016 and appointed J. M. Walker & Associates, Attorneys At Law, to act as the Escrow Agent ("Escrow Agent") for this transaction and to receive and hold all consideration received from the Purchaser for the sale of the Shares and all documents, stock certificates and corporate records of Mercari received from Seller or Mercari ("Transferred Documents"), in the J. M. Walker & Associates, Attorneys At Law COLTAF Trust Account (the "Escrow Account" with respect to the Purchase Price (defined below) or in the possession of the Escrow Agent with respect to the Transferred Documents (except those to be delivered in electronic form (which possession of the Escrow Agent is also referred to as the "Escrow Account")), unless other arrangements are agreed to by all Parties.

NOW THEREFORE, in consideration of the mutual promises, covenants and representations contained herein, the parties herewith agree as follows:

ARTICLE I
SALE OF SECURITIES

1.01. Sale. Subject to the terms and conditions of this Agreement, the Seller agrees to sell the Shares, and the Purchaser shall purchase the Shares, for a total of Two Hundred Sixty Thousand Dollars and No Cents (U.S.) ($260,000.00) (the "Purchase Price" or "Funds").

1.02. Escrow Agent. Pursuant to the terms of the Escrow Agreement, the Escrow Agent will distribute the Funds to the Seller and distribute the Documents and Shares held in the Escrow Account to the Purchaser.

1.03. Deposit: No later than one business day after the execution of this Agreement by Purchaser and Seller, Purchaser shall make, by wire transfer, a deposit (the "Deposit") in the amount of Fifty Thousand Dollars ($50,000.00), to the Escrow Account for the Shares. The amount deposited will be held in the Escrow Account until Closing in accordance with the terms of the Escrow Agreement.

As soon as reasonably practicable after receipt of the Deposit by the Escrow Agent, Seller will make available at the office of the Escrow Agent and to counsel for the Purchaser by electronic means satisfactory to all parties (such as through electronic mail or other electronic delivery service such as DropBox or Google Drive), copies of all documents listed in Article II, Paragraph 2.12 and Article IV of this Agreement and all other documents which may be requested by the Purchaser that are available (collectively, the "Documents").

Purchaser will provide Seller with the information as requested by the Seller concerning the Purchaser, including information on its director elect and plans for the Company. If Seller is not satisfied with such information, this Agreement shall be terminated and the Funds will be returned to Purchaser.

1.04. Balance of Purchase Price. It is agreed that the full amount of the Purchase Price will be wire transferred to the Escrow Account on or before January 4, 2017, and that the Closing will take place no later than the business day immediately following the receipt of such payment. It is agreed that all of the Shares shall remain in the Escrow Account until the full amount of $260,000.00 has been paid to the Escrow Account. No later than January 3, 2017, all stock certificates, stock powers and corporate authorizations necessary to effectuate the transfer of the Shares shall be delivered to the Company's transfer agent. The Company's transfer agent shall no later than January 4, 2017, confirm to Purchaser's counsel that it has prepared a certificate representing the Shares in the name of Purchaser. On the following day, the certificate for the Shares, the corporate documents listed in Sections 2.12, 2.13 and 3.02 below will be disbursed to Purchaser and the full amount of $260,000.00 shall be disbursed as per instructions of the Seller.

This Agreement may be terminated unilaterally by Seller if: (i) Seller has complied with all of its obligations hereunder and the balance of the Purchase Price for the Shares is not paid in full on or before January 4, 2017, unless an extension of time is agreed to in writing by both parties; or (ii) Purchaser has failed to comply with all material terms of this Agreement. Upon such termination, all consideration paid by Purchaser shall be delivered to Seller in accordance with the terms of the Escrow Agreement. Upon the payment of the total Purchase Price of $260,000.00 by the Purchaser to the Seller for the Shares, by wire transfer to the Escrow Account, and the receipt by the Escrow Agent of all of the Transferred Documents, the Closing will take place immediately unless extended by the parties signing this Agreement.

This Agreement may be terminated unilaterally by Purchaser if: (a) the Seller fails to deliver the Documents and Transferred Documents prior to December 29, 2016 (and other documents requested by the Purchaser reasonably available to the Seller promptly after such request is made), unless an extension of time is agreed to in writing by both parties; or (b) Seller fails to deliver the Transferred Documents to the Escrow Agent in form suitable for delivery to the Company's transfer agent within a reasonable time. Upon such termination by Purchaser, all consideration paid by Purchaser shall be returned to Purchaser in accordance with the terms of the Escrow Agreement.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

The Seller represents and warrants to the Purchaser the following:

2.01. Organization. Mercari is a Colorado corporation duly organized, validly existing, and in good standing under the laws of that state, has all necessary corporate powers to own properties and carry on a business, and is duly qualified to do business and is in good standing in the State of Colorado. All actions taken by the incorporators, directors and/or shareholders of Mercari have been valid and in accordance with the laws of the State of Colorado. Mercari has a class of common stock registered under Section 12(g) of the Securities Act of 1934, as amended (the "Exchange Act") and is obligated to file reports with the Securities Exchange Commission ("SEC"). Mercari's common stock is currently quoted on the OTC Markets "Pink Sheets".

Immediately following the Closing, the Purchaser shall file or cause the Company to file, all required filings with any state and federal regulators, including the SEC, disclosing the acquisition of the Shares by the Purchaser, the change of control of Mercari, all changes to the officers and directors, and all such additional disclosure as is required to keep the corporation in good standing with any and all regulatory bodies having authority. The Purchaser recognizes the obligation to file a Schedule 14f-1 should the conditions precedent requiring such filing be met before a change in a majority of the Company's Board occurs, and the Purchaser will provide the Seller (through its legal counsel) filing not later than midday on December 20, 2016 the information with respect to the director to be designated by Purchaser necessary for the Schedule 14f-1.

2.02. Capital. The authorized capital stock of Mercari consists of 950,000,000 shares of Common Stock, $0.00001 par value authorized, of which 45,411,400 shares of common stock are issued and outstanding. Mercari has 20,000,000 shares of preferred stock, $0.001 par value authorized, of which no preferred shares have been issued. All outstanding shares are fully paid and non-assessable, free of liens, encumbrances, options, restrictions and legal or equitable rights of others not a party to this Agreement. At the Closing, there will be no outstanding subscriptions, options, rights, warrants, convertible securities, or other agreements or commitments obligating Mercari to issue or to transfer from treasury any additional shares of its capital stock.

None of the outstanding shares of Mercari are subject to any stock restriction agreements or the beneficiary of any agreement requiring the Company to register shares under the Securities Act of 1933, as amended (the "Securities Act"). There are approximately 23 shareholders of record of Mercari plus shares in street name. To the knowledge of Mercari but without any warranty: (i) all of such shareholders have valid title to the Shares owned by them; and (ii) all of such shareholders acquired their Shares in a lawful transaction and in accordance with Colorado corporate law and the applicable securities laws of the United States and of their respective states of residence.

2.03. Filings with Government Agencies. The common stock of Mercari is registered pursuant to Section 12(g) of the Exchange Act, and Mercari is required to file periodic reports with the SEC pursuant to Section 13(a) of the Exchange Act, and Mercari has filed all required reports and other documents with the SEC, including the most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q, and will file a Current Report Form 8-K announcing the entrance into a material definitive agreement upon signing of this Agreement. Mercari has made all required filings the State of Colorado that might be required, and is current in its filings and reporting to the state of Colorado and the SEC. Upon the purchase of the Shares by the Purchaser, the Purchaser will have the full responsibility for causing the Company to file any and all documents required by the SEC, and/or any other government agency that might be required. The Seller will supply the Purchaser with all information that is currently available regarding Mercari and shall cause its auditor to cooperate with the Company's new auditor, if one should be appointed. The Purchaser understands that the Seller will have no responsibility whatsoever for any filings to be made by Mercari in the future, either with the SEC, FINRA or with the State of Colorado.

2.04. Financial Statements. The financial statements of the Company included in its SEC Reports have been prepared in accordance with generally accepted accounting standards and the rules and regulations of the SEC and fairly present the financial condition and operating results of the Company as of the dates, and for the periods, indicated therein. Except as set forth in the Company's financial statements included in its Annual Report on Form 10-K/A for the year ended May 31, 2016 and its Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2016, and as set forth in Section 2.05, the Company has no material liabilities (contingent or otherwise). At Closing, the Company will not be a guarantor or indemnitor of any indebtedness of any other person, firm, or corporation.

2.05. Liabilities. It is understood and agreed that the purchase of the Shares is predicated on the Company not having any liabilities at closing except those incurred in the ordinary course of business with the understanding that Algodon will satisfy or assume responsibility for and obtain a release in favor of Mercari for all liabilities of Mercari as of the closing (the "Assumed Liabilities") except any liabilities expressly excluded. For the purposes of the preceding sentence, the term "liabilities" (whether or not capitalized) includes any debt, liability, or obligation of any nature, whether accrued, absolute, contingent, or otherwise. Seller is not aware of any pending, threatened or asserted claims, lawsuits or contingencies involving the Company or its shares of Common Stock. To the best of knowledge of the Seller, there is no dispute of any kind between the Company and any third party, and no such dispute will exist at the Closing of this transaction and at Closing, except as set forth herein, the Company will be free from any and all liabilities, liens, claims and/or commitments.

2.06. Tax Returns. The Company has filed all state and federal tax returns required to be filed by it through the date hereof. As of Closing, there shall be no taxes of any kind due or owing.

2.07. Ability to Carry Out Obligations. The Seller has the right, power, and authority to enter into, and perform its obligations under this Agreement. The execution and delivery of this Agreement by the Seller and Mercari and the performance by the Seller of its obligations hereunder will not cause, constitute, or conflict with or result in (a) any breach or violation or any of the provisions of or constitute a default under any license, indenture, mortgage, charter, instrument, articles of incorporation, bylaw, or other agreement or instrument to which the Seller, Mercari or the officers or directors of Mercari or Seller are a party, or by which they may be bound, nor will any consents or authorizations of any party other than those hereto be required, (b) an event that would cause Seller or Mercari (and/or assigns) to be liable to any party, or (c) an event that would result in the creation or imposition of any lien, charge, or encumbrance on any asset of Mercari or upon the shares of Mercari to be acquired by the Purchaser.

2.08. Contracts, Leases and Assets. Mercari is not a party to any contract, agreement or lease (unless such contract, agreement or lease has been assigned to and assumed by another party and Mercari has been released from its obligations thereunder) other than its contract with the transfer agent, and except as described in documents filed with the SEC or as disclosed to the Purchaser. At Closing, no person will hold a power of attorney from Mercari. At the Closing, Mercari will have no assets or liabilities or any obligations which would give rise to a liability in the future.

2.09. Compliance with Laws. To the best knowledge of the Seller, Mercari has complied in all material respects, with, and is not in violation of any, federal, state, or local statute, law, and/or regulation. To the best of the knowledge of the Seller, Mercari has complied with all federal and state securities laws in connection with the offer, sale and distribution of its securities and has filed all reports required to be filed with the SEC since January 1, 2015. At the time that Mercari sold Shares to the Seller, Mercari was entitled to use the exemptions provided by the Securities Act relative to the sale of the Shares. The Shares being sold herein are being sold in a private transaction between the Seller and the Purchaser, and are considered "restricted securities" pursuant to Rule 144 of the Securities Act.

2.10. Litigation. To the best of the knowledge of the Seller, Mercari is not a party to any suit, action, arbitration, or legal, administrative or other proceeding, or pending governmental investigation. To the best knowledge of the Seller, there is no basis for any such action or proceeding and no such action or proceeding is threatened against Mercari. Mercari is not a party to or in default with respect to any order, writ, injunction, or decree of any federal, state, local, or foreign court, department, agency, or instrumentality.

2.11. Conduct of Business. Prior to the Closing, Mercari shall conduct its business in the normal course, and shall not (without the prior written approval of Purchaser) (i) sell, pledge, or assign any assets, (ii) amend its Articles of Incorporation or Bylaws, (iii) declare dividends, redeem or sell stock or other securities, (iv) incur any liabilities, except in the normal course of business, which liabilities will be satisfied at or prior to Closing, (v) acquire or dispose of any assets, enter into any contract, guarantee obligations of any third party, (vi) enter into any other transaction or (vii) enter into an agreement to do any of the foregoing.

2.12. Corporate Documents. Each of the following documents, which shall be true, complete and correct in all material respects, will be submitted at the Closing:

(i) Articles of Incorporation and all amendments thereto;

(ii) Bylaws and all amendments thereto;

(iii) Minutes and Consents of shareholders;

(iv) Minutes and Consents of the board of directors;

(v) List of officers and directors;

(vi) Certificate of Good Standing from the Secretary of State of Colorado;

(vii) Current Shareholder list from the transfer agent;

(viii) Most recent tax returns filed with the requisite state and federal authorities; and

(ix) Copies of the Company's agreements with its transfer agent, auditor and Edgar filing agent if, in each case, the terms of such agreement require the Company to pay any amount if it elects to terminate such agreement.

2.13. Closing Documents. All minutes, consents or other documents pertaining to Mercari to be delivered at the Closing (included within the definition above of "Transferred Documents") shall be valid and in accordance with the laws of Colorado.

2.14. Title. The Seller has good and marketable title to all of the Shares being sold by it to the Purchaser pursuant to this Agreement and upon payment of the Purchase Price Purchase will have good and marketable title to the Shares subject only to such liens thereon as may be created by Purchaser. The Shares will be, at the Closing, free and clear of all liens, security interests, pledges, charges, claims, encumbrances and restrictions of any kind, except for restrictions on transfer imposed by federal and state securities laws. None of the Shares are or will be subject to any voting trust or agreement. No person holds or has the right to receive any proxy or similar instrument with respect to such Shares. Except as provided in this Agreement, the Seller is not a party to any agreement which offers or grants to any person the right to purchase or acquire any of the Shares. There is no applicable local, state or federal law, rule, regulation, or decree which would, as a result of the purchase of the Shares by Purchaser (and/or assigns) impair, restrict or delay voting rights with respect to the Shares.

Without limiting the generality of the foregoing, the Seller represents that it has acquired no shares of Mercari common stock or any security convertible into or exchangeable for Mercari common stock during more than the six months preceding the date that negotiations began for this Agreement (which the Seller asserts is December 1, 2016).

2.15. Transfer of Shares. The Seller will have the responsibility for sending all certificates representing the shares being purchased, along with the proper stock powers with bank signature guarantees or powers of attorney acceptable (included within the definition above of "Transferred Documents") to the transfer agent at least two days prior to Closing. Purchaser will deliver to the transfer agent a letter of instruction as to the names and denominations in which the Shares are to be registered.

2.16. Section 4(1½) Exemption. The Seller warrants that, assuming the accuracy of the representations of Purchaser contained herein, the transaction contemplated hereby, to the extent that it consists of an offer or sale of securities by the Seller to the Purchaser, complies with the exemption from registration under the Securities Act commonly referred to as the Section 4(1½) exemption and the Seller will assert no position contrary to the compliance with the requirements of the Section 4(1½) exemption.

2.17. Representations. All representations by the Seller in this Article II and other representations of the Seller contained herein shall be true as of the Closing and all such representations shall survive the Closing.

ARTICLE III
CLOSING

3.01. Closing for the Purchase of Common Stock. The Closing (the "Closing") of this transaction for the Shares of Common Stock being purchased will occur when all of the documents and consideration described in Section 2.12 above and in Section 3.02 below, have been delivered or other arrangements have been made and agreed to by the Parties. If the Closing does not occur on or before January 5, 2017, and in addition to the grounds for the termination of this Agreement set forth in Section 1.04, above, then either party may terminate this Agreement upon written notice.

3.02. Documents and Payments to be Delivered at Closing. As part of the Closing of the Common Stock purchase, those documents listed in Section 2.12 of this Agreement, as well as the following documents, in form reasonably acceptable to counsel to the Parties, shall have been delivered to Escrow Agent at least 48 hours prior to the Closing:

(a) By the Seller:

(i) stock certificate or certificates, along with stock powers with signature medallion guarantee, and such corporate authorizations as may be required, acceptable to the transfer agent, representing the Shares, endorsed in favor of the name or names as designated by Purchaser or left blank;

(ii) the resignation of all officers of Mercari;

(iii) the resignations of directors of Mercari and the appointment of a new director as designated by the Purchaser, subject to the Purchaser's compliance with SEC Rule 14f-1.

(iv) true and correct copies of all of the business and corporate records of Mercari, including but not limited to correspondence files, bank statements, checkbooks, savings account books, minutes of shareholder and directors meetings or consents, financial statements, tax returns, shareholder listings, stock transfer records, agreements and contracts that exist, including, without limitation the items set forth in Section 2.12, and

(v) such other documents of Mercari as may be reasonably required by Purchaser, if available.

(b) By Purchaser:

(i) wire transfer to the J. M. Walker & Associates, Attorneys At Law COLTAF Trust Account the amount of $210,000.00, representing the balance of the payment for the Purchase Price for the Shares.

ARTICLE IV
INVESTMENT INTENT

The Purchaser represents, warrants and covenants to the Seller the following. If the Purchaser is acquiring the Shares or any portion of the Shares for another person or if, pursuant to Section 2.15 hereof directs that any portion of the Shares be issued in the name of any other person, such other person will personally make each of the following representations and warranties to the Seller. In such a case, the term Purchaser when used herein includes any person for whom the Purchaser is acquiring Shares or to whom the Purchaser requests that Shares be issued.

4.01. Transfer Restrictions. Purchaser agrees that the shares being acquired pursuant to this Agreement may be sold, pledged, assigned, hypothecated or otherwise transferred, with or without consideration ("Transfer") only pursuant to an effective registration statement under the Securities Act, or pursuant to an exemption from registration under the Securities Act. As such, the Shares constitute "restricted securities" as that term is defined in Rule 144 of the Securities Act.

4.02. Investment Intent. The Purchaser is acquiring the Shares for its own account for investment, and not with a view toward distribution thereof.

4.03. No Advertisement. The Purchaser acknowledges that the Shares have been offered to Purchaser in direct communication between Purchaser and Seller, and not through any advertisement of any kind. To the extent that the Purchaser solicited funds from others to accomplish the transactions contemplated hereby, the Purchaser did so in absolute compliance with all securities laws of the United States, applicable states, and all other applicable jurisdictions and without any form of general solicitation or public advertising.

4.04. Knowledge and Experience. The Purchaser acknowledges it has been encouraged to seek its own legal and financial counsel to assist in evaluating this purchase. The Purchaser acknowledges that Seller has given Purchaser and its counselors access to all information relating to Mercari's business that Purchaser has requested. The Purchaser acknowledges that it has sufficient business and financial experience, and knowledge concerning the affairs and conditions of Mercari in order to make a reasoned decision as to this purchase of the Shares and is capable of evaluating the merits and risks of this purchase and Purchaser, assuming all the documents previously requested are delivered, shall have received all information regarding Mercari necessary for it to make the decision to complete the transactions contemplated herein.

4.05. Restrictions on Transferability. The Purchaser is aware of the restrictions of transferability of the Shares and further understands that some or all of the certificates may bear a legend similar to the following:

(a) **THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND ARE "RESTRICTED SECURITIES" AS DEFINED IN RULE 144 OF THE 1933 ACT. AS SUCH, THE PURCHASE OF THIS SECURITY WAS MADE WITH THE INTENT OF INVESTMENT AND NOT WITH A VIEW FOR DISTRIBUTION. THEREFORE, ANY SUBSEQUENT TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN WILL BE UNLAWFUL UNLESS IT IS REGISTERED UNDER THE ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.**

(b) The Purchaser understands that the Shares may only be disposed of pursuant to either (i) an effective registration statement under the Securities Act, or (ii) an exemption from the registration requirements of the Securities Act.

(c) Mercari has not filed such a registration statement with the SEC or any state authorities nor agreed to do so, nor contemplates doing so in the future for the shares being purchased or any other shares of Mercari, and in the absence of such a registration statement or exemption, the Purchaser may have to hold the Shares indefinitely and may be unable to liquidate them in case of an emergency.

4.06. Accredited Investor. Purchaser is an "Accredited Investor" as defined in Regulation D of the Securities Act and the laws and regulations of applicable states and other jurisdictions.

4.07. Future Business of Mercari. The Purchaser represents that after the Closing of this transaction, the Purchaser will either carry on the existing business of Mercari or vend in a new business. After Closing, the Purchaser covenants not to manipulate or participate in a manipulating the share price of Mercari in a "pump and dump" scheme. The Purchaser, as the controlling shareholder of Mercari, agrees that each member of the Board of Directors of Mercari should act as a director in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the person reasonably believes to be in the best interests of the corporation as mandated by C.R.S. § 7-108-401(1).

4.08. Anti-Money Laundering, Anti-Corruption and Anti-Terrorism Laws. The Purchaser confirms that the funds representing the Purchase Price will not represent proceeds of a crime for the purpose of any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline and the Purchaser is in compliance with, and has not previously violated, the United States of America Patriot Act of 2001, as amended through the date of this Agreement, to the extent applicable to the Purchaser and all other applicable anti-money laundering, anti-corruption and anti-terrorism laws and regulations.

4.09. Section 4(1½) Exemption. The Purchaser warrants that the transaction contemplated hereby, to the extent that it consists of an offer or sale of securities by the Seller to the Purchaser complies with the exemption from registration under the Securities Act commonly referred to as the Section 4(1½) exemption and the Purchaser will assert no position contrary to the compliance with the requirements of the Section 4(1½) exemption.

4.10. Representations. All Representations by the Purchaser in this Article IV and other representations of the Purchaser contained herein shall be true as of the Closing and all such representations shall survive the Closing.

ARTICLE V
REMEDIES

5.01. Arbitration. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in Denver, Colorado before three arbitrators. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures and in accordance with the Expedited Procedures in those Rules. Judgment on the Award may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction. The governing law for the arbitration shall be the law of the State of Colorado, without reference to its conflicts of laws provisions.

5.02. Termination. In addition to any other remedies set forth herein, including those set forth in Section 1.04, the Purchaser may terminate this Agreement, if at the Closing, the Seller have failed to comply with all material terms of this Agreement, has failed to supply any documents required by this Agreement unless they do not exist, or has failed to disclose any material facts which could have a substantial effect on any part of this transaction or the transfer agent refuses to register the Shares in the name of Purchaser.

5.03. Indemnification. From and after the Closing, the parties, jointly and severally, agree to indemnify the other against all actual losses, damages and expenses caused by (i) any material breach of this Agreement by them or any material misrepresentation contained herein, or (ii) any misstatement of a material fact or omission to state a material fact required to be stated herein or necessary to make the statements herein not misleading.

5.04. Indemnification Non-Exclusive The foregoing indemnification provision is in addition to, and not derogation of any statutory, equitable or common law remedy any party may have for breach of representation, warranty, covenant or agreement.

ARTICLE VI
MISCELLANEOUS

6.01. Captions and Headings. The article and paragraph headings throughout this Agreement are for convenience and reference only, and shall in no way be deemed to define, limit, or add to the meaning of any provision of this Agreement.

6.02. No Oral Change. This Agreement and any provision hereof, may not be waived, changed, modified, or discharged, orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

6.03. Non Waiver. Except as otherwise expressly provided herein, no waiver of any covenant, condition, or provision of this Agreement shall be deemed to have been made unless expressly in writing and signed by the party against whom such waiver is charged; and (i) the failure of any party to insist in any one or more cases upon the performance of any of the provisions, covenants, or conditions of this Agreement or to exercise any option herein contained shall not be construed as a waiver or relinquishment for the future of any such provisions, covenants, or conditions, (ii) the acceptance of performance of anything required by this Agreement to be performed with knowledge of the breach or failure of a covenant, condition, or provision hereof shall not be deemed a waiver of such breach or failure, and (iii) no waiver by any party of one breach by another party shall be construed as a waiver with respect to any other or subsequent breach.

6.04. Time of Essence. Time is of the essence of this Agreement and of each and every provision hereof.

6.05. Entire Agreement. This Agreement and the Stock Purchase Agreement, including any and all attachments hereto if any, contain the entire agreement of and understanding between the Parties hereto, and supersede all prior agreements and understandings.

6.06. Partial Invalidity. In the event that any condition, covenant, or other provision of this Agreement is held to be invalid or void by any court of competent jurisdiction, it shall be deemed severable from the remainder of this Agreement and shall in no way affect any other condition, covenant or other provision of the Agreement. If such condition, covenant, or other provision is held to be invalid due to its scope or breadth, it is agreed that it shall be deemed to remain valid to the extent permitted by law.

6.07. Significant Changes The Seller understands that significant changes may be made in the capitalization and/or stock ownership of Mercari, which changes could involve a reverse stock split and/or the issuance of additional shares, thus possibly having a dramatic negative effect on the percentage of ownership and/or number of shares owned by present shareholders of Mercari.

6.08. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile signatures will be acceptable to all parties.

6.09. Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the third day after deposit with a recognized overnight courier, if prepaid and duly addressed to the party to whom notice is to be given:

If to the Seller:

Algodon Wines & Luxury Development Group, Inc.
135 Fifth Avenue, 10th Floor
New York, NY 10010
Attn: Scott L. Mathis, President & CEO
Phone: 212-739-7765
Email: smathis@algodongroup.com

If to the Purchaser:

China Concentric Capital Group, Inc.
1120 6th Ave 4th FL
New York, New York 10036
Attn: Ethan Chuang
Phone: 714-858-1147
Email: kooooouchang@yahoo.com

with a copy to:

Eaton & Van Winkle LLP
3 Park Avenue
New York, New York 10016
Attn: Vincent J. McGill
Phone: 212-561-3604
Email: vmcgill@evw.com

6.10. Binding Effect. This Agreement shall inure to and be binding upon the heirs, executors, personal representatives, successors and assigns of each of the parties to this Agreement

6.11. Effect of Closing. All representations, warranties, covenants, and agreements of the parties contained in this Agreement, or in any instrument, certificate, opinion, or other writing provided for in it, shall be true and correct as of the Closing and shall survive the Closing of this Agreement.

6.12. Mutual Cooperation. The parties hereto shall cooperate with each other to achieve the purpose of this Agreement, and shall execute such other and further documents and take such other and further actions as may be necessary or convenient to effect the transaction described herein. The Seller may retain physical or electronic copies of any of the Documents, including the Transferred Documents, as the Seller may desire.

6.13. Governing Law. This Agreement and the rights of the Parties hereunder shall be governed by and construed in accordance with the Laws of the State of Colorado (regardless of its conflict of laws principles), including all matters of construction, validity, performance and enforcement and without giving effect to the principles of conflict of laws.

6.14. Exclusive Jurisdiction and Venue. The Parties agree that subject to Section 5.01, the courts of the State of Colorado shall have sole and exclusive jurisdiction and venue for the resolution of all disputes arising under the terms of this Agreement and the Transactions contemplated herein.

In witness whereof, this Agreement has been duly executed by the Parties hereto as of the date first written above.

SELLER: ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.	**PURCHASER: CHINA CONCENTRIC CAPITAL GROUP, INC.**
By: */s/ Scott Mathis*	By: */s/ Ethan Chuang*
Scott Mathis, President & CEO	Ethan Chuang, President
Date:	Date:

FIRST AMENDMENT TO THE AGREEMENT FOR THE PURCHASE OF COMMON STOCK

THIS FIRST AMENDMENT TO THE COMMON STOCK PURCHASE AGREEMENT, (this "First Amendment") made this 17th day of January, 2017, by and between Algodon Wines & Luxury Development Group, Inc., (hereinafter referred to as ("Algodon" or "Seller"), and China Concentric Capital Group Ltd., ("Purchaser"). The Seller and the Purchaser may be referred to herein singularly as a "Party" and collectively, as the "Parties".

In consideration of the mutual promises, covenants, and representations contained herein, THE PARTIES HERETO AGREE AS FOLLOWS:

WITNESSETH:

WHEREAS, the Seller and the Purchaser entered into that certain Agreement for the Purchase of Common Stock on December 22, 2016 (the "Stock Purchase Agreement") for the purchase of Forty-Three Million Eight Hundred Twenty-Two Thousand Four Hundred and One (43,822,401) shares of common stock of Mercari Communications Group, Ltd. ("Mercari");

WHEREAS, as a result of the failure to transfer to Algodon: (i) certificate number ZQ00005022 in the name of Kanouff LLC representing 200 shares of Mercari common stock; and (ii) certificate number ZQ00005022 in the name of Underwood Family Partners Ltd. representing 200 shares of Mercari common stock (collectively, the "Untransferred Shares"); the transfer agent's records show that the Seller currently holds of record only 43,822,001 shares of common stock of Mercari in the name of Algodon Wines & Luxury Development Group Inc.;

WHEREAS, the Purchaser's name, China Concentric Capital Group Ltd., was incorrectly stated in the Stock Purchase Agreement;

WHEREAS, the Seller and Purchaser desire to amend the Stock Purchase Agreement to amend the number of shares of common stock of Mercari held by the Seller;

WHEREAS, the Seller and Purchaser also desire to amend the Stock Purchase Agreement to amend the date of Closing of the transaction and provide for delivery of certain documents directly to Purchaser's counsel rather than to the Escrow Agent; and

WHEREAS, the Seller and Purchaser also desire to amend the Stock Purchase Agreement to correct the name of Purchaser.

NOW THEREFORE, in consideration of the mutual promises, covenants and representations contained in this First Amendment and the Stock Purchase Agreement, the Parties herewith agree as follows:

A. Definitions and Recitals. Except such terms and words as are defined herein, any other capitalized terms and words used herein shall have the meaning attributed to them as set out in the Stock Purchase Agreement, except that the name of the Purchaser in the heading of the Stock Purchase Agreement is hereby amended to read as "China Concentric Capital Group Ltd." The above recitals are specifically incorporated herein by reference.

B. Amendment to Recitals. The first and second recitals in the Stock Purchase Agreement are hereby deleted and replaced in its entirety with the following:

"WHEREAS, the Seller wishes to sell, and the Purchaser wishes to purchase Forty-Three Million Eight Hundred Twenty-Two Thousand and One (43,822,001) shares of common stock of Mercari Communications Group, Ltd. ("Mercari" or the "Company") common stock and any additional shares of Mercari common stock that Seller currently owns (the "Shares");"

WHEREAS, the Seller and Purchaser have entered into an Escrow Agreement dated December 16, 2016 and any amendments thereto (the "Escrow Agreement") and appointed J. M. Walker & Associates, Attorneys At Law, to act as the Escrow Agent ("Escrow Agent") for this transaction and to receive and hold all consideration received from the Purchaser for the sale of the Shares and all documents and corporate records of Mercari received from Seller or Mercari ("Transferred Documents"), in the J. M. Walker & Associates, Attorneys At Law COLTAF Trust Account (the "Escrow Account" with respect to the Purchase Price (defined below) or in the possession of the Escrow Agent with respect to the Transferred Documents (except those to be delivered in electronic form (which possession of the Escrow Agent is also referred to as the "Escrow Account")), unless other arrangements are agreed to by all Parties.

C. Amendment to Section 1.02. Section 1.02 of the Stock Purchase Agreement is hereby deleted and replaced in its entirety with the following:

1.02 Escrow Agent. Pursuant to the terms of the Escrow Agreement, the Escrow Agent will distribute the Funds to the Seller and distribute the Transferred Documents held in the Escrow Account to the Purchaser. The Seller will provide for the transfer of the Shares pursuant to Section 2.15 herein.

D. Amendment to Section 1.04. Section 1.04 of the Stock Purchase Agreement is hereby deleted and replaced in its entirety with the following:

1.04 Balance of Purchase Price. It is agreed that the full amount of the Purchase Price will be wire transferred to the Escrow Account on or before January 17, 2017, and that the Closing will take place no later than the business day immediately following the receipt of such payment. It is agreed that all of the Shares shall remain in the Escrow Account until the full amount of $260,000.00 has been paid to the Escrow Account. No later than January 16, 2017, all stock powers and corporate authorizations necessary to effectuate the transfer of the Shares shall be delivered to the Company's transfer agent. No later than January 16, 2017, Algodon will confirm to Purchaser's counsel that the transfer agent has the necessary paperwork to register the Shares in the name of Purchaser. On the following day, Algodon will obtain from the transfer agent the evidence of the Shares held in the Purchaser's name, the corporate documents listed in Sections 2.12, 2.13 and 3.02 below will be disbursed to Purchaser unless already provided, and the full amount of $260,000.00 shall be disbursed as per instructions of the Seller.

This Agreement may be terminated unilaterally by Seller if: (i) Seller has complied with all of its obligations hereunder and the balance of the Purchase Price for the Shares is not paid in full on or before January 17, 2017, unless an extension of time is agreed to in writing by both parties; or (ii) Purchaser has failed to comply with all material terms of this Agreement. Upon such termination, all consideration paid by Purchaser shall be delivered to Seller in accordance with the terms of the Escrow Agreement. Upon the payment of the total Purchase Price of $260,000.00 by the Purchaser to the Seller for the Shares, by wire transfer to the Escrow Account, and the receipt by the Escrow Agent of all of the Transferred Documents, the Closing will take place immediately unless extended by the parties signing this Agreement.

This Agreement may be terminated unilaterally by Purchaser if: (a) the Seller fails to deliver the Documents and Transferred Documents prior to January 13, 2017 (and other documents requested by the Purchaser reasonably available to the Seller promptly after such request is made), unless an extension of time is agreed to in writing by both parties; or (b) Seller fails to deliver the Transferred Documents to the Escrow Agent in form suitable for delivery to the Company's transfer agent within a reasonable time. Upon such termination by Purchaser, all consideration paid by Purchaser shall be returned to Purchaser in accordance with the terms of the Escrow Agreement.

E. Amendment to Section 2.03. Section 2.03 of the Stock Purchase Agreement is hereby deleted and replaced in its entirety with the following:

2.03 Filings with Government Agencies. The common stock of Mercari is registered pursuant to Section 12(g) of the Exchange Act, and Mercari is required to file periodic reports with the SEC pursuant to Section 13(a) of the Exchange Act, and Mercari has filed all required reports and other documents with the SEC, including the most recent Annual Report on Form 10-K and the Quarterly Report on Form 10-Q for the period ended August 31, 2016, and will file a Current Report Form 8-K announcing the entrance into a material definitive agreement upon signing of this Agreement as well as the Quarterly Report on Form 10-Q for the period ended November 30, 2016 on or before January 17, 2016. Mercari has made all required filings the State of Colorado that might be required, and is current in its filings and reporting to the state of Colorado and the SEC. Upon the purchase of the Shares by the Purchaser, the Purchaser will have the full responsibility for causing the Company to file any and all documents required by the SEC, and/or any other government agency that might be required. The Seller will supply the Purchaser with all information that is currently available regarding Mercari and shall cause its auditor to cooperate with the Company's new auditor, if one should be appointed. The Purchaser understands that the Seller will have no responsibility whatsoever for any filings to be made by Mercari in the future, either with the SEC, FINRA or with the State of Colorado.

F. Amendment to Section 2.04. Section 2.04 of the Stock Purchase Agreement is hereby deleted and replaced in its entirety with the following:

2.04 Financial Statements. The financial statements of the Company included in its SEC Reports have been prepared in accordance with generally accepted accounting standards and the rules and regulations of the SEC and fairly present the financial condition and operating results of the Company as of the dates, and for the periods, indicated therein. Except as set forth in the Company's financial statements included in its Annual Report on Form 10-K/A for the year ended May 31, 2016, its Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2016, its Quarterly Report on Form 10-Q for the quarterly period ended November 30, 2016 to be filed with the SEC, and as set forth in Section 2.05, the Company has no material liabilities (contingent or otherwise). At Closing, the Company will not be a guarantor or indemnitor of any indebtedness of any other person, firm, or corporation.

G. Amendment to Section 2.15. Section 2.15 of the Stock Purchase Agreement is hereby deleted and replaced in its entirety with the following:

2.15 Transfer of Shares. The Seller will have the responsibility for sending all proper stock powers with bank signature guarantees or powers of attorney acceptable except for those relating to the Untransferred Shares (included within the definition above of "Transferred Documents") to the transfer agent at least two days prior to Closing. Purchaser will deliver to the transfer agent a letter of instruction as to the names and denominations in which the Shares are to be registered; provided however, that Algodon will use its best efforts to transfer the Untransferred Shares and will do so as soon as reasonably practical after Closing.

H. Amendment to Article III. Article III of the Stock Purchase Agreement is hereby deleted and replaced in its entirety with the following:

ARTICLE III
CLOSING

3.01. Closing for the Purchase of Common Stock. The closing of this transaction for the Shares of Common Stock being purchased will occur when all of the documents and consideration described in Section 2.12 above and in Section 3.02 below, have been delivered or other arrangements have been made and agreed to by the Parties (the "Closing"). If the Closing does not occur on or before January 18, 2017, and in addition to the grounds for the termination of this Agreement set forth in Section 1.04, above, then either party may terminate this Agreement upon written notice.

3.02. Documents and Payments to be Delivered at Closing. As part of the Closing of the Common Stock purchase, those documents listed in Section 2.12 of this Agreement, as well as the following documents, in form reasonably acceptable to counsel to the Parties, shall have been delivered to the Purchaser's counsel and the Escrow Agent unless otherwise set forth below at least 48 hours prior to the Closing:

(a) By the Seller:

(i) to the transfer agent, along with stock powers with signature medallion guarantee, and such corporate authorizations as may be required, acceptable to the transfer agent, representing the Shares, endorsed in favor of the name or names as designated by Purchaser or left blank;

(ii) the resignation of all officers of Mercari;

(iii) the resignations of directors of Mercari and the appointment of a new director as designated by the Purchaser, subject to the Purchaser's compliance with SEC Rule 14f-1.

(iv) to the extent available, true and correct copies of all of the business and corporate records of Mercari, including but not limited to correspondence files, bank statements, checkbooks, savings account books, minutes of shareholder and directors meetings or consents, financial statements, tax returns, shareholder listings, stock transfer records, agreements and contracts that exist, including, without limitation the items set forth in Section 2.12, and

(v) such other documents of Mercari as may be reasonably required by Purchaser, if available.

(b) By Purchaser:

(i) to the Escrow Agent, the wire transfer to the J. M. Walker & Associates, Attorneys At Law COLTAF Trust Account the amount of $210,000.00, representing the balance of the payment for the Purchase Price for the Shares.

I. Amendment to Section 6.09. Section 6.09 of the Stock Purchase Agreement is hereby amended so that notices to the Purchaser shall be addressed to:

China Concentric Capital Group Ltd.
1120 Avenue of the Americas, 4th floor
New York, New York 10036
Attention: Ethan Chuang
Phone: 714 858-1147
Email: kooouchang@yahoo.com

with a copy to:
Eaton & Van Winkle LLP
3 Park Avenue New York, New York 10016
Attn: Vincent J. McGill
Phone: 212 561 3604
Email: vmcgill@evw.com

J. Miscellaneous.

(i) The Stock Purchase Agreement, as modified herein, remains in full force and effect and is ratified by the Seller and Purchaser. In the event of any conflict between the Stock Purchase Agreement and this First Amendment, the terms and conditions of this First Amendment shall control. Capitalized terms not defined herein shall have the same meaning as set forth in the Stock Purchase Agreement, except that the name of the Purchaser in the heading of the Stock Purchase Agreement is hereby amended to read as “China Concentric Capital Group Ltd.”.

(ii) This First Amendment is binding upon and inures to the benefit of the Parties hereto and their respective heirs, personal representatives, successors and assigns.

(iii) This First Amendment may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile signatures will be acceptable to all Parties.

(iv) This First Amendment and any provision hereof, may not be waived, changed, modified, or discharged, orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(v) Time is of the essence of this First Amendment and of each and every provision hereof.

(vi) This First Amendment shall be governed by and construed in accordance with the laws of the State of Colorado.

(vii) This First Amendment, the Stock Purchase Agreement, the Escrow Agreement, and any amendments thereto as entered into between the Parties, including any and all amendments, side letters, and attachments hereto if any, contain the entire agreement of and understanding between the Parties hereto, and supersede all prior agreements and understandings.

In Witness Whereof, this First Amendment has been duly executed by the Parties hereto as of the date first written above.

SELLER: ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.	**PURCHASER: CHINA CONCENTRIC CAPITAL GROUP LTD.**
By: */s/ Scott Mathis* Scott Mathis, President & CEO	By: */s/ Ethan Chuang* Ethan Chuang, President
Date:	Date:

ESCROW AGREEMENT

This Escrow Agreement (hereinafter "Escrow Agreement") is made and entered into by and among Algodon Wines & Luxury Development Group, Inc., (hereinafter referred to as ("Seller"), China Concentric Capital Group, Inc. ("Purchaser") and J. M. Walker & Associates, Attorneys At Law, 7841 Garfield Way, Centennial, CO 80122, who is acting as the Escrow Agent for this transaction ("Escrow Agent") this 16th day of December 2016.

WITNESSETH

In consideration of the mutual promises, covenants, and representations contained herein, THE PARTIES HERETO AGREE AS FOLLOWS:

WHEREAS:

A. Seller is selling Forty Three Million Eight Hundred Twenty Two Thousand Four Hundred and One (43,822,401) shares ("Shares") of Common Stock of Mercari Communications Group, Ltd. (the "Company") for a total of Two Hundred Sixty Thousand Dollars ($260,000.00) ("Total Purchase Price") to Purchaser.

B. Seller and Purchaser, have entered into a definitive stock purchase agreement (the "Stock Purchase Agreement") dated December 19, 2016, for the purchase of the Shares.

C. It is necessary to establish an escrow for the payment of the Total Purchase Price, including any deposit to be paid.

D. Seller and Purchaser desire that J. M. Walker & Associates, Attorneys At Law, serve as the Escrow Agent (Escrow Agent") in connection with the transaction.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and obligations herein contained, the parties hereto agree as follows:

1. DEPOSIT. It is understood that a deposit in the amount of Fifty Thousand Dollars ($50,000.00) has been wired (the "Deposit") on or before December 14, 2016, to the J. M. Walker & Associates, Attorneys At Law COLTAF Trust Account ("Escrow Account") as a deposit toward the Purchase Price, and will be held in the Escrow Account until Closing or until ordered released as per other sections of this Agreement. However, it is further agreed that the Deposit shall become non-refundable after ten (10) days from the signing of the Stock Purchase Agreement, that is, the close of business on December 29, 2016, if Purchaser has not previously requested the return of the Deposit, or, if later, ten (10) days after the date on which Seller makes available to Purchaser's counsel the due diligence materials previously requested by Purchaser (the "Due Diligence Period").

The account wire instructions for the Deposit herein and Total Purchase Price are as follows:

First Bank of Colorado
Englewood, Colorado 80155
800-964-3444
[Redacted]
[Redacted]

FOR THE ACCOUNT OF:
Jody M. Walker
COLTAF Trust Account
7841 South Garfield Way
Centennial, Colorado 80122
[Redacted]

Notwithstanding the above, the Purchaser may demand the return of the entire amount of the Deposit by e-mail and fax addressed solely to the Escrow Agent at any time prior to the close of business on December 29, 2016. Thereafter, the Deposit will be fully refundable to the Purchaser for reasonable and customary failures of closure on the part of the Seller or paid to Seller due to the failure of Purchaser to pay the balance of the Purchase Price, all as more fully set forth below.

(a) Although the Escrow Agent is an attorney-at-law, the Escrow Agent is not representing any Party to this Agreement or party who will benefit from the completion of this Agreement and, therefore, does not owe any fiduciary duties to any such person as a client. The Escrow Agent's duties are solely as described herein.

(b) The Escrow Agent shall release the Escrowed Funds as set forth below.

(c) In the event of a Closing, the Deposit shall be paid to the Seller and applied toward the Purchase Price payable thereunder by Purchaser.

(d) Upon demand made by the Purchaser prior to the close of business on December 29, 2016, the Deposit shall promptly be returned to Purchaser.

(e) Whether or not a Closing occurs, upon the mutual agreement of Purchaser and the Seller, Purchaser and the Seller may deliver to the Escrow Agent at any time a jointly executed written notice (a "Distribution Notice") requesting distribution to the Seller or Purchaser or any person or entity set forth in the Distribution Notice of all or a specified portion of the Deposit, if any. Within five (5) business days after receipt of a Distribution Notice, the Escrow Agent shall pay to the specified person or entity the amount of the Deposit specified in such Distribution Notice.

(f) Release of Deposit to Purchaser. In accordance with the provisions of paragraphs (i), (ii) and (iii) below, the Escrow Agent shall release the Deposit, if any, to Purchaser.

(i) In the event the Stock Purchase Agreement is terminated due to the failure of Seller to provide the requested due diligence materials or the failure or refusal of the Company's transfer agent to confirm to counsel to Purchaser its willingness to deliver a certificate representing the Shares registered in the name of Seller, Purchaser may deliver to the Escrow Agent a written notice of termination specifying the applicable event of termination (a "Termination Notice"), along with evidence of delivery of a copy of such Termination Notice to the Seller and directing the Escrow Agent to distribute the Deposit to Purchaser.

(ii) If the Escrow Agent is not in actual receipt of a written objection from the Seller to any Termination Notice delivered by Purchaser within ten (10) days following the date of the Escrow Agent's actual receipt of such Termination Notice, then on the 11th day following such actual receipt (or if the 11th day is not a business day for the Escrow Agent, then on the first business day after the 11th day), the Escrow Agent shall pay to Purchaser the amount of the Deposit.

(iii) If the Escrow Agent is in actual receipt of a written objection from the Seller to any Termination Notice delivered by Purchaser within ten (10) days following the date of the Escrow Agent's actual receipt of a Termination Notice, the Escrow Agent shall not distribute the Deposit until the Escrow Agent shall have received either (A) non-conflicting written instructions from the Seller and Purchaser as to the disposition of the Deposit in question, or (B) an order of an arbitrator or court having jurisdiction over the matter which is final and not subject to further court proceedings or appeal. Upon receipt of any such written instructions or order, the Escrow Agent shall distribute such Deposit in accordance therewith.

(g) Release of Funds to the Seller. In accordance with the provisions of paragraphs (i), (ii) and (iii) below, the Escrow Agent shall release the Deposit to the Seller.

(i) In the event the Stock Purchase Agreement is terminated by the Seller due to the failure of the Purchaser to timely pay the balance of the Purchase Price, the Seller may deliver to the Escrow Agent a Termination Notice specifying the applicable event of termination, along with evidence of delivery of a copy of such Termination Notice to Purchaser and directing the Escrow Agent to distribute the Deposit to the Seller.

(ii) If the Escrow Agent is not in actual receipt of a written objection from Purchaser to any Termination Notice delivered by the Seller within ten (10) days following the date of the Escrow Agent's actual receipt of such Termination Notice, then on the 11th day following such actual receipt (or if the 11th day is not a business day for the Escrow Agent, then on the first business day after the 11th day), the Escrow Agent shall pay to the Seller the amount of the Deposit.

(iii) If the Escrow Agent is in actual receipt of a written objection from Purchaser to any Termination Notice delivered by the Seller within ten (10) days following the date of the Escrow Agent's actual receipt of a Termination Notice, the Escrow Agent shall not distribute the Deposit until the Escrow Agent shall have received either (A) non-conflicting written instructions from the Seller and Purchaser as to the disposition of the Deposit in question, or (B) an order of an arbitrator or court having jurisdiction over the matter which is final and not subject to further court proceedings or appeal. Upon receipt of any such written instructions or order, the Escrow Agent shall distribute such Deposit in accordance therewith.

Unless the Purchaser timely demands the return of the Deposit or the Seller is unable to cause the transfer agent to confirm that it will register the Shares in the name of Purchaser, the amount of the payment for the Shares will remain in the Escrow Account until the Total Purchase Price for the Shares has been received in the Escrow Account (the "Escrow Funds") and the Closing takes place, provided the Closing takes place on or before January 5, 2017, unless otherwise agreed in writing by all parties.

At Closing, an amount of $750.00 (the "Escrow Fee") will be withheld from the amounts to be disbursed to the Seller as payment of the Escrow Fee. In the event that the Deposit is refunded by the Escrow Agent, before Closing, fees for acting as the Escrow Agent in an amount of $750.00 may be withheld from the Deposit which are returned to the Purchaser. In the event that the Escrow Funds are distributed to the Seller upon Closing, the Escrow Agent will withhold the Escrow Fee.

2. REVIEW AND RELEASE OF DOCUMENTS. Seller will make available at the office of the Escrow Agent, unless other arrangements are made to the satisfaction of all parties, either through electronic mail or other electronic delivery service such as Drop Box or Google Drive, for review and inspection by Purchaser or their representatives, copies of all documents listed in Article II, Paragraph 2.12 and Article IV of the Stock Purchase Agreement and all other documents which may be requested by the Purchaser that are available (collectively, the "Documents").

(a) If the Escrow Agent releases the Funds to the Seller, the Escrow Agent will deliver all of the Documents to the Purchaser or as otherwise instructed herein or by the Purchaser.

(b) If the Escrow Agent releases the Funds to the Purchaser, the Escrow Agent will deliver all of the Documents to the Seller.

3. CLOSING. Escrow Agent is hereby instructed to receive and hold the Escrow Funds, along with the Documents described above, in the Escrow Account until Closing unless timely return of the Deposit is demanded by Purchaser. The Closing shall take place at the time and in accordance with the terms and conditions set forth in Paragraph 1 above, but no later than January 5, 2017.

(a) Upon Closing, the Documents will be forwarded by overnight delivery by the Escrow Agent, unless other arrangements are made satisfactory to all parties, to Purchaser at the address specified in Paragraph 15 of this Agreement, or as otherwise may be agreed by the parties. The Escrow Funds will be distributed as per instructions of the Seller.

(b) The Closing will take place at the office of the Escrow Agent, and any communication between the parties can be by telephone or fax and the signing of any documents can be done by fax or email. It will not be necessary for any party to be present at the closing so long as all parties have agreed in writing to all transactions involved. The Escrow Funds, Shares and Documents shall not be released or dealt with in any manner whatsoever inconsistent with this Escrow Agreement, until Closing, at which time all Documents will be delivered to Purchaser and the Escrow Funds will be distributed as directed by the Seller.

4. The Escrow Agent shall have no duties or obligations other than those specifically set forth herein. The acceptance by the Escrow Agent of their duties under this Escrow Agreement is subject to the terms and conditions hereof, which shall govern and control with respect to its rights, duties, liabilities and immunities.

5. Seller and Purchaser understand and agree that the Escrow Agent is not a principal, participant, or beneficiary of the underlying transactions which necessitate this Escrow Agreement. The Escrow Agent shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in acting or refraining from acting on any instrument believed by it to be genuine and to have been signed or presented by the proper party or parties, their officers, representatives or agents. So long as the Escrow Agent has acted in good faith or on the advice of counsel or has not been guilty of willful misconduct or gross negligence, the Escrow Agent shall have no liability under, or duty to inquire beyond the terms and provisions, of this Escrow Agreement, and it is agreed that its duties are purely ministerial in nature.

6. The Escrow Agent does not have any responsibility to review the Documents that shall be held in the Escrow Account for accuracy or completeness. Seller shall have full responsibility to assure that all documents required by the Stock Purchase Agreement are so delivered to escrow, and Purchaser shall have the full responsibility to review the Shares for completeness and accuracy.

7. The Escrow Agent shall not be obligated to take any legal actions hereunder which might, in the Escrow Agent's judgment, involve any expense or liability, unless the Escrow Agent has been furnished with reasonable indemnity.

8. The Escrow Agent is not bound in any way by any other contract or agreement between the parties hereto whether or not the Escrow Agent has knowledge thereof of its terms and conditions and the Escrow Agent's only duty, liability and responsibility shall be to hold and deal with the Deposit, the Escrow Funds and Documents as herein directed.

9. The Escrow Agent shall not be bound by any modification, amendment, termination, cancellation, rescission or supercession of this Escrow Agreement unless the same shall be in writing and signed by all of the other parties hereto and, if her duties as Escrow Agent hereunder are affected thereby, unless she shall have given prior written consent thereto. Representatives can appoint a new escrow agent with the consent of the Escrow Agent.

10. The parties hereto each jointly and severally agree to indemnify the Escrow Agent against, and hold the Escrow Agent harmless from anything which the Escrow Agent may do or refrain from doing in connection with his performance or nonperformance as Escrow Agent under this Agreement and any and all losses, costs, damages, expenses, claims and reasonable attorneys' fees suffered or incurred by the Escrow Agent as a result of, in connection with or arising from or out of the acts of omissions of the Escrow Agent in performance of or pursuant to this Agreement, except such acts or omissions as may result from the Escrow Agent's willful misconduct or gross negligence.

11. In the event that prior to Closing, a disagreement between Seller and Purchaser, or either of them, or between them or any of them and any other person, resulting in adverse claims or demands being made in connection with the Escrow Funds, the Deposit, and/or legal possession of Shares, or in the event that the Escrow Agent is in doubt as to what action the Escrow Agent should take hereunder, the Escrow Agent may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, the Escrow Agent shall not be or become liable in any way or to any person for its failure or refusal to act, and the Escrow Agent shall be entitled to continue so to refrain from acting until:

(a) the rights of Seller and Purchaser shall have been fully and finally adjudicated through arbitration as provided herein, or by a court of competent jurisdiction; or arbitration.

(b) all differences shall have been adjusted and all doubt resolved by agreement between the parties, and the Escrow Agent shall have been notified thereof in writing signed by all parties.

12. Should Escrow Agent become involved in litigation or arbitration in any manner whatsoever on account of this Agreement or the Escrow Funds and/or the Documents, the parties hereto (other than Escrow Agent), hereby bind and obligate themselves, their heirs, personal representatives, successors, assigns to pay Escrow Agent, in addition to any charge made hereunder for acting as Escrow Agent, reasonable attorneys' fees incurred by Escrow Agent, and any other disbursements, expenses, losses, costs and damages in connection with or resulting from such actions.

13. The terms of these instructions are irrevocable by the undersigned unless such revocation is consented to in writing by each of Seller and Purchaser.

14. The Escrow Agent may resign as Escrow Agent in respect of the Funds by giving written notice to Seller and Purchaser. The resignation of the Escrow Agent shall be effective, and the Escrow Agent shall cease to be bound by this Escrow Agreement, thirty (30) days following the date that notice of resignation was given.

15. Any notices or other communications required or permitted hereunder shall be sufficiently given if personally delivered to or sent by recognized overnight courier duly addressed to the recipient, postage prepaid, or by prepaid telegram, and, in the case of a demand by Purchaser for a return of the Deposit prior to December 29, 2016, by e-mail from counsel to Purchaser to the Escrow Agent, addressed as follows:

If to the Seller:

Algodon Wines & Luxury Development Group, Inc.
135 Fifth Avenue, 10th Floor
New York, NY 10010
Attn: Scott L. Mathis, President & CEO
Phone: 212-739-7765
Email: smathis@algodongroup.com

If to the Purchaser:

China Concentric Capital Group, Inc.
1120 6th Ave 4th FL
New York, New York 10036
Attn: Ethan Chuang
Phone: 714 848 1147
Email: kooouchuang@yahoo.com

with a copy to:

Eaton & Van Winkle LLP
3 Park Avenue
New York, New York 10016
Attn: Vincent J. McGill
Phone: 212 561 3604
Email: vmcgill@evw.com

If to Escrow Agent, to:

J. M. Walker & Associates, Attorneys At Law
Attn: Jody M. Walker
7841 S. Garfield Way
Centennial, CO 80122
Phone: (303) 850-7637
Fax: (303) 482-2731
Email: jmwlkr85@gmail.com

or such other address as shall be furnished in writing by any party in the manner for giving notices hereunder, and any such notice or communication shall be deemed to have been given as of the date so delivered, mailed, or faxed.

16. This Escrow Agreement shall be construed according to the laws of Colorado and the parties submit themselves to the exclusive jurisdiction of the Courts of Colorado in the event of any dispute.

17. This Escrow Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same. Facsimile and PDF copies may act as originals.

IN WITNESS WHEREOF, this Escrow Agreement is effective and dated as of the date set forth above.

SELLER: ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

By: */s/ Scott Mathis*
Scott Mathis, President & CEO

Date: ____________________

PURCHASER: CHINA CONCENTRIC CAPITAL GROUP, INC.

By: */s/ Ethan Chuang*
Ethan Chuang, President

Date: ____________________

J. M WALKER & ASSOCIATES, ATTORNEYS AT LAW
ESCROW AGENT:

By: */s/ Jody M. Walker*
Jody M. Walker, Esq.

Date: ____________________

FIRST AMENDMENT TO THE ESCROW AGREEMENT

This First Amendment to the Escrow Agreement (hereinafter "First Amendment") is made and entered into by and among Algodon Wines & Luxury Development Group, Inc., (hereinafter referred to as ("Seller"), China Concentric Capital Group Ltd. ("Purchaser") and J. M. Walker & Associates, Attorneys At Law, 7841 Garfield Way, Centennial, CO 80122, who is acting as the Escrow Agent for this transaction ("Escrow Agent") this 17th day of January 2017.

WITNESSETH

In consideration of the mutual promises, covenants, and representations contained herein, THE PARTIES HERETO AGREE AS FOLLOWS:

WHEREAS, the Seller and the Purchaser entered into that certain Agreement for the Purchase of Common Stock on December 22, 2016, (together with any amendments thereto, the "Stock Purchase Agreement") for the purchase of Forty-Three Million Eight Hundred Twenty-Two Thousand Four Hundred and One (43,822,401) shares of common stock of Mercari Communications Group, Ltd. ("Mercari");

WHEREAS, the Seller, the Purchaser and Escrow Agent entered into that certain Escrow Agreement on December 16, 2016 (the "Escrow Agreement");

WHEREAS, as a result of the failure to transfer to the Seller: (i) certificate number ZQ00005022 in the name of Kanouff LLC representing 200 shares of Mercari common stock; and (ii) certificate number ZQ00005022 in the name of Underwood Family Partners Ltd. representing 200 shares of Mercari common stock (collectively, the "Untransferred Shares"); the transfer agent's records show that the Seller currently holds of record only 43,822,001 shares of common stock of Mercari in the name of Algodon Wines & Luxury Development Group Inc.;

WHEREAS, the Purchaser's name, China Concentric Capital Group Ltd., was incorrectly stated in the Stock Purchase Agreement and the Escrow Agreement;

WHEREAS, the Seller and Purchaser desire to amend the Escrow Agreement to amend the number of shares of common stock of Mercari held of record by the Seller;

WHEREAS, the Seller and Purchaser also desire to amend the Escrow Agreement to provide for delivery of certain documents directly to Purchaser's counsel rather than to the Escrow Agent; and

WHEREAS, the Seller and Purchaser also desire to amend the Escrow Agreement to correct the name of Purchaser.

NOW THEREFORE, in consideration of the mutual promises, covenants and representations contained in this First Amendment and the Escrow Agreement, the Parties herewith agree as follows:

1. Definitions and Recitals. Except such terms and words as are defined herein, any other capitalized terms and words used herein shall have the meaning attributed to them as set out in the Escrow Agreement, except that the name of the Purchaser in the heading of the Escrow Agreement is hereby amended to read as "China Concentric Capital Group Ltd." The above recitals are specifically incorporated herein by reference.

2. Amendment to Recital. The first recital in the Escrow Agreement is hereby deleted and replaced in its entirety with the following:

"WHEREAS:

A. Seller is selling Forty Three Million Eight Hundred Twenty Two Thousand and One (43,822,001) shares of Common Stock of Mercari Communications Group, Ltd. (the "Company") and any additional shares of Company common stock that the Seller currently owns ("Shares") for a total of Two Hundred Sixty Thousand Dollars ($260,000.00) ("Total Purchase Price") to Purchaser."

3. Amendment to Section 1. The following paragraph in Section 1 of the Escrow Agreement is hereby deleted and replaced in its entirety with the following:

Notwithstanding the above, the Purchaser may demand the return of the entire amount of the Deposit by e-mail and fax addressed solely to the Escrow Agent at any time prior to the close of business on January 13, 2017. Thereafter, the Deposit will be fully refundable to the Purchaser for reasonable and customary failures of closure on the part of the Seller or paid to Seller due to the failure of Purchaser to pay the balance of the Purchase Price, all as more fully set forth below.

4. Amendment to Section 1(f)(i).

(f) Release of Deposit to Purchaser. In accordance with the provisions of paragraphs (i), (ii) and (iii) below, the Escrow Agent shall release the Deposit, if any, to Purchaser.

(i) In the event the Stock Purchase Agreement is terminated due to the failure of Seller to provide the requested due diligence materials or the failure or refusal of the Company's transfer agent to confirm to counsel to Purchaser its willingness to register the Shares (not including the Untransferred Shares at Closing) in the name of Purchaser, Purchaser may deliver to the Escrow Agent a written notice of termination specifying the applicable event of termination (a "Termination Notice"), along with evidence of delivery of a copy of such Termination Notice to the Seller and directing the Escrow Agent to distribute the Deposit to Purchaser.

5. Amendment to Section 1. The following paragraph in Section 1 of the Escrow Agreement is hereby deleted and replaced in its entirety with the following:

Unless the Purchaser timely demands the return of the Deposit or the Seller is unable to cause the transfer agent to confirm that it will register the Shares in the name of Purchaser, the amount of the payment for the Shares will remain in the Escrow Account until the Total Purchase Price for the Shares has been received in the Escrow Account (the "Escrow Funds") and the Closing takes place, provided the Closing takes place on or before January 18, 2017, unless otherwise agreed in writing by all parties.

6. Amendment to Section 3. Section 3 of the Escrow Agreement is hereby deleted and replaced in its entirety with the following:

3. CLOSING. Escrow Agent is hereby instructed to receive and hold the Escrow Funds, along with the Documents described above, in the Escrow Account until Closing (as such term is defined in the Stock Purchase Agreement) unless timely return of the Deposit is demanded by Purchaser. The Closing shall take place at the time and in accordance with the terms and conditions set forth in Paragraph 1 above, but no later than January 18, 2017.

(a) Upon Closing, any original Documents, if any, not including the stock transfer paperwork, will be forwarded by overnight delivery by the Seller or its counsel, to Purchaser's counsel at the address specified in Paragraph 15 of this Agreement, or as otherwise may be agreed by the parties. The Escrow Funds will be distributed as per instructions of the Seller.

(b) The Closing will take place at the office of the Escrow Agent, and any communication between the parties can be by telephone or fax and the signing of any documents can be done by fax or email. It will not be necessary for any party to be present at the closing so long as all parties have agreed in writing to all transactions involved. The Escrow Funds and Documents, not including any paperwork regarding the Untransferred Shares, shall not be released or dealt with in any manner whatsoever inconsistent with this Escrow Agreement, until Closing, at which time all Documents except for any paperwork regarding the Untransferred Shares will be delivered to Purchaser and the Escrow Funds will be distributed as directed by the Seller. Seller will provide the Purchaser with evidence that the Shares, except for the Untransferred Shares, are registered in the name of the Purchaser.

8. Amendment to Section 15. Section 15 of the Escrow Agreement is hereby deleted and replaced in its entirety with the following:

15. Any notices or other communications required or permitted hereunder shall be sufficiently given if personally delivered to or sent by recognized overnight courier duly addressed to the recipient, postage prepaid, or by prepaid telegram, and, in the case of a demand by Purchaser for a return of the Deposit prior to January 13, 2017 by e-mail from counsel to Purchaser to the Escrow Agent, addressed as follows:

If to the Seller:

Algodon Wines & Luxury Development Group, Inc.
135 Fifth Avenue, 10th Floor
New York, NY 10010
Attn: Scott L. Mathis, President & CEO
Phone: 212-739-7765
Email: smathis@algodongroup.com

If to the Purchaser:

China Concentric Capital Group Ltd..
1120 6th Ave 4th FL
New York, New York 10036
Attn: Ethan Chuang
Phone: 714 848 1147
Email: kooouchuang@yahoo.com

with a copy to:

Eaton & Van Winkle LLP
Park Avenue
New York, New York 10016
Attn: Vincent J. McGill
Phone: 212 561 3604
Email: vmcgill@evw.com

If to Escrow Agent, to:

J. M. Walker & Associates, Attorneys At Law
Attn: Jody M. Walker
7841 S. Garfield Way
Centennial, CO 80122
Phone: (303) 850-7637
Fax: (303) 482-273
Email: jmwlkr85@gmail.com

or such other address as shall be furnished in writing by any party in the manner for giving notices hereunder, and any such notice or communication shall be deemed to have been given as of the date so delivered, mailed, or faxed.

9. Miscellaneous.

(i) The Escrow Agreement, as modified herein, remains in full force and effect and is ratified by the Seller, Purchaser, and the Escrow Agent. In the event of any conflict between the Escrow Agreement and this First Amendment, the terms and conditions of this First Amendment shall control. Capitalized terms not defined herein or otherwise referenced shall have the same meaning as set forth in the Escrow Agreement.

(ii) This First Amendment is binding upon and inures to the benefit of the Parties hereto and their respective heirs, personal representatives, successors and assigns.

(iii) This First Amendment may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile signatures will be acceptable to all Parties.

(iv) This First Amendment and any provision hereof, may not be waived, changed, modified, or discharged, orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(v) Time is of the essence of this First Amendment and of each and every provision hereof.

(vi) This First Amendment shall be governed by and construed in accordance with the laws of the State of Colorado.

(vii) This First Amendment, the Stock Purchase Agreement and the Escrow Agreement, including any and all amendments, side letters and attachments hereto if any, contain the entire agreement of and understanding between the Parties hereto, and supersede all prior agreements and understandings.

IN WITNESS WHEREOF, this First Amendment to the Escrow Agreement is effective and dated as of the date set forth above.

SELLER: ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

By: */s/ Scott Mathis*
Scott Mathis, President & CEO

Date: ____________________

PURCHASER: CHINA CONCENTRIC CAPITAL GROUP LTD

By: */s/ Ethan Chuang*
Ethan Chuang, President

Date: ____________________

J. M WALKER & ASSOCIATES, ATTORNEYS AT LAW
ESCROW AGENT:

By: */s/ Jody M. Walker*
Jody M. Walker, Esq.

Date: ____________________

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

2016 EQUITY INCENTIVE PLAN

(as amended as of July 29, 2016)

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ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

2016 EQUITY INCENTIVE PLAN

Section 1. Purpose

The purpose of the Plan is to promote the long-term retention of key employees of 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 one or more Awards authorized by the Plan.

Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

(a) "*Affiliate*" shall mean (i) any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company and (ii) any entity in which the Company has a significant equity interest, in each case as determined by the Committee.

(b) "*Award*" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Other Stock Grant or Other Stock-Based Award granted under the Plan.

(c) "*Award Agreement*" shall mean any written agreement, contract or other instrument or document evidencing any Award granted under the Plan. An Award Agreement may be in an electronic medium and need not be signed by a representative of the Company or the Participant. Each Award Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Committee.

(d) "*Board*" shall mean the Board of Directors of the Company.

(e) "*Code*" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

(f) "*Committee*" shall mean a committee of Directors designated by the Board to administer the Plan, which shall initially be the Company's compensation committee. The Committee shall be comprised of not less than such number of Directors as shall be required to permit Awards granted under the Plan to qualify under Rule 16b-3 and Section 162(m) of the Code, and each member of the Committee shall be a "*Non-Employee Director*." In the absence of any Committee of Non-Employee Directors, the term "Committee" when used herein shall refer to the entire Board.

(g) “*Company*” shall mean Algodon Wines & Luxury Development Group, Inc., a Delaware corporation, including all current and future subsidiaries, and any successor corporation.

(h) “*Director*” shall mean a member of the Board, including any Non-Employee Director.

(i) “*Eligible Person*” shall mean any employee, officer, consultant, advisor, independent contractor or director providing services to the Company or any Affiliate who the Committee determines to be an Eligible Person.

(j) “*Exchange Act*” shall mean the Securities Exchange Act of 1934, as amended.

(k) “*Fair Market Value*” shall mean, with respect to any property, the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee. Notwithstanding the foregoing, the Fair Market Value of a Share, as of a given date, shall be determined as follows:

(i) If the Shares are listed on any established stock exchange or traded on a national market system, including platforms on the OTC Markets, Inc., the Fair Market Value of a Share shall be the average closing sale price for such share (or the closing bid, if no sale was reported) as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Shares) on the ten trading days preceding such day of determination, as reported in *The Wall Street Journal* or such other source as the Committee deems reliable. If there are no reported sales during any of the ten preceding trading days, the calculation of Fair Market Value under this sub-paragraph shall include the closing price from the immediately prior day or days needed to reach an average based on ten days.

(ii) In the absence of such markets for the Shares, the Fair Market Value shall be determined in good faith by the Committee using a reasonable application of a reasonable valuation method.

(l) “*Incentive Stock Option*” shall mean an option granted under Section 6(a) of the Plan that is intended to qualify as an “incentive stock option” in accordance with the terms of Section 422 of the Code or any successor provision.

(m) “*Non-Employee Director*” shall mean any Director: (i) who is not also an employee of the Company or an Affiliate within the meaning of Rule 16b-3; and (ii) who is an “outside director” within the meaning of Section 162(m) of the Code.

(n) “*Non-Qualified Stock Option*” shall mean an option granted under Section 6(a) of the Plan that is not an Incentive Stock Option.

(o) “*Option*” shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

(p) “*Other Stock Grant*” shall mean any right granted under Section 6(e) of the Plan.

(q) "*Other Stock-Based Award*" shall mean any right granted under Section 6(f) of the Plan.

(r) "*Participant*" shall mean an Eligible Person designated to be granted an Award under the Plan.

(s) "*Performance Award*" shall mean any right granted under Section 6(d) of the Plan.

(t) "*Performance Goal*" shall mean one or more of the following performance goals, either individually, alternatively or in any combination, applied on a corporate, subsidiary, division, business unit or line of business basis: sales, revenue, costs, expenses (including expense efficiency ratios and other expense measures), earnings (including one or more of net profit after tax, gross profit, operating profit, earnings before interest and taxes, earnings before interest, taxes, depreciation and amortization and net earnings), earnings per share, earnings per share from continuing operations, operating income, pre-tax income, operating income margin, net income, margins (including one or more of gross, operating and net income margins), returns (including one or more of return on actual or *pro forma* assets, net assets, equity, investment, capital and net capital employed), stockholder return (including total stockholder return relative to an index or peer group), stock price, economic value added, cash generation, cash flow, unit volume, working capital, market share, cost reductions and strategic plan development and implementation. Such goals may reflect absolute entity or business unit performance or a relative comparison to the performance of a peer group of entities or other external measure of the selected performance criteria. Pursuant to rules and conditions adopted by the Committee on or before the 90th day of the applicable performance period for which Performance Goals are established, the Committee may appropriately adjust any evaluation of performance under such goals to exclude the effect of certain events, including any of the following events: asset write-downs; litigation or claim judgments or settlements; changes in tax law, accounting principles or other such laws or provisions affecting reported results; severance, contract termination and other costs related to exiting certain business activities; and gains or losses from the disposition of businesses or assets or from the early extinguishment of debt.

(u) "*Person*" shall mean any individual or entity, including a corporation, partnership, limited liability company, association, joint venture or trust.

(v) "*Plan*" shall mean the Algodon Wines & Luxury Development Group, Inc. 2016 Equity Incentive Plan, as amended from time to time, the provisions of which are set forth herein.

(w) "*Restricted Stock*" shall mean any Share granted under Section 6(c) of the Plan.

(x) "*Restricted Stock Unit*" shall mean any unit granted under Section 6(c) of the Plan evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date.

(y) "*Rule 16b-3*" shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or any successor rule or regulation.

(z) "*Securities Act*" shall mean the Securities Act of 1933, as amended.

(aa) "*Share*" or "*Shares*" shall mean a share or shares of common stock, $0.01 par value per share, of the Company or such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 4(c) of the Plan.

(bb) "*Stock Appreciation Right*" shall mean any right granted under Section 6(b) of the Plan.

Section 3. Administration

(a) Power and Authority of the Committee. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan and to applicable law, the Committee shall have full power and authority to:

(i) designate Participants;

(ii) determine the type or types of Awards to be granted to each Participant under the Plan;

(iii) determine the number of Shares to be covered by (or the method by which payments or other rights are to be determined in connection with) each Award;

(iv) determine the terms and conditions of any Award or Award Agreement;

(v) amend the terms and conditions of any Award or Award Agreement and accelerate the exercisability of any Option or waive any restrictions relating to any Award;

(vi) determine whether, to what extent and under what circumstances Awards may be exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited or suspended;

(vii) interpret and administer the Plan and any instrument or agreement, including an Award Agreement, relating to the Plan;

(viii) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan;

(ix) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and

(x) adopt such modifications, rules, procedures, and sub-plans as may be necessary or desirable to comply with provisions of the laws of non-U.S. jurisdictions in which the Company or an Affiliate may operate, including, without limitation, establishing any special rules for Affiliates, Eligible Persons or Participants located in any particular country, in order to meet the objectives of the Plan and to ensure the viability of the intended benefits of Awards granted to Participants located in such non-United States jurisdictions.

Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan, any Award, or any Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon any Eligible Person and any holder or beneficiary of any Award. The Company intends that Awards under the Plan shall avoid application of Section 409A of the Code and thereby avoid any adverse tax results thereunder. The Committee shall administer and interpret the Plan and all Award Agreements in a manner consistent with this intent. In this regard, if any provision of the Plan or an Award Agreement would result in adverse tax consequences under Section 409A of the Code, the Committee may amend that provision (or take any other action reasonably necessary) to avoid any adverse tax results and no action taken to comply with Section 409A of the Code shall be deemed to impair or otherwise adversely affect the rights of any holder of an Award or beneficiary thereof.

(b) Delegation. The Committee may delegate its powers and duties under the Plan to one or more Directors (including a Director who is also an officer of the Company) or a committee of Directors, subject to such terms, conditions and limitations as the Committee may establish in its sole discretion; *provided*, *however*, that the Committee shall not delegate its powers and duties under the Plan

(i) with regard to officers or directors of the Company or any Affiliate who are subject to Section 16 of the Exchange Act or

(ii) in such a manner as would cause the Plan not to comply with the requirements of Section 162(m) of the Code.

(c) Power and Authority of the Board . Notwithstanding anything to the contrary contained herein, the Board may, at any time and from time to time, without any further action of the Committee, exercise the powers and duties of the Committee under the Plan, unless the exercise of such powers and duties by the Board would cause the Plan not to comply with the requirements of Section 162(m) of the Code. The 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 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.

(d) Previously Granted Options. There are outstanding options for the purchase of Shares granted by the Company to Eligible Persons pursuant to the Company's existing stock option plans (the "Pre-Existing Plan"). Options which are outstanding under the Pre-Existing Plan as of the effective date of this Plan shall continue to be exercisable and shall be governed by and be subject to the terms of the Pre-Existing Plan and the stock option agreements evidencing their issuance. The number of Shares that may be issued under the Plan shall not be reduced by (i) the number of Shares subject at such time to options granted and outstanding under the Pre-Existing Plan, or (ii) the number of Shares issued under the Pre-Existing Plan after the effective date of this Plan.

(e) Actions Taken in Good Faith. No member of the Committee or Board shall be liable for any action taken or determination made in good faith with respect to the Plan or any Award granted under the Plan. Further, 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 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.

(f) Costs of Administration. All costs incurred in connection with the administration and operation of the Plan shall be paid by the Company.

Section 4. Shares Available for Awards

(a) Shares Available. Subject to adjustment as provided in Section 4(c) of the Plan, the aggregate number of Shares that may be issued under the Plan, excluding shares issued under the Pre-Existing Plan, shall be 1,224,308 Shares, plus an automatic annual increase to be added on January 1 of each year equal to 2.5% of the total number of Shares outstanding on such date (including for this purpose any Shares issuable upon conversion of any outstanding capital stock of the Company).

(i) Any Shares subject to an Award issued under this Plan or the Pre-Existing Plan that are canceled, forfeited or expire prior to exercise or realization, either in full or in part, shall be added to the total number of Shares available for an Award to be made under the Plan.

(ii) Shares to be issued under the Plan may be either authorized but unissued Shares or Shares re-acquired and held in treasury.

(iii) Notwithstanding the foregoing, (A) the number of Shares available for granting Incentive Stock Options under the Plan shall not exceed the aggregate number of Shares that may be issued under the Plan, subject to adjustment as provided in Section 4(c) of the Plan and subject to the provisions of Section 422 or 424 of the Code or any successor provision and (B) the number of Shares available for granting Restricted Stock and Restricted Stock Units shall not exceed 500,000, subject to adjustment as provided in Section 4(c) of the Plan. Shares tendered by Participants as full or partial payment to the Company upon exercise of an Award, and Shares withheld by or otherwise remitted to the Company to satisfy a Participant's tax withholding obligations with respect to an Award, shall become available for issuance under the Plan.

(b) Accounting for Awards. For purposes of this Section 4, if an Award entitles the holder thereof to receive or purchase Shares, the number of Shares covered by such Award or to which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan. If any Shares covered by an Award or to which an Award relates are not purchased or are forfeited, or if an Award otherwise terminates without delivery of any Shares, then the number of Shares counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such forfeiture or termination, shall again be available for granting Awards under the Plan. For Stock Appreciation Rights settled in Shares upon exercise, the aggregate number of Shares with respect to which the Stock Appreciation Right is exercised, rather than the number of Shares actually issued upon exercise, shall be counted against the number of Shares available for Awards under the Plan. Awards that do not entitle the holder thereof to receive or purchase Shares, and Awards that are denominated at the time of grant as payable only in cash and that are settled in cash, shall not be counted against the aggregate number of Shares available for Awards under the Plan.

(c) Adjustments. In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of

(i) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards,

(ii) the number and type of Shares (or other securities or other property) subject to outstanding Awards, and

(iii) the purchase price or exercise price with respect to any Award;

provided, *however*, that no such adjustment shall be made to any Award to the extent that it would, in the view of the Company, cause such Award to be subject to Section 409A of the Code, and the number of Shares covered by any Award or to which such Award relates shall always be a whole number.

(d) Code Section 162(m) Award Limitations Under the Plan. Subject to adjustment as provided in Section 4(c), no Participant may be granted (i) Options or Stock Appreciation Rights with respect to more than 500,000 Shares per year or (ii) Restricted Stock Awards, Restricted Stock Unit Awards, Performance Awards and/or Other Share-Based Awards that are intended to comply with the performance-based exception under Code Section 162(m) and are denominated in Shares with respect to more than 500,000 Shares per year.

Section 5. Eligibility

Any Eligible Person shall be eligible to be designated a Participant. In determining which Eligible Persons shall receive an Award and the terms of any Award, the Committee may take into account the nature of the services rendered by the respective Eligible Persons, their present and potential contributions to the success of the Company or such other factors as the Committee, in its discretion, shall deem relevant. Notwithstanding the foregoing, an Incentive Stock Option may only be granted to full-time or part-time employees (which term as used herein includes, without limitation, officers and directors who are also employees), and an Incentive Stock Option shall not be granted to an employee of an Affiliate unless such Affiliate is also a “subsidiary corporation” of the Company within the meaning of Section 424(f) of the Code or any successor provision.

Section 6. Awards

(a) Options. The Committee is hereby authorized to grant Options to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

(i) Exercise Price. The purchase price per Share purchasable under an Option shall be determined by the Committee; *provided*, *however*, that such purchase price shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option.

(ii) Option Term. The term of each Option shall be fixed by the Committee at the time of grant.

(iii) Time and Method of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part and the method or methods by which, and the form or forms (including, without limitation, cash, Shares, other securities, other Awards or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the applicable exercise price) in which, payment of the exercise price with respect thereto may be made or deemed to have been made. Without intending to limit the foregoing, if the market price of Shares 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 to the person exercising the Option an amount equal to the difference between the Fair Market Value of the Shares 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.

(iv) Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, the following additional provisions shall apply to the grant of stock options which are intended to qualify as Incentive Stock Options:

(A) To the extent that the aggregate Fair Market Value (determined at the time of grant) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Company and its Affiliates) exceeds $100,000, the Options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as Non-Qualified Stock Options.

(B) All Incentive Stock Options must be granted within ten years from the earlier of the date on which this Plan was adopted by the Board or the date this Plan was approved by the stockholders of the Company.

(C) Unless sooner exercised, all Incentive Stock Options shall expire and no longer be exercisable no later than 10 years after the date of grant; *provided*, *however*, that in the case of a grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its Affiliate, such Incentive Stock Option shall expire and no longer be exercisable no later than 5 years from the date of grant.

(D) The purchase price per Share for an Incentive Stock Option shall be not less than 100% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option; *provided*, *however*, that, in the case of the grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its Affiliate, the purchase price per Share purchasable under an Incentive Stock Option shall be not less than 110% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option.

(E) Any Incentive Stock Option authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the Option as an Incentive Stock Option.

(b) Stock Appreciation Rights. The Committee is hereby authorized to grant Stock Appreciation Rights to Eligible Persons subject to the terms of the Plan and any applicable Award Agreement. Each Stock Appreciation Right granted under the Plan shall, upon exercise, confer on the holder the right to receive, as determined by the Committee, cash or a number of Shares equal to the excess of (i) the Fair Market Value of one Share on the date of exercise (or, if the Committee shall so determine, at any time during a specified period before or after the date of exercise) over (ii) the grant price of the Stock Appreciation Right as determined by the Committee, which grant price shall not be less than 100% of the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right. Subject to the terms of the Plan and any applicable Award Agreement, the grant price, term, methods of exercise, dates of exercise, methods of settlement and any other terms and conditions (including conditions or restrictions on the exercise thereof) of any Stock Appreciation Right shall be as determined by the Committee.

(c) Restricted Stock and Restricted Stock Units. The Committee is hereby authorized to grant Restricted Stock and Restricted Stock Units to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

(i) Restrictions. Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to vote a Share of Restricted Stock, or prohibition against the right to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate.

(ii) Issuance and Delivery of Shares. Any Restricted Stock granted under the Plan shall be issued at the time such Awards are granted and may be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates, which certificate or certificates shall be held by the Company. Such certificate or certificates shall be registered in the name of the Participant and shall bear an appropriate legend referring to the restrictions applicable to such Restricted Stock. Shares representing Restricted Stock that is no longer subject to restrictions shall be delivered to the Participant promptly after the applicable restrictions lapse or are waived. In the case of Restricted Stock Units, no Shares shall be issued at the time such Awards are granted. Upon the lapse or waiver of restrictions and the restricted period relating to Restricted Stock Units evidencing the right to receive Shares, such Shares shall be issued and delivered to the holder of the Restricted Stock.

(iii) Forfeiture. Except as otherwise determined by the Committee, upon a Participant's termination of employment or resignation or removal as a Director (in either case as determined under criteria established by the Committee) during the applicable restriction period, all applicable Shares of Restricted Stock and Restricted Stock Units at such time subject to restriction shall be forfeited and reacquired by the Company; *provided*, *however*, that the Committee may, when it finds that a waiver would be in the best interests of the Company, waive in whole or in part any or all remaining restrictions with respect to Shares of Restricted Stock or Restricted Stock Units.

(d) Performance Awards. The Committee is hereby authorized to grant Performance Awards to Eligible Persons subject to the terms of the Plan. A Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock and Restricted Stock Units), other securities, other Awards or other property and (ii) shall confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of any Performance Award shall be determined by the Committee. Performance Awards denominated in Shares (including, without limitation, Restricted Stock and Restricted Stock Units) that are granted to Eligible Persons who may be "covered employees" under Section 162(m) and that are intended to be "qualified performance based compensation" within the meaning of Section 162(m), to the extent required by Section 162(m), shall be conditioned solely on the achievement of one or more objective Performance Goals established by the Committee within the time prescribed by Section 162(m), and shall otherwise comply with the requirements of Section 162(m).

(e) Other Stock Grants. The Committee is hereby authorized, subject to the terms of the Plan, to grant to Eligible Persons Shares without restrictions thereon as are deemed by the Committee to be consistent with the purpose of the Plan.

(f) Other Stock-Based Awards. The Committee is hereby authorized to grant to Eligible Persons, subject to the terms of the Plan, such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purpose of the Plan. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(f) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms (including, without limitation, cash, Shares, other securities, other Awards or other property or any combination thereof), as the Committee shall determine.

(g) General

(i) Consideration for Awards. Awards may be granted for no cash consideration or for any cash or other consideration as determined by the Committee and required by applicable law.

(ii) Requirements for Issuance of Shares and Effectiveness of Awards. 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 Shares 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. 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 such Shares, including, but not limited to, the right to vote such Shares and to receive dividends and other distributions paid with respect to such Shares.

(iii) Awards May Be Granted Separately or Together. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution for any other Award or any award granted under any plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under any such other plan of the Company or any Affiliate may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(iv) Forms of Payment under Awards. Subject to the terms of the Plan and any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise or payment of an Award may be made in such form or forms as the Committee shall determine (including, without limitation, cash, Shares, other securities, other Awards or other property or any combination thereof), and may be made in a single payment or transfer, or in installments, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments.

(v) Limits on Transfer of Awards. No Award (other than Other Stock Grants) and no right under any such Award shall be transferable by a Participant otherwise than by will or by the laws of descent and distribution and the Company shall not be required to recognize any attempted assignment of such rights by any Participant; *provided*, *however*, that, if so determined by the Committee, a Participant may, in the manner established by the Committee, designate a beneficiary or beneficiaries to exercise the rights of the Participant and receive any property distributable with respect to any Award upon the death of the Participant; *provided*, *further*, that, if so determined by the Committee, a Participant may transfer a Non-Qualified Stock Option to any "family member" (as such term is defined in the General Instructions to Form S-8 (or successor to such Instructions or such Form)) at any time that such Participant holds such Option, *provided* that the Participant may not receive any consideration for such transfer, the "family member" may not make any subsequent transfers other than by will or by the laws of descent and distribution and the Company receives written notice of such transfer, *provided*, *further*, that, if so determined by the Committee and except in the case of an Incentive Stock Option, Awards may be transferable as determined by the Committee. Except as otherwise determined by the Committee (for Awards other than an Incentive Stock Option), each Award or right under any such Award shall be exercisable during the Participant's lifetime only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. Except as otherwise determined by the Committee (for Awards other than an Incentive Stock Option), no Award or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or other encumbrance thereof shall be void and unenforceable against the Company or any Affiliate.

(vi) Term of Awards. Subject to Section 6(a)(iv)(C), the term of each Award shall be for such period as may be determined by the Committee.

(vii) Restrictions; Securities Exchange Listing. Notwithstanding any other provision of the Plan, the Company shall not be obligated to deliver any Shares pursuant to the Plan or to remove any restriction from Shares 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 Shares are 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 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.

(viii) Limits on Sale of Shares. All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan, applicable federal or state securities laws and regulatory requirements, and the Committee may direct appropriate stop transfer orders and cause other legends to be placed on the certificates for such Shares or other securities to reflect such restrictions.

(ix) Prohibition on Repricing. Except as provided in Section 4(c) hereof, no Option or Stock Appreciation Right may be amended to reduce its initial exercise price and no Option or Stock Appreciation Right shall be canceled and replaced with an Option or Options or Stock Appreciation Right having a lower exercise price, without the approval of the stockholders of the Company or unless there would be no material adverse effect on the Company's financial statements as prepared in accordance with Generally Accepted Accounting Principles.

Section 7. Events Affecting Oustanding Awards

(a) Additional Definitions for this Section.

(i) "*Change in Control*" shall mean the occurrence of any of the following events: (A) One Person (or more than one Person acting as a group) acquires ownership of stock of the Company that, together with the stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company; *provided, that*, a Change in Control shall not occur if any Person (or more than one Person acting as a group) owns more than 50% of the total fair market value or total voting power of the Company's stock and acquires additional stock; (B) One Person (or more than one Person acting as a group) acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition) ownership of the Company's stock possessing 50% or more of the total voting power of the stock of the Company; or (C) A majority of the members of the Board are replaced during any twelve-month period by directors whose appointment or election is not endorsed by a majority of the Board before the date of appointment or election.

(ii) "*Status Change*" shall mean where a Participant ceases to be an Employee or there is a termination of the consulting service or other relationship in respect of which a non-Employee Participant was granted an Award.

(b) Termination of Service Resulting from Death or Disability. If a Participant suffers 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:

(i) 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 7. All Options held by a Participant at the time of such Status Change that are not then exercisable shall terminate upon such Status Change.

(ii) All Restricted Stock held by the Participant at the time of such Status Change shall immediately become free of all restrictions and conditions.

(iii) Any payment or benefit under a Performance Award 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.

(c) Termination of Service Resulting from Other than Death or Disability. If a Participant suffers a Status Change other than by reason of death or permanent disability, the following rules shall apply, unless otherwise determined by the Board at the time of grant of an Award:

(i) 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 7. All Options held by a Participant at the time of such Status Change that are not then exercisable shall terminate upon such Status Change.

(ii) 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 herein), 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).

(iii) Any payment or benefit under a Performance Award 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.

(iv) 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; (2) had failed to perform the requirements of their job position or function in any material respect; (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; (4) had committed a material act of dishonesty or breach of trust; (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.

(v) For all purposes of this Section 7, if a Participant is an Employee of an Affiliate that ceases to be an Affiliate, 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 Affiliate. Further, 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 an Affiliate, or vice versa, or from one Affiliate of the Company to another.

(d) Change in Control In the event of a Change in Control, 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 the provisions of this section:

(i) 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. This provision shall not prevent an Option from becoming exercisable sooner where it would otherwise have become exercisable under such Option during such period.

(ii) 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.

(iii) Conditions on Performance Awards 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 Award or in any other agreement between the Participant and the Company or unless otherwise agreed to by the Board.

(iv) 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 upon a Change in Control.

Section 8. Amendment and Termination; Adjustments

(a) Amendments to the Plan. The Board may amend, alter, suspend, discontinue or terminate the Plan at any time; *provided*, *however*, that, notwithstanding any other provision of the Plan or any Award Agreement, without the approval of the stockholders of the Company, no such amendment, alteration, suspension, discontinuation or termination shall be made that, absent such approval:

(i) violates the rules or regulations of the Financial Industry Regulatory Authority, Inc. (FINRA) or any other securities exchange that are applicable to the Company;

(ii) causes the Company to be unable, under the Code, to grant Incentive Stock Options under the Plan;

(iii) increases the number of shares authorized under the Plan as specified in Section 4(a);

(iv) permits the award of Options or Stock Appreciation Rights at a price less than 100% of the Fair Market Value of a Share on the date of grant of such Option or Stock Appreciation Right, as prohibited by Sections 6(a)(i) and 6(b) of the Plan or the repricing of Options or Stock Appreciation Rights, as prohibited by Section 6(g)(ix) of the Plan; or

(v) would prevent the grant of Options or Stock Appreciation Rights that would qualify under Section 162(m) of the Code.

(b) Amendments to Awards. The Committee may waive any conditions of or rights of the Company under any outstanding Award, prospectively or retroactively. Except as otherwise provided herein or in an Award Agreement, the Committee may not amend, alter, suspend, discontinue or terminate any outstanding Award, prospectively or retroactively, if such action would adversely affect the rights of the holder of such Award, without the consent of the Participant or holder or beneficiary thereof, except as provided under Section 11 of this Plan.

(c) Correction of Defects, Omissions and Inconsistencies. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry the Plan into effect.

Section 9. Income Tax Withholding

In order to comply with all applicable federal, state or local income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant. In order to assist a Participant in paying all or a portion of the applicable taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an Award, the Committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (a) electing to have the Company withhold a portion of the Shares otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes or (b) delivering to the Company Shares other than Shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes. The election, if any, must be made on or before the date that the amount of tax to be withheld is determined.

Section 10. General Provisions

(a) No Rights to Awards. No Eligible Person or other Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

(b) Award Agreements. No Participant will have rights under an Award granted to such Participant unless and until an Award Agreement shall have been duly executed on behalf of the Company and, if requested by the Company, signed by the Participant, or until such Award Agreement is delivered and, if required by the Committee, accepted through any electronic medium in accordance with procedures established by the Committee.

(c) Plan Provisions Control. In the event that any provision of an Award Agreement conflicts with or is inconsistent in any respect with the terms of the Plan as set forth herein or subsequently amended, the terms of the Plan shall control.

(d) No Rights of Stockholders. Except with respect to Shares of Restricted Stock as to which the Participant has been granted the right to vote, neither a Participant nor the Participant's legal representative shall be, or have any of the rights and privileges of, a stockholder of the Company with respect to any Shares issuable to such Participant upon the exercise or payment of any Award, in whole or in part, unless and until such Shares have been issued in the name of such Participant or such Participant's legal representative without restrictions thereto.

(e) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(f) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ, or as giving a Director of the Company or an Affiliate the right to continue as a Director or an Affiliate of the Company or any Affiliate, nor will it affect in any way the right of the Company or an Affiliate to terminate such employment at any time, with or without cause or remove a Director in accordance with applicable law. In addition, the Company or an Affiliate may at any time dismiss a Participant from employment, or terminate the term of a Director of the Company or an Affiliate, free from any liability or any claim under the Plan or any Award, unless otherwise expressly provided in the Plan or in any Award Agreement. Nothing in this Plan shall confer on any person any legal or equitable right against the Company or any Affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an Affiliate. The Awards granted hereunder shall not form any part of the wages or salary of any Eligible Person for purposes of severance pay or termination indemnities, irrespective of the reason for termination of employment. Under no circumstances shall any person ceasing to be an employee of the Company or any Affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Participant shall be deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby.

(g) Governing Law. The validity, construction and effect of the Plan or any Award, and any rules and regulations relating to the Plan or any Award, shall be determined in accordance with the law of the state of Delaware, without regard to such state's conflict of law rules.

(h) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.

(i) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and an Eligible Person or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(j) Other Benefits. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation under any compensation-based retirement, disability, or similar plan of the Company unless required by law or otherwise provided by such other plan.

(k) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

(l) Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

(m) Section 16 Compliance; Section 162(m) Administration. The Plan is intended to comply in all respects with Rule 16b-3 or any successor provision, as in effect from time to time, and in all events the Plan shall be construed in accordance with the requirements of Rule 16b-3. If any Plan provision does not comply with Rule 16b-3 as hereafter amended or interpreted, the provision shall be deemed inoperative. The Board of Directors, in its absolute discretion, may bifurcate the Plan so as to restrict, limit or condition the use of any provision of the Plan with respect to persons who are officers or directors subject to Section 16 of the Exchange Act without so restricting, limiting or conditioning the Plan with respect to other Eligible Persons. The Company intends to have the Plan administered in accordance with the requirements for the award of "qualified performance-based compensation" within the meaning of Section 162(m) of the Code.

(n) Conditions Precedent to Issuance of Shares; Notices.

(i) Shares shall not be issued pursuant to the exercise or payment of the purchase price relating to an Award unless such exercise or payment and the issuance and delivery of such Shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, the requirements of any applicable stock exchange and the laws of the state of Delaware. As a condition to the exercise or payment of the purchase price relating to such Award, the Company may require that the person exercising or paying the purchase price represent and warrant that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation and warranty is required by law.

(ii) 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 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.

(o) Participant's Agreement and Acknowledgements Regarding Taxes.

(i) By accepting an Award, each Participant agrees that the Company, to the extent permitted or required by law, shall have the right (but not the obligation) to deduct a sufficient number of shares or money due to the Participant upon exercise of an Option or an Stock Appreciation Right or the grant of Restricted Stock or a Restricted Stock Unit to allow the Company to pay federal, state and local taxes of any kind required by law to be withheld upon the exercise or payment of such Award from any payment of any kind otherwise due to the Participant. The Company shall not be obligated to advise any Participant of the existence of any tax or the amount which the Company will be so required to withhold.

(ii) By accepting an Award, each Participant acknowledges that the Company has advised such Participant to discuss the grant of such Award with the Recipient's tax, legal, investment, and other advisors as the Participant and such advisors determine to be appropriate, and that such consultation shall include (to the extent determined by the Participant and Participant's advisors) a discussion of the advisability of making an election under Section 83 of the Internal Revenue Code.

(iii) Participant further acknowledges that: (A) Section 83 of the Code taxes as ordinary income the difference between the purchase price for Shares and the Fair Market Value of Shares as of the date any forfeiture restrictions on the Shares terminates or lapses; (B) Participant may elect to be taxed at the time the Shares are 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 Shares were issued; and (C) it is Participant's 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 its behalf.

Section 11. Section 409A

(a) Time and Form of Payment. Notwithstanding anything contained in this Plan or in an Award Agreement to the contrary, the time and form of payment of an Award that is subject to the limitations imposed by Section 409A of the Code, shall be set forth in the applicable Award Agreement on or before the time at which the Participant obtains a legally binding right to the Award (or such other time permitted under Section 409A of the Code) and such time and form of payment shall comply with the requirements of Section 409A of the Code.

(b) Delay in Payment. Notwithstanding anything contained in this Plan or an Award Agreement to the contrary, if the Participant is deemed by the Company at the time of the Participant's "separation from service" with the Company to be a "specified employee" as determined under Section 409A of the Code, any "nonqualified deferred compensation" to which the Participant is entitled in connection with such separation from service after taking into account all applicable exceptions from Section 409A, shall not be paid or commence payment until the date that is the first business day following the six month period after the Participant's separation from service (or if earlier, the Participant's death). Such delay in payment shall only be effected with respect to each separate payment to the extent required to avoid adverse tax treatment to the Participant under Section 409A of the Code. Any compensation which would have otherwise been paid during the delay period (whether in a lump sum or in installments) in the absence of this Section 11(b) shall be paid to the Participant (or his or her beneficiary or estate) in a lump sum payment on the first business day following the expiration of the delay period.

(c) Key Definitions. For purposes of this Plan, the term "termination of employment" shall mean "separation from service" and the terms "separation from service," "specified employee" and "nonqualified deferred compensation" shall have the meanings ascribed to the terms pursuant to Section 409A and other applicable guidance.

(d) Amendments. Notwithstanding anything in the Plan to the contrary, the Plan and Awards granted under the Plan are intended to be eligible for certain regulatory exceptions to the limitations of, or to comply with, the requirements of Section 409A of the Code. The Committee, in the exercise of its sole discretion and without the consent of the Participant, may amend or modify the terms of an Award in any manner and delay the payment of any amounts payable pursuant to an Award to the minimum extent necessary to reasonably comply with the requirements of Section 409A of the Code, provided that the Company shall not be required to assume any increased economic burden. No action taken by the Committee with respect to the requirements of Section 409A of the Code shall be deemed to adversely affect a Participant's rights with respect to an Award or to require the consent of such Participant. The Committee reserves the right to make additional changes to the Plan and Awards from time to time to the extent it deems necessary with respect to Section 409A of the Code.

Section 12. Effective Date of the Plan

The Plan shall be effective upon its adoption by the Board, *provided*, *however*, that in the event the Plan is not approved by the stockholders of the Company within one year thereafter, no Option granted pursuant to this Plan shall qualify as an Incentive Stock Option.

Section 13. Term of the Plan

No Award shall be granted under the Plan after ten years from the earlier of the date of adoption of the Plan by the Board or the date of stockholder approval or any earlier date of discontinuation or termination established pursuant to Section 8(a) of the Plan. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Committee provided for hereunder with respect to the Plan and any Awards, and the authority of the Board to amend the Plan, shall extend beyond the termination of the Plan.

AMENDMENT NO. 1 TO
2016 AWLD EQUITY INCENTIVE PLAN

Section 2(k) of the Algodon Wines & Luxury Development Group, Inc. ("AWLD") 2016 Equity Incentive Plan (the "Plan") is hereby amended as follows:

Section 2 Definitions 2 k(i), 4(a)(i)

(k) "*Fair Market Value*" shall mean, with respect to any property, the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee. Notwithstanding the foregoing, the Fair Market Value of a Share, as of a given date, shall be determined as follows:

(i) If the Shares are listed on any established stock exchange or traded on a national market system, including platforms on the OTC Markets, Inc., the Fair Market Value of a Share shall be the average closing sale price for such share (or the closing bid, if no sale was reported) as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Shares) on the ten trading days preceding such day of determination, as reported in *The Wall Street Journal* or such other source as the Committee deems reliable. If there are no reported sales during any of the ten preceding trading days, the calculation of Fair Market Value under this sub-paragraph shall include the closing price from the immediately prior day or days needed to reach an average based on ten days.

(ii) In the absence of such markets for the Shares, the Fair Market Value shall be determined in good faith by the Committee using a reasonable application of a reasonable valuation method.

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Section 4(a) of the Plan is hereby amended as follows:

Section 4. Shares Available for Awards

(a) Shares Available. Subject to adjustment as provided in Section 4(c) of the Plan, the aggregate number of Shares that may be issued under the Plan, excluding shares issued under the Pre-Existing Plan, shall be 1,224,308 Shares, plus an automatic annual increase to be added on January 1 of each year equal to 2.5% of the total number of Shares outstanding on such date (including for this purpose any Shares issuable upon conversion of any outstanding capital stock of the Company).

(i) Any Shares subject to an Award issued under this Plan or the Pre-Existing Plan that are canceled, forfeited or expire prior to exercise or realization, either in full or in part, shall be added to the total number of Shares available for an Award to be made under the Plan.

(ii) Shares to be issued under the Plan may be either authorized but unissued Shares or Shares re-acquired and held in treasury.

(iii) Notwithstanding the foregoing, (A) the number of Shares available for granting Incentive Stock Options under the Plan shall not exceed the aggregate number of Shares that may be issued under the Plan, subject to adjustment as provided in Section 4(c) of the Plan and subject to the provisions of Section 422 or 424 of the Code or any successor provision and (B) the number of Shares available for granting Restricted Stock and Restricted Stock Units shall not exceed 500,000, subject to adjustment as provided in Section 4(c) of the Plan. Shares tendered by Participants as full or partial payment to the Company upon exercise of an Award, and Shares withheld by or otherwise remitted to the Company to satisfy a Participant's tax withholding obligations with respect to an Award, shall become available for issuance under the Plan.

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 (dormant)

4. 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.)

5. Algodon Europe Limited, a United Kingdom private company(owned 100% by InvestProperty Group, LLC)

6. Algodon Properties II S.R.L., an Argentine Sociedad de Responsabilidad Limitada(owned 100% through InvestProperty Group, LLC and Algodon Global Properties, LLC)

7. 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.)

EXHIBIT 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

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

I, Scott L. Mathis, certify that:

1. I have reviewed this annual report on Form 10-K of Algodon Wines & Luxury Development Group, Inc. for the year ended December 31, 2016;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

March 31, 2017

/s/ Scott L. Mathis

Name: Scott L. Mathis
Title: Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF THE PRINCIPAL ACCOUNTING OFFICER

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

I, Maria I. Echevarria, certify that:

1. I have reviewed this annual report on Form 10-K of Algodon Wines & Luxury Development Group, Inc. for the year ended December 31, 2016;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 31, 2017

/s/ Maria I. Echevarria

Name: Maria I. Echevarria
Title: Chief Financial Officer
(Principal Accounting Officer)

Exhibit 32

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

In connection with the Annual Report of Algodon Wines & Luxury Development Group, Inc. (the "Company") on Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Scott L. Mathis, as Chief Executive Officer and principal executive officer and Maria I. Echevarria, as Chief Financial Officer and principal financial officer of the Company hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of the undersigned's knowledge and belief, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Scott L. Mathis

Scott L. Mathis
Chief Executive Officer and Principal Executive Officer

Dated: March 31, 2017

/s/ Maria I. Echevarria

Maria I. Echevarria
Chief Financial Officer and Principal Financial Officer

Dated: March 31, 2017

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.