

REFINITIV

DELTA REPORT

10-Q

LUXURBAN HOTELS INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2639
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 CHANGES	223
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 DELETIONS	1167
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 ADDITIONS	1249
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023 March 31, 2024

OR

☐ 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: 001-41473

LUXURBAN HOTELS INC.

(Exact name of registrant as specified in its charter)

Delaware

82-3334945

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification Number)

2125 Biscayne Blvd Suite 253 Miami, Florida 33137

33137

(Address of principal executive offices)

(Zip code)

(833)-723-7368

(Registrant's telephone number including area code)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, \$0.00001 par value per share	LUXH LUXH	Nasdaq Stock Market LLC
13.00% Series A Cumulative Redeemable Preferred Stock, \$0.00001 par value per share	LUXHP LUXHP	Nasdaq Stock Market LLC

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer ☒ Smaller reporting company ☒ Smaller reporting company ☒
Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 8, 2023 May 13, 2024, the registrant had 36,836,190 44,539,361 shares of common stock, \$.00001 par value, outstanding.

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LUXURBAN HOTELS INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 4,798,580	\$ 1,076,402	\$ 994,904	\$ 752,848
Treasury Bills	-	2,661,382		
Processor Retained Funds	5,929,229	6,734,220		
Receivables from On-Line Travel Agents ("OTAs")	12,868,602	-		
Accounts Receivable, Net			486,067	329,887
Channel Retained Funds, Net			1,500,000	1,500,000
Processor Retained Funds, Net			2,633,926	2,633,926
Receivables from On-Line Travel Agencies, Net			6,749,769	6,936,254
Receivables from City of New York and Landlords, Net			6,018,035	4,585,370
Prepaid Expenses and Other Current Assets	4,420,412	963,300	1,361,114	1,959,022
Security Deposits - Current	112,290	112,290		
Prepaid Guarantee Trust - Related Party			672,750	1,023,750
Total Current Assets	28,129,113	11,547,594	20,416,565	19,721,057
Other Assets				
Furniture, Equipment and Leasehold Improvements, Net	1,059,468	197,129	677,559	691,235
Restricted Cash	1,100,000	1,100,000		
Security Deposits - Noncurrent	20,636,169	11,233,385	20,607,413	20,307,413
Prepaid Expenses and Other Noncurrent Assets	908,314	559,838	5,974,276	960,729
Operating Lease Right-Of-Use Assets, Net	230,432,166	83,325,075	229,016,100	241,613,588
Total Other Assets	254,136,117	96,415,427	256,275,348	263,572,965
Total Assets	\$ 282,265,230	\$ 107,963,021	\$ 276,691,913	\$ 283,294,022
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts Payable and Accrued Expenses	\$ 7,677,799	\$ 6,252,491	\$ 28,868,844	\$ 23,182,305
Rents Received in Advance	3,549,450	2,566,504		

Short Term Business Financing	2,312,198	2,003,015		
Bookings Received in Advance			6,576,403	4,404,216
Short Term Business Financing, Net			3,733,417	1,115,120
Loans Payable - Current	1,490,734	10,324,519	1,666,108	1,654,589
Initial Direct Costs Leases - Current			300,000	486,390
Operating Lease Liabilities - Current	6,434,704	4,293,085	1,944,026	1,982,281
Development Incentive Advances - Current	81,057	-	8,893,987	300,840
Accrued Income Taxes	15,702	-		
Total Current Liabilities	21,561,644	25,439,614	51,982,785	33,125,741
Long-Term Liabilities				
Loans Payable - Noncurrent	1,409,844	1,689,193		
Loans Payable			1,447,720	1,459,172
Development Incentive Advances - Noncurrent	1,513,500	-	-	5,667,857
Security Deposit Letter of Credit	3,500,000	2,500,000		
Initial Direct Costs Leases - Noncurrent			3,950,000	4,050,000
Operating Lease Liabilities - Noncurrent	232,801,915	81,626,338	231,815,657	242,488,610
Total Long-Term Liabilities	239,225,259	85,815,531	237,213,377	253,665,639
Total Liabilities	260,786,903	111,255,145	289,196,162	286,791,380
Mezzanine equity				
13% Redeemable Preferred Stock; Liquidation Preference \$25 per Share; 10,000,000 Shares Authorized; 294,144 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively			5,775,596	5,775,596
Commitments and Contingencies				
Stockholders' Equity (Deficit)				
Common Stock (shares authorized, issued and outstanding – 36,816,190 and 27,691,918, respectively)	368	276		
Stockholders' Deficit				
Common Stock (shares authorized, issued, outstanding - 41,839,361, and 39,462,440, shares outstanding as of March 31, 2024 and December 31, 2023, respectively)			418	394
Additional Paid In Capital	67,117,346	17,726,592	98,455,107	90,437,155
Accumulated Deficit	(45,639,387)	(21,018,992)	(116,735,370)	(99,710,503)
Total Stockholders' Equity (Deficit)	21,478,327	(3,292,124)		
Total Liabilities and Stockholders' Equity (Deficit)	\$ 282,265,230	\$ 107,963,021		
Total Stockholders' Deficit			(18,279,845)	(9,272,954)
Total Liabilities and Stockholders' Deficit			\$ 276,691,913	\$ 283,294,022

See accompanying notes to condensed consolidated financial statements.

LUXURBAN HOTELS INC.

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(UNAUDITED)

					For The Three Months Ended	
	For The Three Months Ended September 30,		For The Nine Months Ended September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Net Rental Revenue	\$ 31,208,248	\$ 11,575,325	\$ 85,883,521	\$ 30,876,088	\$ 29,101,207	\$ 22,814,175
Rent Expense	7,802,847	2,786,458	18,068,828	7,371,055	8,344,007	5,421,867
Non-Cash Rent Expense	1,952,599	(11,471)	6,187,540	1,191,431	2,093,667	1,651,669
Amortization						
Surrender of Deposits					750,000	-
Other Expenses	13,640,517	3,911,386	38,273,980	12,054,769	22,508,411	10,378,765
Total Cost of Revenue	23,395,963	6,686,373	62,530,348	20,617,255	33,696,085	17,452,301
Gross Profit	7,812,285	4,888,952	23,353,173	10,258,833		
Gross (Loss) Profit					(4,594,878)	5,361,874
General and Administrative Expenses	1,981,774	4,952,740	9,297,097	6,817,967	3,755,756	2,742,586
Non-Cash Issuance of Common Stock for Operating Expenses	334,081	-	1,847,711	-	304,925	884,816
Non-Cash Stock Compensation Expense	260,846	151,741	690,842	151,741	724,514	429,996
Non-Cash Stock Option Expense	146,707	206,545	519,094	206,545	152,339	167,573
Partnership Considerations					2,679,469	-
Total Operating Expenses	2,723,408	5,311,026	12,354,744	7,176,253	7,617,003	4,224,971
Income from Operations	5,088,877	(422,074)	10,998,429	3,082,580		
(Loss) Income from Operations					(12,211,881)	1,136,903
Other Income (Expense)						
Other Income	31,627	606,090	129,875	1,193,157	210,076	39,878
Interest and Financing Costs	(2,185,202)	(79,500)	(5,505,708)	(1,239,379)		

Cash Interest and Financing Costs					(2,459,800)	(2,130,605)
Non-Cash Financing Costs	-	(4,072,078)	(30,227,289)	(4,072,078)	(2,324,270)	(1,704,549)
Total Other Expense	(2,153,575)	(3,545,488)	(35,603,122)	(4,118,300)	(4,573,994)	(3,795,276)
Income (Loss) Before (Benefit from) Provision for Income Taxes	2,935,302	(3,967,562)	(24,604,693)	(1,035,720)		
(Benefit from) Provision for Income Taxes	(1,999,498)	(750,000)	15,702	-		
Net Income (Loss)	\$ 4,934,800	\$ (3,217,562)	\$ (24,620,395)	\$ (1,035,720)		
Basic Earnings (Loss) Per Common Share	\$ 0.11	\$ (0.13)	\$ (0.69)	\$ (0.05)		
Diluted Earnings (Loss) Per Common Share	\$ 0.11	(0.13)	(0.69)	(0.05)		
Basic Weighted Average Number of Common Shares Outstanding	44,562,243	24,092,231	35,895,801	22,251,412		
Diluted Weighted Average Number of Common Shares Outstanding	45,433,166	24,092,231	35,895,801	22,251,412		
Loss Before Provision for Income Taxes					(16,785,875)	(2,658,373)
Provision for Income Taxes					-	122,161
Net Loss					(16,785,875)	(2,780,534)
Preferred Stock Dividend					(238,992)	-
Net Loss Attributable to Common Stockholders					\$ (17,024,867)	\$ (2,780,534)
Basic Loss Per Common Share					\$ (0.35)	\$ (0.10)
Diluted Loss Per Common Share					\$ (0.35)	\$ (0.10)
Basic and Diluted Weighted Average Number of Common Shares Outstanding					49,223,606	28,659,358

See accompanying notes to condensed consolidated financial statements.

LUXURBAN HOTELS INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND MARCH 31, 2023
(UNAUDITED)

	Common Stock		Additional	Accumulated	Stockholders'
	Shares	Value	Paid in Capital	Deficit	(Deficit)
Balance - December 31, 2023	39,462,440	\$ 394	\$ 90,437,155	\$ (99,710,503)	\$ (9,272,954)
Net Loss	-	-	-	(16,785,875)	(16,785,875)
Non-Cash Stock Compensation Expense	222,800	2	633,074	-	633,076
Non-Cash Option Compensation Expense	-	-	152,339	-	152,339
Issuance of Shares for Operating Expenses	69,863	1	304,925	-	304,926
Modification of Warrants	-	-	2,036,200	-	2,036,200
Warrant Exercise	1,450,000	15	4,799,985	-	4,800,000
Issuance of Shares to Satisfy Loans	20,008	-	91,435	-	91,435
Issuance of Shares for Revenue Share Agreements	614,250	6	(6)	-	-
Preferred Dividends	-	-	-	(238,992)	(238,992)
Balance - March 31, 2024	<u>41,839,361</u>	<u>\$ 418</u>	<u>\$ 98,455,107</u>	<u>\$ (116,735,370)</u>	<u>\$ (18,279,845)</u>
Balance -December 31, 2022	27,691,918	\$ 276	\$ 17,726,592	\$ (21,018,992)	\$ (3,292,124)
Net Loss	-	-	-	(2,780,534)	(2,780,534)
Non-Cash Stock Compensation Expense	166,665	2	429,994	-	429,996
Non-Cash Stock Option Expense	-	-	167,573	-	167,573
Issuance of Shares for Operating Expenses	433,881	4	884,812	-	884,816
Conversion of Loans	900,000	9	2,699,991	-	2,700,000
Warrant Exercise	200,000	2	399,998	-	400,000
Loss on Debt Extinguishment	-	-	58,579	-	58,579
Balance - March 31, 2023	<u>29,392,464</u>	<u>\$ 293</u>	<u>\$ 22,367,539</u>	<u>\$ (23,799,526)</u>	<u>\$ (1,431,694)</u>

See accompanying notes to consolidated financial statements.

LUXURBAN HOTELS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND MARCH 31, 2023
(UNAUDITED)

	Common Stock		Members' Deficit	Additional Paid in Capital	Accumulated Deficit	Stockholders' Equity (Deficit)
Balance - December 31, 2022	27,691,918	\$ 276	\$ -	\$ 17,726,592	\$ (21,018,992)	\$ (3,292,124)
Net Loss	-	-	-	-	(2,780,534)	(2,780,534)
Non-Cash Stock Compensation Expense	166,665	2	-	429,994	-	429,996
Non-Cash Option Compensation Expense	-	-	-	167,573	-	167,573
Issuance of Shares for Operating Expenses	433,881	4	-	884,812	-	884,816
Conversion of Loans	900,000	9	-	2,699,991	-	2,700,000
Warrant Exercise	200,000	2	-	399,998	-	400,000
Loss on Debt Extinguishment	-	-	-	58,579	-	58,579
Balance - March 31, 2023	<u>29,392,464</u>	<u>\$ 293</u>	<u>\$ -</u>	<u>\$ 22,367,539</u>	<u>\$ (23,799,526)</u>	<u>\$ (1,431,694)</u>
Net Loss	-	-	-	-	(26,774,661)	(26,774,661)
Non-Cash Stock Option Expense	-	-	-	204,814	-	204,814
Conversion of Loans	2,278,975	23	-	4,989,607	-	4,989,630
Issuance of Shares for Operating Expenses	276,525	2	-	784,311	-	784,313
Warrant Exercise	2,356,251	24	-	4,912,478	-	4,912,502
Issuance of Shares to Satisfy Loans	58,088	1	-	157,999	-	158,000
Issuance of Shares for Deferred Compensation	160,036	2	-	467,214	-	467,216
Issuance of Shares for Revenue Share Agreements	614,252	6	-	1,704,543	-	1,704,549
Termination of Revenue Share Agreement Adjustment	-	-	-	28,174,148	-	28,174,148
Modification of Warrants	-	-	-	259,075	-	259,075
Balance - June 30, 2023	<u>35,136,591</u>	<u>\$ 351</u>	<u>\$ -</u>	<u>\$ 64,021,728</u>	<u>\$ (50,574,187)</u>	<u>\$ 13,447,892</u>
Net Income	-	-	-	-	4,934,800	4,934,800
Non-Cash Stock Option Expense	-	-	-	146,707	-	146,707
Issuance of Shares for Operating Expenses and Settlements	113,824	1	-	334,080	-	334,081
Issuance of Shares for Director Compensation	91,525	1	-	260,845	-	260,846
Warrant Exercise	860,000	9	-	2,353,992	-	2,354,001
Issuance of Shares for Revenue Share Agreements	614,250	6	-	(6)	-	-
Balance - September 30, 2023	<u>36,816,190</u>	<u>\$ 368</u>	<u>\$ -</u>	<u>\$ 67,117,346</u>	<u>\$ (45,639,387)</u>	<u>\$ 21,478,327</u>
Balance - December 31, 2021	-	\$ -	\$ (11,214,050)	\$ -	\$ -	\$ (11,214,050)
Cumulative effect changes in accounting principle	-	-	(414,373)	-	-	(414,373)
Conversion to C Corp	21,675,001	216	11,628,423	-	(11,628,639)	-
Net Income	-	-	-	-	1,419,433	1,419,433
Balance - March 31, 2022	<u>21,675,001</u>	<u>\$ 216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,209,206)</u>	<u>\$ (10,208,990)</u>
Net Income	-	-	-	-	762,409	762,409
Balance - June 30, 2022	<u>21,675,001</u>	<u>\$ 216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,446,797)</u>	<u>\$ (9,446,581)</u>
Net Income	-	-	-	-	(3,217,562)	(3,217,562)
Conversion of Loans	1,425,417	14	-	2,830,112	-	2,830,126

Sale of Commons Stock (Net of Related Costs)	3,375,000	34	-	10,198,514	-	10,198,548
Warrant Expense	-	-	-	3,480,725	-	3,480,725
Stock Compensation Expense	54,000	1	-	358,285	-	358,286
Post IPO Warrant	-	-	-	591,353	-	591,353
Balance - September 30, 2022	26,529,418	\$ 265	\$ -	\$ 17,458,989	\$ (12,664,359)	\$ 4,794,895

	March 31,	
	2024	2023
Cash Flows from Operating Activities		
Net Loss	\$ (16,785,875)	\$ (2,780,534)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Writeoff of security deposits	750,000	-
Writeoff of vendor overpayment	50,000	-
Non-cash stock compensation expense	55,500	429,996
Non-cash stock director expense	577,576	-
Non-cash stock option expense	152,339	167,573
Depreciation expense	13,676	11,031
Shares issued for operating expenses	304,926	884,816
Modification of Warrants	2,036,200	-
Non-cash lease expense	10,146,639	6,456,386
Gain on lease exit	(209,811)	-
Non-cash forgiveness of Development Incentive Advances	(75,210)	-
Gain on sale of Treasury Bills	-	(31,014)
Non-cash Financing Charges Associated with Short Term Business Financing	286,576	78,402
Loss on Debt Extinguishment	-	58,579
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts Receivable, Net	(156,180)	-
Processor retained funds	-	(218,023)
Receivables from On-Line Travel Agencies, Net	186,485	-
Receivables from City of New York and Landlords, Net	(1,432,665)	-
Prepaid expense and other assets	(4,415,639)	261,157
Prepaid Guarantee Trust - Related Party	351,000	-
Security deposits	(1,050,000)	(3,907,720)
(Decrease) Increase in:		
Accounts payable and accrued expenses	5,636,539	1,024,948
Operating lease liabilities	(8,050,548)	(4,804,716)
Rents received in advance	2,172,187	2,630,239
Accrued Income Taxes	-	122,161
Net cash (used in) provided by operating activities	(9,456,285)	383,281
Cash Flows from Investing Activities		
Purchase of Furniture and Equipment	-	(249,762)
Proceeds from the sale of Treasury Bills	-	2,692,396
Net cash provided by investing activities	-	2,442,634
Cash Flows from Financing Activities		
Deferred offering costs - net		
Proceeds from (Repayments of) short term business financing - net	2,331,721	(1,255,512)
Warrant Exercises	4,800,000	400,000
Proceeds from Development Incentive Advances	3,000,500	-
Proceeds from (Repayments of) loans payable - net	67	(165,896)
Repayments of financed initial direct costs	(194,955)	-

Preferred shareholder dividends paid	(238,992)	-
Net cash provided by (used in) financing activities	9,698,341	(1,021,408)
Net Increase in Cash and Cash Equivalents and Restricted Cash	242,056	1,804,507
Cash and Cash Equivalents and Restricted Cash - beginning of the period	752,848	2,176,402
Cash and Cash Equivalents and Restricted Cash - end of the period	994,904	3,980,909
Cash and Cash Equivalents	994,904	2,880,909
Restricted Cash	-	1,100,000
Total Cash and Cash Equivalents and Restricted Cash	<u>\$ 994,904</u>	<u>\$ 3,980,909</u>
Supplemental Disclosures of Cash Flow Information		
Taxes	\$ -	\$ -
Interest	\$ 1,598,784	\$ 2,130,605
Noncash operating activities:		
Acquisition of New Operating Lease Right-of-Use Assets	\$ -	\$ 88,267,775
Noncash financing activities:		
Financed Initial Direct Costs for leases paid with common stock	\$ 91,435	\$ -
Conversion of debt to common stock and additional paid-in capital	\$ -	\$ 2,700,000

See accompanying notes to condensed consolidated financial statements.

LUXURBAN HOTELS INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND SEPTEMBER 30, 2022
(UNAUDITED)

	September 30,	
	2023	2022
Cash Flows from Operating Activities		
Net Loss	\$ (24,620,395)	\$ (1,035,720)
Adjustments to reconcile net (loss) to net cash used in operating activities:		
Non-cash stock compensation expense	1,158,058	151,741
Non-cash stock option expense	519,094	206,545
Depreciation expense	59,075	5,020
Shares issued for operating expenses	2,003,210	-
Non-cash lease expense	23,695,139	1,191,431
Gain on sale of Treasury Bills	(31,014)	-
Issuance of shares for revenue share agreement	1,704,549	-
Termination of revenue share agreement	28,174,148	-
Modification of warrants	259,075	-
Non-cash financing changes associated with short term business financing	325,290	-
Loss on debt extinguishment	58,579	-
Loan forgiveness – SBA – PPP loan	-	(516,225)
Warrant expense	-	3,480,725
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Processor retained funds	804,991	(7,309,323)
Receivables from OTAs	(12,868,602)	-
Prepaid expense and other assets	(3,791,886)	(1,265,751)
Security deposits	(9,402,784)	(4,416,722)
(Decrease) Increase in:		
Accounts payable and accrued expenses	1,425,308	(555,427)
Operating lease liabilities	(17,485,034)	(2,942,616)

Rents received in advance	982,946	(539,951)
Accrued Income Taxes	15,702	-
Net cash used in operating activities	\$ (7,014,551)	\$ (13,546,273)
Cash Flows from Investing Activities		
Purchase of furniture and equipment and leaseholds	(921,414)	(44,300)
Proceeds from the sale of (purchase of) Treasury Bills	2,692,396	(50,658)
Net cash provided by (used in) investing activities	\$ 1,770,982	\$ (94,958)
Cash Flows from Financing Activities		
Deferred offering costs - net	(13,702)	771,954
Repayments of short term business financing - net	(16,107)	(1,061,481)
Warrant Exercises	7,666,503	-
(Repayments of) loans payable – related parties - net	-	(48,955)
Issuance of common stock - net	-	10,198,548
Proceeds from development incentive advances	1,594,557	-
(Repayments of) proceeds from loans payable - net	(265,504)	4,964,200
Net cash provided by financing activities	\$ 8,965,747	\$ 14,824,266
Net Increase in Cash and Cash Equivalents and Restricted Cash	3,722,178	1,183,035
Cash and Cash Equivalents and Restricted Cash - beginning of the period	2,176,402	1,106,998
Cash and Cash Equivalents and Restricted Cash - end of the period	\$ 5,898,580	\$ 2,290,033
Cash and Cash Equivalents	\$ 4,798,580	\$ 1,190,033
Restricted Cash	\$ 1,100,000	\$ 1,100,000
Total Cash and Cash Equivalents and Restricted Cash	\$ 5,898,580	\$ 2,290,033
Supplemental Disclosures of Cash Flow Information		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 5,179,748	\$ 1,444,428
Noncash operating activities:		
Acquisition of New Operating Lease Right-of-Use Assets	\$ 155,045,761	\$ -
Noncash financing activities:		
Conversion of debt to common stock and additional paid-in capital	\$ 7,847,630	\$ 3,924,468
Common stock issued in exchange for warrants	\$ -	\$ 4,635,245
Accrued deferred offering costs	\$ 350,000	\$ -

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS LUXURBAN HOTELS INC.

September 30, 2023 **March 31, 2024**

1 - DESCRIPTION OF BUSINESS AND PRINCIPLES OF CONSOLIDATION

LuxUrban Hotels Inc. (“LUXH” or the “Company”) utilizes an asset light business model to lease (LUXH) leases entire existing hotels on a long-term basis and rent rents out hotel rooms in the properties it leases. The Company It currently manages has a portfolio of hotel rooms in New York, Washington D.C., Miami Beach, New Orleans, and Los Angeles. Angeles through long-term lease agreements and manages these hotels directly. Its revenues are generated through the rental of rooms to guests and through ancillary services such as cancellable room rate fees, resort fees, late and early check-in and check-out fees, baggage fees, parking fees, grab and go food service fees, and upgrade fees.

In late 2021, LUXH commenced the process of winding down its legacy business of leasing and re-leasing multifamily residential units, as it pivoted toward its new strategy of leasing hotels. This wind-down was substantially completed by the end of 2022. This legacy business was conducted under the names SoBeNY Partners LLC (“SoBeNY”) and CorpHousing Group Inc. (“CorpHousing”).

The consolidated financial statements presented herein include the accounts of LuxUrban Hotels Inc. (“LuxUrban”) and its wholly owned subsidiary SoBeNY Partners LLC (“SoBeNY”). SoBeNY. On November 2, 2022, CorpHousing Group Inc. (“CorpHousing”) changed its name to LuxUrban Hotels Inc. In June 2021, the members of SoBeNY exchanged all of their membership interests for additional membership interests in

Corphousing LLC, with SoBeNY becoming a wholly owned subsidiary of Corphousing LLC. Both entities were under common control at the time of the transaction. Since there was no change in control over the net assets, there is no change in basis in the net assets.

In January 2022, Corphousing LLC and its wholly owned subsidiary, SoBeNY, converted into C corporations, with the then current members of Corphousing LLC becoming the stockholders of the newly formed C corporation, CorpHousing Group Inc. The conversion has no effect on our business or operations and was undertaken to convert the forms of these legal entities into corporations for purposes of operating as a public company. All properties, rights, businesses, operations, duties, obligations and liabilities of the predecessor limited liability companies remain those of CorpHousing Group Inc. and SoBeNY Partners Inc. **SoBeNY**

In August 2023, the Company entered into franchise agreements with Wyndham Hotels & Resorts, Inc. pursuant to which the hotels operated by the Company were to become part of the Trademark Collection® by Wyndham and Travelodge by Wyndham brands while staying under the operational control of the Company.

In May 2024, in light of discussions between our Company and Wyndham on the initial and projected future performance of our properties within the franchise relationships, we commenced the return of all property listings to our control, terminating our franchise relationship with Wyndham. The Company is currently in the process of de-platforming these properties from Wyndham's systems and moving each hotel listing back under the Company's control. The Company expects that this process will be completed by the end of May 2024 with minimal operational disruption, although unforeseen risks could cause delays. As part of the Company's previously announced initiative to add industry depth and breadth to its board of directors and management to help evolve operations, the Company's enhanced board and executive teams have reviewed all existing operational relationships. Given the Company's operating model, it was **dissolved on December 30, 2022**, concluded that over the long term the Company would be better served operationally and financially by operating the hotels as an independent operator.

All significant intercompany accounts and transactions have been eliminated in consolidation.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. **Basis of Presentation** — The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). These condensed consolidated financial statements should be read in conjunction with the financial statements and additional information as contained in our Annual Report on Form 10-K for the year ended December 31, 2022 filed on March 31, 2023. Results of operations for the three months and nine months ended September 30, 2023 are not necessarily indicative of the operating results that may be expected for the year ending December 31, 2023. The consolidated balance sheet at September 30, 2023 was derived from the audited consolidated financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. The other information in these condensed consolidated financial statements is unaudited but, in the opinion of management, reflects all adjustments necessary for a fair presentation of the results for the periods covered. All such adjustments are of a normal recurring nature unless disclosed otherwise.
- b. **Revenue Recognition** — The Company's revenue is derived primarily from the rental of units to its guests. The Company accounts for revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606. The Company recognizes revenue when obligations under the terms of a contract are satisfied and control over the promised goods and services is transferred to the guest. For the majority of revenue, this occurs when the guest occupies the unit for the agreed upon length of time and receives any services that may be included with their stay. Revenue is measured as the amount of consideration it expects to receive in exchange for the promised goods and services. The Company recognizes any refunds and allowances as a reduction of rental income in the consolidated statements of operations.

The Company accounts for revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606 which was adopted at the beginning of fiscal year 2018 using the modified retrospective method. The Company did not recognize any cumulative-effect adjustment to retained earnings upon adoption as the effect was immaterial.

Payment received for the future use of a rental unit is recognized as a liability and reported as rents received in advance on the balance sheets. Rents received in advance are recognized as revenue after the rental unit is occupied by the customer for the agreed upon length of time. The rents received in advance balance as of September 30, 2023, March 31, 2024, and December 31, 2022, December 31, 2023, was \$3,549,450, \$6,576,403 and \$2,566,504, \$4,404,216, respectively and is expected to be recognized as revenue within a one-year period.

- c. **Use of Estimates** — The preparation of financial statements in accordance with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results could differ from those estimates.

- d. **Going Concern** — The accompanying financial statements have been prepared in conformity with U.S. GAAP, which contemplates continuation as a going concern. As reflected in the accompanying statement of operations, for the year ended December 31, 2023, and the three-month ended March 31, 2024, the Company had a net loss of \$78,523,377 and \$16,785,875, respectively. In addition, the Company sustained significant losses in prior years. The Company's working capital as of March 31, 2024, was a deficit of \$22,973,073. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. Management has evaluated the significance of the conditions in relation to the Company's ability to meet its obligations and believes that its current cash balance along with its currently projected cash flows from operations will not provide sufficient capital to continue as a going concern. In an effort to achieve liquidity that would be sufficient to meet all of our commitments, we have undertaken a number of actions, including raising capital through the sale of equity and the sale of debt. The Company's ability to continue as a going concern is dependent upon improving operating margins and raising capital through debt and/or equity financing. Without additional capital, we may not have sufficient capital to continue operations. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might result from this uncertainty.
- e. **Cash and Cash Equivalents** — The Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. As of September 30, 2023 March 31, 2024, the Company had cash and cash equivalents of \$4,798,580 994,904. The Company had \$1,076,402 752,848 of cash equivalents as of December 31, 2022 December 31, 2023.
- f. **Accounts Receivable, Channel Retained Funds, and Processor Retained Funds** — The Company's accounts receivable consists of amounts due from landlords, amounts due from the City of New York, and receivables from Online Travel Agents ("OTAs") and other sales channels. The amounts due from landlords are related to common area expenses we incur for the benefit of all tenants and ultimately can be netted to amounts owed to the landlord, not requiring an allowance as the amounts owed to the landlord are far greater than amounts owed to us. Regarding the receivable with the City of New York, we have cancelled our contract with the City of New York and do not expect the need for an allowance of credit losses on the remaining balanced owed to us. During the year ended December 31, 2023, we wrote off \$2,947,780 of receivables from the city on a property we leased but later decided to exit due to the timing of payments from the City of New York. Finally, we have a reserve for credit losses with receivables from OTAs, in the amount of \$529,000 as of March 31, 2024 and December 31, 2023, respectively. Processor retained funds on the balance sheet are net of any requested and allowed chargebacks and funds released to use during the period.
- g. **Fair Value of Financial Instruments** — The carrying amount of cash and cash equivalents, processor retained funds, security deposits, accounts payable and accrued expenses, rents received in advance, receivables from OTAs, development incentive advances, and short-term business financing advances approximate their fair values as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 because of their short term natures.
- h. **Commissions** — The Company pays commissions to third-party sales channels to handle the marketing, reservations, collections, and other rental processes for most of the units. For the three months and nine months ended September 30, 2023 March 31, 2024, commissions were \$2,020,080 6,192,305 and \$6,576,221, respectively as compared to \$2,148,000 and \$4,838,000 3,073,533 for the three months and nine months ended September 30, 2022, respectively. March 31, 2023. These expenses are included in cost of revenue in the accompanying consolidated statement of operations.
- i. **Income Taxes** — In accordance with GAAP, the Company follows the guidance in FASB ASC Topic 740, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in the Company's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition and measurement of a tax position taken or expected to be taken in a tax return.

The Company is subject to income taxes in the jurisdictions in which it operates. The Company accounts for income taxes under the asset and liability method, whereby deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and attributable to operating loss and tax credit carry-forwards. A valuation allowance is recorded for deferred tax assets if it is more likely than not that the deferred tax assets will not be realized.

For the three and nine months ended September 30, 2023 March 31, 2024, the Company did not record a tax provision for income taxes as a result of net losses for the period. For the three months ended March 31, 2023, the Company recorded a tax provision of a benefit of \$1,999,498 122,161 and provision of \$15,702, respectively. The tax provision benefit recorded in the three months ended September 30, 2023, was as a result of the Company determining the deductibility of the shares issued for the satisfaction of the revenue share exchange (as outlined in Note 17). For the three and nine months ended September 30, 2022, the Company recorded a benefit of \$750,000 and zero, respectively.

h. j. Sales Tax — The majority of sales tax is collected from customers by our third-party sales channels and remitted to governmental authorities by these third-party sales channels. For any sales tax that is the Company's responsibility to remit, the Company records the amounts collected as accrued expenses and relieves such liability upon remittance to the taxing authority. Rental income is presented net of any sales tax collected. As of September 30, 2023, March 31, 2024 and December 31, 2022, December 31, 2023, the Company accrued sales tax payable of \$820,610, \$363,952 and \$229,371, \$3,266,302, respectively, and it is included in accounts payable and accrued expenses in the consolidated balance sheet.

i. k. Paycheck Protection Program Loan ("PPP") — As disclosed in Note 3, the Company has chosen to account for the loan under FASB ASC 470, Debt. Repayment amounts due within one year are recorded as current liabilities, and the remaining amounts due in more than one year, if any, as other liabilities. In accordance with ASC 835, Interest, no imputed interest is recorded as the below market interest rate applied to this loan is governmentally prescribed. If the Company is successful in receiving forgiveness for those portions of the loan used for qualifying expenses, those amounts will be recorded as a gain upon extinguishment as noted in ASC 405, Liabilities.

j. l. Earnings Per Share ("EPS") — Basic net loss per share is the same as diluted net loss per share for the nine months ended September 30, 2023, March 31, 2024 because the inclusion of potentially issuable shares of common stock would have been anti-dilutive for the periods presented. For the three months ended September 30, 2023, 870,923 additional shares were included for diluted net income per share versus basic net income per share. For the three months and nine months ended September 30, 2022, March 31, 2023, basic net loss per share is the same as diluted net loss per share because the inclusion of potentially issuable shares of common stock would have been anti-dilutive for the periods presented.

k. m. Liquidity Preferred Stock— The accompanying financial statements have been prepared in conformity with GAAP, which contemplates continuation as a going concern. As reflected in the accompanying statement of operations, for the three months and nine months ended September 30, 2023, the Company had a net income of \$4,934,800 and net loss of \$24,620,395, respectively. For the nine months ended September 30, 2023, this includes \$30,227,289 of non-cash financing charges. — The Company has also sustained significant losses accounts for its preferred stock in prior years. Our working capital accordance with ASC Topic 480, Distinguishing Liabilities from Equity. Conditionally redeemable preferred stock is classified as of September 30, 2023, was \$6,567,469. Cash on-hand as well as results from future operations are expected to provide sufficient capital to fund operations for mezzanine equity within the next twelve months and beyond. These financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty. Company's consolidated balance sheet.

3 - LEASES

In February 2017, the FASB issued ASU No. 2016-02, Leases ("Topic 842"), to provide guidance on recognizing lease assets and lease liabilities on the consolidated balance sheet and disclosing key information about lease arrangements, specifically differentiating between different types of leases. The Company adopted Topic 842, with an effective date of January 1, 2022. The consolidated financial statements from this date are presented under the new standard, while the comparative periods presented are not adjusted and continue to be reported in accordance with the Company's historical accounting policy. This standard requires all lessees to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments.

Under Topic ASC 842, the Company applied applies a dual approach to all leases whereby the Company is a lessee and classifies leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the Company. Lease classification is evaluated at the inception of the lease agreement. Regardless of classification, the Company records a right-of-use asset and a lease liability for all leases with a term greater than 12 months. Operating lease expense is recognized on a straight-line basis over the term of the lease.

Operating right of use ("ROU") assets and operating lease liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating right of use assets represent our right to use an underlying asset and is based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets. To determine the present value of lease payments not yet paid, we estimate incremental secured borrowing rates corresponding to the maturities of the leases.

The adoption of the new lease standard had a significant impact on the Consolidated Balance Sheets, resulting in the recognition on January 1, 2022 a right-of-use asset of \$36,304,289, current lease liabilities of \$7,370,890 and long-term lease liabilities of \$29,884,584. In addition, the Company recognized a \$414,373 cumulative effect adjustment to retained earnings on the Consolidated Statements of Shareholders' Equity related to the unamortized deferred lease costs incurred in prior periods that do not meet the definition of initial direct costs under Topic 842. The adoption of Topic 842 did not have a significant impact on the lease classification or a material impact on the Consolidated Statements of Operations.

The components of the right-of-use assets and lease liabilities as of September 30, 2023, March 31, 2024 and December 31, 2022, December 31, 2023 were as follows:

At September 30, 2023, March 31, 2024 and December 31, 2022, December 31, 2023, supplemental balance sheet information related to leases were as follows:

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	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Operating lease right of use assets, net	\$ 230,432,166	\$ 83,325,075	\$ 229,016,100	\$ 241,613,588
Operating lease liabilities, current portion	\$ 6,434,704	\$ 4,293,085	\$ 1,944,026	\$ 1,982,281
Operating lease liabilities, net of current portion	\$ 232,801,915	\$ 81,626,338	\$ 231,815,657	\$ 242,488,610

At September 30 2023, March 31, 2024, future minimum lease payments under the non-cancelable operating leases are as follows:

Twelve Months Ending September 30,	
2024	\$ 34,125,923
2025	35,217,282
2026	36,216,351
2027	33,228,390
2028	33,419,423
Thereafter	347,749,070
Total lease payment	\$ 519,956,439
Less interest	(280,719,820)
Present value obligation	239,236,619
Short-term liability	6,434,704
Long-term liability	\$ 232,801,915

Schedule of future minimum lease payments under the non-cancelable operating leases

Twelve Months Ending March 31,	
2025	\$ 30,835,724
2026	31,709,210
2027	32,589,176
2028	33,826,455
2029	34,890,889
Thereafter	409,189,267
Total lease payment	\$ 573,040,721
Less interest	(339,281,038)
Present value obligation	233,759,683
Short-term liability	1,944,026
Long-term liability	\$ 231,815,657

The following summarizes other supplemental information about the Company's operating lease:

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Short-term lease cost	\$ 291,035	\$ 616,856
Total lease cost	\$ 10,437,674	\$ 7,073,536

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Operating lease cost	\$ 9,942,873	\$ 23,695,139
Short-term lease cost	\$ (187,427)	\$ 561,229
Total lease cost	\$ 9,755,446	\$ 24,256,368

4 - ACCOUNTS RECEIVABLES, PROCESSOR AND CHANNEL RETAINED FUNDS

As of March 31, 2024 we had \$1,500,000 of channel retained funds, \$2,633,926 of processor retained funds, (net of allowances for credit losses of \$393,412) \$6,749,769 of receivables from OTAs (net of allowances for credit losses of \$529,000) \$6,018,035 in receivables from the City of New York and landlords and other receivables of \$486,067 (net of allowances for credit losses of \$486,067). These items as of December 31, 2023 had \$1,500,000 of channel retained funds, \$2,633,926 of processor retained funds, (net of allowances for credit losses of \$393,412) \$6,936,254 of receivables from OTAs (net of allowances for credit losses of \$529,000) \$4,585,370 in receivables from the City of New York and landlords and other receivables of \$329,987 (net of allowances for credit losses of \$486,708).

45 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued expenses totaled \$7,677,799 28,868,844 and \$6,252,492 23,182,305 as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

As of September 30, 2023 March 31, 2024, the balance consisted of approximately \$621,576 1,203,000 of accrued payroll and related liabilities, \$1,414,000 3,329,000 of utilities fees, \$9,783,000 of legal exposure, \$1,145,730 4,912,000 of tax exposure, in sales and other taxes, \$748,500 4,178,000 for rent, \$456,000 850,000 for leasehold improvement, interest expense, \$105,000 289,000 for telephone and cable expense, \$627,000 of credit cards payable, insurance expense, \$739,000 246,000 professional fees, \$1,423,000 for utilities, \$189,000 960,000 for repairs, maintenance and improvements, \$119,000 582,000 for security, linens, sundries and supplies, \$412,000 317,000 for cleaning expense, \$276,000 563,000 for initial franchise fees paid on behalf of the Company by a related party (repaid subsequent to September 30, 2023 March 31, 2024), \$123,000 for commissions, \$216,000 for printing expense and \$29,000 690,000 of other miscellaneous items.

As of December 31, 2022 December 31, 2023, the balance consisted of approximately \$1,570,000 2,024,000 of accrued payroll and related liabilities, \$1,002,000 3,265,000 of accrued interest, utilities fees, \$805,000 1,737,000 of rent, \$632,000 of commissions, \$8,400,000 of legal exposure, \$572,000 of commissions, \$507,000 of credit cards payable, \$495,000 professional fees, \$371,000 3,910,000 in sales and real estate other taxes, \$104,000 590,000 in professional fees, \$420,000 of rent, supplies and sundries, \$268,000 in costs related to the initial public offering, \$265,000 719,000 of legal repairs, maintenance and accounting improvements, \$194,000 of insurance expense, \$288,223 of bank and service fees, \$135,000 52,000 of director processing fees, \$94,000 of license fees and public relations, \$158,000 263,000 of printing expenses, \$231,000 of Director fees, \$71,000 of internet and software expense and \$42,000 of other miscellaneous items. As of September 30, 2023, the Company has accrued income taxes of \$15,702. There were no accrued income taxes as of December 31, 2022.

Of the legal amounts accrued, the company believes the accrual best estimates the most likely outcomes of these matters however the range of outcomes could be between \$1,250,000–\$1,750,000. \$5 million and \$8.5 million.

56 - LOANS PAYABLE – SBA – PPP LOAN

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was enacted to provide emergency assistance for individuals, families, and organizations affected by the coronavirus pandemic. The PPP, created through the CARES Act, provides qualified organizations with loans of up to \$10,000,000. Under the terms of the CARES Act and the PPP, the Company can apply for and be granted forgiveness for all or a portion of the loan issued to the extent the proceeds are used in accordance with the PPP.

In April and May 2020, SoBeNY and CorpHousing obtained funding of \$516,225 and \$298,958, respectively, from a bank established by the Small Business Administration (“SBA”). The loans have an initial deferment period wherein no payments are due until the application of forgiveness is submitted, not to exceed ten months from the covered period. Interest will continue to accrue during this deferment period. The April loan was written off by the bank in the September 2022 quarter and subsequently taken to other income. After the deferment period ends, the May loan is payable in equal monthly installments of \$15,932, \$15,932, including principal and interest at a fixed rate of 1.00%. No collateral or personal guarantees were required to obtain the PPP loans. The Company does not intend to apply for forgiveness of these loans and expects to repay the loans in accordance with the terms of the agreements.

Accrued interest at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, was \$747 6,318 and \$5,571, respectively, and is included in accounts payable and accrued expenses in the consolidated balance sheets.

Future minimum principal repayments of the SBA - PPP loans payable are as follows:

For the Twelve Months Ending September 30,

2024	\$	276,658
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For the Twelve Months Ending March 31,

2025	\$	276,658
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67 - LOANS PAYABLE – SBA – EIDL LOAN

During 2020, the Company received three 3 SBA Economic Injury Disaster Loans (“EIDL”) in response to the COVID-19 pandemic. These are 30-year loans under the EIDL program, which is administered through the SBA. Under the guidelines of the EIDL, the maximum term is 30 years; however, terms are determined on a case-by-case basis based on each borrower’s ability to repay and carry an interest rate of 3.75%. The EIDL loan may be prepaid by the Company at any time prior to maturity with no prepayment penalties. The proceeds from this loan must be used solely as working capital to alleviate economic injury caused by the COVID-19 pandemic.

On April 21, 2020, SoBeNY received an EIDL loan in the amount of \$500,000. The loan bears interest at 3.75% and requires monthly payments of principal and interest of \$2,437 beginning April 21, 2022, and is personally guaranteed by a **managing major** stockholder. On June 18, 2020, Corphousing received an EIDL loan in the amount of \$150,000. The loan bears interest at 3.75% and requires monthly payments of principal and interest of \$731 beginning June 18, 2022. On July 25, 2020, SoBeNY received an EIDL loan in the amount of \$150,000. The loan bears interest at 3.75% and requires monthly payments of principal and interest of \$731 beginning July 25, 2022. Any remaining principal and accrued interest is payable thirty years from the date of the EIDL loan.

The outstanding balance at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, was **\$790,547** **783,319** and **\$800,000** **786,950**, respectively.

Accrued interest at **September 30, 2023** **March 31, 2024** and **December 31, 2023** was **\$8,966** and **\$27,644** and **is** **respectively** included in accounts payable and accrued expenses in the consolidated balance sheets.

Future minimum principal repayments of the SBA - EIDL loans payable are as follows:

For the Twelve Months Ending September 30,

2024	\$	17,160
2025		15,248
2026		15,830
2027		16,434
2028		17,061
Thereafter		708,814
Total	\$	790,547

Schedule of future minimum principal repayments of the SBA,EIDL loans payable**For the Twelve Months Ending March 31,**

2025	\$	18,699
2026		15,536
2027		16,129
2028		16,744
2029		17,383
Thereafter		698,828
Total	\$	783,319

78 - SHORT-TERM BUSINESS FINANCING

The Company entered into multiple short-term factoring agreements related to future credit card receipts to fund operations. The Company is required to repay this financing in fixed daily payments until the balance is repaid. Fees associated with this financing have been recognized in interest expense in the accompanying consolidated statement of operations. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31,**

2023, the outstanding balance on these merchant cash advances net of unamortized costs was \$2,312,198 3,733,417 and \$2,003,015 1,115,120, respectively and is expected to be repaid within twelve months.

89 - LOANS PAYABLE

Loans payable consist of the following as of:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Original borrowings of \$250,000, bears interest at 1%, requires no payments until maturity in January 2024	-	210,500		
Original payable of \$151,096 with additional net borrowings of \$252,954, requires monthly payments of \$1,500 until total payments of \$404,050 have been made	356,012	392,044	356,012	338,512
Original payable of \$553,175 with additional net borrowings of \$72,237, requires monthly payments of \$25,000 until total payments of \$625,412 have been made	400,000	450,000	400,000	400,000
Original payable of \$492,180 with additional net borrowings of \$620,804 requires monthly payments of \$25,000 until total payments of \$1,112,984 have been made	865,618	865,618	865,618	865,618
Borrowings of \$9,075,000 and unamortized original issue discount of \$638,388, bears interest at 5%, requires no payments until maturity in May 2023 ("Investor Notes") subsequently modified on April 16, 2023 (see Note 16). In addition, all of the revenue share agreements related to these notes have been terminated for issuances of stock	-	8,275,040		
Original borrowings of \$60,000, bears interest at 1%, requires no payments until maturity in January 2024	60,000	60,000		
Original amounts due of \$195,000, related to services provided by a vendor, requires monthly payments of \$10,000 through May 2022, then monthly payments of \$25,000 through August 2022 at which time any remaining balance is due	20,000	65,000	20,000	20,000
Original borrowing of \$119,224 with monthly payments \$14,903	-	119,224		
Other borrowing	36,768	225,929	342,246	356,048
Less: Current maturities	1,196,916	7,261,723	1,370,751	1,360,609
	\$ 541,482	\$ 3,401,632	\$ 613,125	\$ 619,569

Future minimum principal repayments of the loans payable are as follows:

For the Twelve Months Ending September 30,	
2024	\$ 1,196,916
2025	541,482
Loans payable	\$ 1,738,398

9 - LOANS PAYABLE – RELATED PARTIES

Loans payable — related parties consists of the following:

	September 30, 2023	December 31, 2022
Original borrowings of \$496,500, bears interest at 6%. Lender is a stockholder of the Company	\$ -	\$ 238,000
Less: Current maturities	-	238,000
	\$ -	\$ -

In May of 2023, the Company issued 58,088 shares of common stock to repay this loan.

10 - CONVERTIBLE NOTES

On February 17, 2023, we entered into an exchange agreement with investors pursuant to which all principal, interest and prepayment premium outstanding under a nonconvertible 15% original issue discount (“OID”) note with private investors was exchanged for a convertible note in the principal amount of \$2,079,686 and having a maturity date of August 17, 2023. This transaction was treated as an extinguishment of debt, and the Company recorded a loss of \$58,579 as a result in February of 2023. As a result of this transaction, we recorded the value of convertible feature using the Black-Scholes valuation model. In March 2023, we repaid \$808,000 of the principal amount and subsequent to this repayment the balance of the notes converted to equity. As of September 30, 2023, none of the notes remains outstanding.

For the Twelve Months Ending March 31,

2024	\$ 1,370,751
2025	613,125
Loans payable	<u>\$ 1,983,876</u>

11 - LINE OF CREDIT

In February 2019, the Company entered into a line of credit agreement in the amount of \$95,000. The line bears interest at prime, 8.25% as of September 30, 2023 March 31, 2024, plus 3.49%. The line matures in February 2029. Outstanding borrowings were \$94,975 69,975 as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

12 - SECURITY DEPOSIT LETTER OF CREDIT

In November of 2022, the Company entered into a standby letter of credit agreement in the amount of \$2,500,000 as security on a particular property. The letter of credit automatically renews annually unless canceled beforehand with final maturity March 2038. In January of 2023, the Company entered into a standby letter of credit agreement in the amount of \$1,000,000 as security on a particular property. The letter of credit automatically renews annually unless canceled beforehand with final maturity January 2028.

13 - RELATED PARTY TRANSACTIONS

Consulting services related to the management of the Company, including overseeing the leasing of additional units and revenue management, were provided to the Company through a consulting agreement with SuperLuxMia LLC, a consulting firm owned by the Chief Executive Officer and Chairman of the Company. For the three and nine months ended September 30, 2023, these consulting fees of the Company were zero. For the three and nine months ended September 30, 2022, these consulting fees of the Company were zero and \$192,000, respectively, and are included in *general and administrative expenses* in the accompanying consolidated statements of operations.

On December 20, 2022, the Company, and our former Chairman and Chief Executive Officer, Brian Ferdinand (“Ferdinand”), entered into a Note Extension and Conversion Agreement with Greenle Partners LLC Series Alpha PS (“Greenle Alpha”) and Greenle Partners LLC Series Beta P.S., a Delaware limited liability company (“Greenle Beta” and, together with Greenle Alpha, “Greenle”). Greenle was the purchaser of 15% OID senior secured notes (the “Notes”) and warrants to purchase our common stock (“Warrants”) under certain securities purchase agreements and loan agreements between us and Greenle, including the Securities Purchase Agreement dated as of September 30, 2022 March 31, 2023, as amended by the letter agreement dated October 20, 2022, and the Loan Agreement dated as of November 23, 2022.

Under the terms of the Note Extension and Conversion Agreement, Greenle has agreed to convert from time to time up to \$3,000,000 aggregate principal amount of the Notes into up to 1,000,000 shares of our the Company’s common stock (the “Conversion Shares”) at the conversion price of \$3.00 per share prescribed by the Notes. Additionally, Greenle agreed that the payment date of certain of our notes the Notes in the aggregate principal amount of \$1,250,000, maturing on January 30, 2023, shall would be extended to March 1, 2023. On the date of any such conversion, the Company would be obligated to issue to Greenle a number of credits under our existing revenue share agreements with them equal to fifteen percent (15%) of the principal amount of the Notes so converted. As of December 31, 2022, which \$300,000 of this note was subsequently extended further to April 15, 2025 pursuant to a Letter Agreement, dated April 16, 2023, by converted and between Greenle and the Company. In February of 2023, the entire \$3,000,000 was converted in January of 2023. As part of this conversion, Mr. Ferdinand contributed to the Company 874,474 shares of common stock owned by him and his affiliates, which in turn, were used by the Company to fund the issuance of the Conversion Shares to Greenle in exchange for the conversion of the debt under the notes, which was maturing within a few months of this contribution. At the time of such contribution by Mr. Ferdinand, the market value of the shares of common stock so contributed was approximated \$1.5 million.

On November 17, 2023, the Company entered into a financing agreement with THA Holdings LLC (the “Lender”), an entity controlled and operated by Mr. Ferdinand, pursuant to which the Company agreed to issue to the Lender an unsecured, advancing term promissory note (the “Note”). Under the Note, the Company is able to borrow, and the Lender has committed to lend to the Company up to an aggregate principal amount of \$10,000,000 (the “Initial Principal Amount”) to be funded in increments of \$1,000,000 upon the Company’s request by the sale, from time to time, of

shares of the Company’s common stock. As stock, owned by the Lender. On December 3, 2023, the Company and Mr. Ferdinand mutually agreed to cancel the Note. The amount of proceeds, less taxes, resulting from sales of common stock prior to the cancelation in the amount of \$311,234 was contributed to the Company by Mr. Ferdinand. This was recorded as a contribution by founder in the accompanying consolidated statement of changes in equity.

In December of 2023 and during the three months ended March 31, 2024, we paid \$1,350,000 and \$351,000, respectively to Ferdinand under the terms of the Guarantee Trust agreement as part of his personal guarantees on the Wyndham agreements and the Development Incentive Advances. At December 31, 2023 and March 31, 2024, \$1,023,750 and \$672,750 of this conversion, Ferdinand provided payment was classified as prepaid. During the three months ended March 31, 2024, \$874,474 351,000 Conversion Shares to Greenle. was expensed.

1412 - RISKS AND UNCERTAINTIES

The Company’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash. The Company places its cash with high quality credit institutions. At times, balances may be in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. All accounts at an insured depository institution are insured by the FDIC up to the standard maximum deposit insurance of \$250,000 per institution.

1513 - MAJOR SALES CHANNELS

The Company uses third-party sales channels to handle the reservations, collections, and other rental processes for most of the units. These sales channels represented over 90%85% of total revenue during the three months ended March 31, 2024 and nine months ended September 30, 2023 and September 30, 2022 March 31, 2023, respectively. The loss of business from one or a combination of the Company’s significant sales channels, or an unexpected deterioration in their financial condition, could adversely affect the Company’s operations.

1614 - STOCK OPTIONS, RESTRICTED STOCK UNITS AND WARRANTS

Options

During the nine three months ended September 30, 2023 March 31, 2024, the Company granted did not grant any options to purchase an aggregate of 25,000 shares of common stock under the Company’s 2022 performance equity plan with a weighted average exercise price of \$1.74. plan.

The fair value of each option award was estimated on the date of grant using the Black-Scholes option valuation model using the assumptions noted as follows: expected volatility was based on the historical volatility of a peer group of companies; the expected term of options granted was determined using the simplified method under SAB 107, which represents the mid-point between the vesting term and the contractual term; and the risk-free rate is calculated using the U.S. Treasury yield curve and is based on the expected term of the option.

The Black-Scholes option pricing model was used with the following weighted assumptions for options granted during the period:
Schedule of Black-Scholes option pricing model was used with the following weighted assumptions for options granted

	September 30, 2023
Risk-free interest rate	0.52 – 4.70%
Expected option life	6 months – 48 months
Expected volatility	39.77 – 62.43%
Expected dividend yield	-%
Exercise price	\$1.40 – 4.00

The following table summarizes stock option activity for the three months ended September 30, 2023 March 31, 2024:

Schedule of stock option activity

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2022	1,910,484	\$ 2.55	9.8	\$ -				

Outstanding at December 31, 2023					1,746,885	\$	2.86	9.0	\$ 5,427,118
Granted	25,000	1.74			-		-		
Exercised					-		-		
Expired					-		-		
Forfeited	(285,721)	2.03			(29,250)		2.09		
Outstanding at September 30, 2023	1,649,763	\$ 2.63	9.1	\$ 3,347,983					
Exercisable at September 30, 2023	458,254	\$ 2.87	9.0	\$ 819,994					
Outstanding at March 31, 2024					1,717,635	\$	2.88	8.7	\$ -
Exercisable at March 31, 2024					485,045	\$	2.69	8.6	\$ -

The Company is expensing these stock option awards on a straight-line basis over the requisite service period. The Company recognized stock option expense of \$146,707 152,339 for the three months ended September 30, 2023 and \$519,094 for the nine months ended September 30, 2023 March 31, 2024. The Company recognized stock option expense of \$206,545 167,573 for the three months ended September 30, 2023 and \$206,545 for the nine months ended September 30, 2022 March 31, 2023. Unamortized option expense as of September 30, 2023 March 31, 2024, for all options outstanding amounted to \$1,230,597 1,137,358. These costs are expected to be recognized over a weighted average period of 1.8 .92years.

A summary of the status of the Company's nonvested options as of September 30, 2023 March 31, 2024, is presented below:

	Number of Nonvested Options	Weighted Average Grant Date Fair Value
Nonvested options at December 31, 2023	1,257,590	\$ 2.93
Granted	-	-
Forfeited	-	-
Vested	(25,000)	\$ 1.74
Nonvested options at March 31, 2024	1,232,590	\$ 2.95

Nonvested options

Restricted Stock Units

	Number of Nonvested Options	Weighted Average Grant Date Fair Value
Nonvested options at December 31, 2022	1,910,484	\$ 2.55
Granted	25,000	1.74

Forfeited	(285,721)	2.03
Vested	(458,254)	2.87
Nonvested options at September 30, 2023	1,191,509	2.54

In March 2024, the Company granted 100,000 restricted shares to certain employees under the Company's 2022 performance equity plan. The restricted shares were vested either immediately or over 3.00 years. The aggregated grant date fair value of all these restricted shares was \$220,000.

As of March 31, 2024, there was \$166,500 of unrecognized compensation cost related to unvested restricted shares.

Warrants

In connection with certain private placements funded by certain of our the Company's officers and directors prior to our the Company's initial public offering, we the Company issued promissory notes and warrants. The warrants were contingent upon, and became effective only upon, consummation of our the Company's initial public offering on August 11, 2022. In total, warrants to purchase up to 695,000 shares of such warrants the Company's common stock were issued to certain of our the Company's officers and directors with a weighted average exercise price of \$4.20. These warrants are exercisable for five years, years from date of effectiveness and expire in August 2027.

Also, in conjunction with the initial public offering, the Company issued warrants to purchase up to 135,000 warrants shares of the Company's common stock to the underwriter of the initial public offering, Maxim Group LLC ("Maxim"), with an exercise price of \$4.40. These warrants are exercisable for five years, years and expire in August 2027.

Also, in connection with certain private placements with a third-party investor, Greenle, the Company issued warrants to purchase up to 920,000 warrants shares of the Company's common stock with an exercise price of \$4.00. These warrants are exercisable for five years, years and expire in August of 2027. In connection with such private placements, we the Company also issued warrants to purchase up to 32,000 warrants shares of the Company's common stock to Maxim (which served as agent for such private placement) at an exercise price of \$4.40. These warrants are exercisable for five years, years and expire in August of 2027.

On September 16, September 30, September 16, 2022, September 30, 2022, and October 20, 2022 October 30, 2022 in conjunction with a financing with the same third-party investor, we the Company issued warrants to purchase up to 517,500, shares, 352,188 shares, and 366,562 shares of the Company's common stock, respectively, all of which warrants with had an exercise price of \$4.00 per share. These warrants were subsequently cancelled and reissued at \$2.00 per share, share in August of 2023.

On February 15, 2023, in conjunction with an advisory agreement, we the Company issued warrants to purchase up to 250,000 warrants shares of our common stock with an exercise price of \$4.00 \$4.00 per share. These warrants have a term of five years and expire in February 2028. As a result of these transaction, the Company recorded \$167,573 in warrant expense.

On April 16, 2023 in conjunction with an agreement with certain lenders, we the Company issued warrants to purchase up to 1,000,000 warrants shares of the Company's common stock with an exercise price of \$3.00 per share, and warrants to purchase up to 250,000 warrants shares of our common stock with an exercise price of \$4.00 \$4.00 per share. All of these warrants have a term of 5 years and expire in April of 2028. Under this agreement, these lenders would be forced required to convert under trigger exercise all or a portion of these warrants if the Company's common stock traded at prices ranging between \$3.00 per share - \$4.00 and \$4.00 per share, share for a prescribed number of trading days. On June 19, 2023, we modified this agreement was modified to convert all of related outstanding debt within two trading days in exchange for a reduction in the exercise price of all of these warrants from \$3.00 or \$4.00 per share to \$2.50 per share. In conjunction with these transactions, we the Company recorded non-cash financing expenses of \$259,074.

On November 6, 2023, in conjunction with an agreement with certain shareholders to amend agreements to waive registration rights for any currently issued common stock for a period of 12 months and any future issuances for a rolling 12-month period from the date such of issuance of such common stock. As consideration for this waiver, the Company issued 2,000,000 warrants of common stock at an exercise price of \$4.00 a share. As a result of these transactions, the Company recorded \$4,939,000 in warrant expense.

On December 17, 2023, the Company and certain existing warrant holders entered into an agreement pursuant to which these warrant holders exercised a portion of their existing warrants to purchase an aggregate of 1,000,000 shares of the Company's common stock. for gross proceeds of \$4,000,000. As consideration for this agreement, the Company issued new warrants to purchase up to 2,000,000 shares of the Company's common stock at an exercise price of \$5.00 per share. As a result of these transactions, the Company recorded \$4,187,800 in warrant expense.

On December 27, 2023, the Company and certain existing warrant holders entered into an agreement pursuant to which these warrant holders exercised a portion of their existing warrants to purchase an aggregate of 500,000 shares of the Company's common stock for gross proceeds of \$2,000,000. As consideration for this agreement, the Company issued new warrant to purchase up to 1,000,000 shares of Common Stock at an exercise price of \$5.50. As a result of these transactions, the Company recorded \$3,081,400 in warrant expense.

On February 16, 2024, LuxUrban Hotels Inc. ("Company") entered into a letter agreement with Greenle Partners LLC Series Alpha P.S., a Delaware limited liability company ("Greenle Alpha"), and Greenle Partners LLC Series Beta P.S., a Delaware limited liability company ("Greenle Beta") and together with Greenle Alpha, "Greenle") holders of certain warrants to purchase the Company's common stock ("Warrants"), which were issued in private placements from time to time as previously reported by the Company. Under the terms of the letter agreement, in consideration of the agreement of Greenle to exercise 50% of the Warrants originally issued by the Company on November 6, 2023 (the "November Warrants") within three (3) business days of the date of the letter agreement and 50% of the November Warrants on or prior to February 23, 2024, the exercise price of the November Warrants

has been reduced from \$4.00 to \$2.00 and the exercise price of all of the other Warrants held by Greenle has been reduced from \$5.00 and \$5.50, as applicable, to \$2.50. Except as described above, the Warrants remain unchanged.

The following table summarizes warrant activity for the **nine** **three** months ended **September 30, 2023** **March 31, 2024**:

	Number of Shares Issuable Upon Exercise of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Outstanding at December 31, 2022	3,018,250	\$ 2.64	4.8	\$ -
Issued	1,500,000	2.75		
Exercised	(3,416,250)	2.24	-	
Expired	-	-	-	
Outstanding at September 30, 2023	1,102,000	\$ 4.02	4.1	\$ 710,520
Exercisable at September 30, 2023	1,102,000	\$ 4.02	4.1	\$ 710,520

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2023	5,442,000	\$ 4.68	4.7	\$ 7,038,940
Granted	-	-		
Exercised	(1,450,000)	3.31		
Expired	-	-		
Forfeited	-	-		
Outstanding at March 31, 2024	3,992,000	\$ 2.92	4.4	\$ -
Exercisable at March 31, 2024	3,992,000	\$ 2.92	4.4	\$ -

During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, **3,416,250****1,450,000** shares were issued from the exercise of warrants.

17 15 - REVENUE SHARE EXCHANGE

Under the terms of agreements entered into with Greenle, we were obligated to make quarterly payments (each a “Revenue Share”) to Greenle based on certain percentages of the revenues generated by certain of our leased properties during the term of the applicable leases (including any extensions thereof).

As previously reported, on February 13, 2023, the Company and Greenle entered into an agreement pursuant to which certain Revenue Share payments for 2023 were converted into an obligation to issue shares of our common stock to Greenle in the amounts prescribed therein (the “February 2023 Revenue Share Agreement”), with all future Revenue Share obligations accruing on and after January 1, 2024 remaining in place.

On May 21, 2023, we entered into a further agreement with Greenle (the “May 2023 Revenue Share Exchange Agreement”) pursuant to which the right to receive any and all Revenue Share with respect to any property or operations of the Company has been terminated in its entirety for 2024 and forever thereafter, and Greenle shall not be entitled to receive any payment therefor (other than the remaining periodic share issuances and cash payments under the February 2023 Revenue Share Agreement, all of which shall be completed by January 1, 2024).

In consideration for the termination of the Revenue Share for 2024 and thereafter, we agreed to issue to Greenle, from time to time, in each case, at Greenle’s election upon 61 days’ prior written notice delivered to us on and after September 1, 2023 and before August 31, 2028, up to an aggregate of 6,740,000 shares of our common stock (the “Agreement Shares”). As a result of this transaction, we recorded interest expense of \$28,174,148 in the second quarter of **the fiscal year 2023**.

On **September 11, 2023****February 12, 2024**, the Company issued 36,179 shares of the Company’s common stock and 578,071 shares of the Company’s common stock to Greenle Beta and Greenle Alpha, respectively, in connection with the February 2023 Revenue Share Agreement. **As of November 8, 2023, the registrant had 36,836,190 shares of common stock outstanding. Shares outstanding inclusive of shares committed to be issued but**

not yet issued as of this date on both the February 2023 Revenue Share Agreement and the May 2023 Revenue Share Exchange Agreement are 44,804,690 (or 1,228,500 for the February 2023 Revenue Share Agreement and 6,740,000 for the May 2023 Revenue Share Agreement).

18 16 - WYNDHAM AGREEMENTS

On In May 2024, in light of discussions between our Company and Wyndham on the initial and projected future performance of our properties within the franchise relationships, we commenced the return of all property listings to our control, terminating our franchise relationship with Wyndham. The Company is currently in the process of de-platforming these properties from Wyndham's systems and moving each hotel listing back under the Company's control. The Company expects that this process will be completed by the end of May 2024 with minimal operational disruption, although unforeseen risks could cause delays. As part of the Company's previously announced imitative to add industry depth and breadth to its board of directors and management to help evolve operations, the Company's enhanced board and executive teams have reviewed all existing operational relationships. Given the Company's operating model, it was concluded that over the long term the Company would be better served operationally and financially by operating the hotels as an independent operator.

As of March 31, 2024, we recorded the Development Incentive Advances as a current liability on our Condensed Consolidated Balance Sheets and recorded an additional charge of \$2.6 million for all of the costs and potential additional liabilities related to this transition in our Condensed Consolidated Statement of Operations for the three months ended March 31, 2024. We believe it is in the best interest of both parties to mutually work out an agreeable outcome for the complete settlement of this matter.

Prior to the termination discussed above, on August 2, 2023, the Company entered into franchise agreements with Wyndham Hotels & Resorts, Inc. pursuant to which the hotels operated by the Company and future acquired properties will were to become part of the Trademark Collection® by Wyndham and Travelodge by Wyndham brands while staying under the operational control of the Company.

The Franchise Agreements have had initial terms of 15 to 20 years and require required Wyndham to provide financial, sales and operational-related support with respect to the Initial Properties. The Franchise Agreements contain contained customary representations, warranties, covenants, indemnification, liquidated damages and other terms for transactions of a similar nature, including customary membership and marketing fees and if applicable, booking fees.

Pursuant to the Franchise Agreements, Wyndham will was to provide capital through development advance notes ("Development Incentive Advances") to the Company. Consistent with market practice, such Development Incentive Advances will were to be evidenced by certain promissory notes with customary amortization and repayment terms. The Development Incentive Advances are were not repayable if the terms of the agreement are were met, including but not limited to the length of the agreement. In conjunction with the Company's entry into the Franchise Agreements, the Company also paid a one-time, initial, nonrefundable franchise fee to Wyndham.

As of September 30, 2023 17 - REDEEMABLE PREFERRED STOCK

On October 26, 2023, the Company had Development Incentive Advances issued 280,000 shares of 13% Series A Cumulative Redeemable Preferred Stock ("Series A Preferred Stock") at a stated value of \$1,594,558 25 per share. Subsequently as part of the underwriters' over-allotment option, an additional 14,144 shares were sold on December 5, 2023. The Company realized aggregate net proceeds of which \$81,057 is in short term liabilities and \$1,513,501 is in long term liabilities, none of which was a reduction of operating expenses, and \$366,817 of capitalized Franchise Fees of which \$18,341 5,775,596 in prepaid current assets \$348,476 in other assets none connection with the issuances of which was amortized into operating expenses, these shares.

As part of the terms of the Series A Preferred Stock offering, if a change of control or delisting event occurs prior to October 26, 2024, the Company will be required to redeem the Series A Preferred Stock plus an amount equal to any accrued and unpaid interest. Under FASB Topic D-98, this redemption provision requires the classification of this security outside of permanent equity. The Company has classified this security as Mezzanine Equity on its March 31, 2024 Balance Sheet and expects to do so until October 26, 2024.

During the three months ended March 31, 2024, the Company paid \$238,992 in aggregate dividends on its outstanding Series A Preferred Stock.

19 18 - EQUITY TRANSACTIONS

The tables below outline equity issuances not related to the conversion from an LLC to C Corp, the initial public offering the exercise of Options or Warrants, the conversion of debt into equity or the issuance of shares pursuant to revenue share agreements.

For the three months ended September 30, 2023

Description	P/L Account	Date	Shares	Price	Value
Non-employee Board members pursuant to related comp. policy	Non-Cash Stock Compensation Expense	8/16/2023	91,525	\$ 2.85	\$ 260,846
In connection with certain property finders' fee arrangements	Non-Cash Issuance of Common Stock for Operating Expenses	8/21/2023	45,833	\$ 2.77	\$ 126,957
Advisory and legal services	Non-Cash Issuance of Common Stock for Operating Expenses	8/21/2023	9,250	\$ 2.85	\$ 26,363

Acorn Management Partners in connection with advisory services	Non-Cash Issuance of Common Stock for Operating Expenses	8/28/2023	8,741	\$	2.89	\$	25,261
Elizabeth Brown in connection with her termination of employment	Non-Cash Issuance of Common Stock for Operating Expenses	8/28/2023	50,000	\$	3.11	\$	155,500
Subtotal			113,824			\$	334,081

March 31, 2024

For the three months ended June 30, 2023

Description	General Ledger Account	Date	Shares	Price	Value
Non-employee loan payment	Loan payable	1/25/2024	20,008	\$ 4.57	\$ 91,437
Non-employee commission expense	Commission Expense	1/25/2024	10,079	\$ 4.57	\$ 46,061
Non-employee investor relations expense	Investor Relations Expense	1/30/2024	59,784	\$ 4.33	\$ 258,865
Non-employee director compensation	Non-Cash Issuance of Common Stock for Director Compensation Expenses	2/8/2024	197,800	\$ 2.92	\$ 577,576
Employee Compensation	Non-Cash Issuance of Common Stock for Compensation Expenses	3/15/2024	25,000	\$ 2.22	\$ 55,500
Subtotal			312,671		\$ 1,029,439

Description	P/L Account	Date	Shares	Price	Value
Issuance of shares for deferred compensation	Accrued Liabilities	5/24/2023	86,518	\$ 2.97	\$ 256,958
Issuance of shares for deferred compensation	Accrued Liabilities	5/17/2023	73,518	\$ 2.86	\$ 210,259
Subtotal			160,036		\$ 467,217

Acorn Management Partners in connection with advisory services	Non-Cash Issuance of Common Stock for Operating Expenses	6/1/2023	15,040	\$ 3.42	\$ 51,437
In connection with certain property finders' fee arrangements	Non-Cash Issuance of Common Stock for Operating Expenses	5/17/2023	65,573	\$ 3.05	\$ 199,998
Issuance of shares for consulting agreement	Non-Cash Issuance of Common Stock for Operating Expenses	5/3/2023	195,912	\$ 2.72	\$ 532,880
Subtotal			276,525		\$ 784,314

For the three months ended March 31, 2023

Description	P/L Account	Date	Shares	Price	Value
Non-employee Board members pursuant to related comp. policy	Non-Cash Stock Compensation Expense	3/1/2023	166,665	\$ 2.58	\$ 429,996
In connection with certain property finders' fee arrangements	Non-Cash Issuance of Common Stock for Operating Expenses	3/17/2023	136,887	\$ 2.45	\$ 335,373
In connection with a consulting agreement	Non-Cash Issuance of Common Stock for Operating Expenses	2/10/2023	196,994	\$ 1.85	\$ 364,439
In connection with a marketing agreement	Non-Cash Issuance of Common Stock for Operating Expenses	2/10/2023	100,000	\$ 1.85	\$ 185,000
Subtotal			433,881		\$ 884,812

Total for nine months ended September 30, 2023

For the three months and nine months ended September 30, 2022

Description	P/L Account	Date	Shares	Price	Value
Non-employee Board members pursuant to related comp. policy	Non-Cash Stock Compensation Expense	8/16/2022	54,000	\$ 3.37	\$ 181,980
Total for nine months ended September 30, 2022			54,000		\$ 181,980

Description	General Ledger Account	Date	Shares	Price	Value
Non-employee Board members pursuant to related comp. policy	Non-Cash Stock Compensation Expense	3/1/2023	166,665	\$ 2.58	\$ 429,996
In connection with certain property finders' fee arrangements	Non-Cash Issuance of Common Stock for Operating Expenses	3/17/2023	136,887	\$ 2.45	\$ 335,373
In connection with a consulting agreement	Non-Cash Issuance of Common Stock for Operating Expenses	2/10/2023	196,994	\$ 1.85	\$ 364,439
In connection with a marketing agreement	Non-Cash Issuance of Common Stock for Operating Expenses	2/10/2023	100,000	\$ 1.85	\$ 185,000
Subtotal			<u>600,546</u>		<u>\$ 1,314,808</u>

2019 - SUBSEQUENT EVENTS

Preferred Pricing Management Transitions

On October 24, 2023 The Company has been engaged in a dedicated effort to enhance its management and operations teams through the recruitment of talented directors and officers who possess meaningful and broad experience in the hotel and online travel services industries, as well as business development expertise. As part of these efforts, effective April 22, 2024, the Company implemented the following:

- Elan Blutinger, a hotel and travel technology veteran and a member of the Company's board of directors, was named its Nonexecutive Chairman of the Board;
- Shanoop Kothari, the Company's Co-Chief Executive Officer and acting Chief Financial Officer, was named its sole Chief Executive Officer;
- Brian Ferdinand, the Company's founder, stepped down as Chairman of the Board and Co-Chief Executive Officer and became a consultant to the Company, in which role he will oversee the management and expansion of the Company's hotel properties portfolio and assist Mr. Kothari in his transition to sole Chief Executive Officer; and
- Andrew Schwartz, a respected financial industry veteran and credit, debt and equity financing expert, was elected as a member of the Company's board of directors.

As part of the foregoing transitions, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Alexander Capital L.P., as representative a Nonexecutive Chairman of the several underwriters named therein (the "Underwriters"), relating to the offer Board Agreement with Mr. Blutinger for a term of three years and sale will pay him an annual fee of \$280,000 100,000 cash and issue him an annual grant of 250,000 shares of Series A Preferred Stock (as defined below) our common stock (each such grant vesting in three equal annual installments). Pursuant to

As part of the Underwriting Agreement, foregoing transitions, the Company granted entered into a Consulting Agreement with Mr. Ferdinand for a term of three years and will pay him a monthly consulting fee of \$50,000, and continue material compensation and other terms of the Underwriters employment agreement between our company and Mr. Ferdinand that was in effect immediately prior to April 22, 2024.

Amended and Restated Claw Back Policy

In November 2023, the Company adopted a 45-day option claw back policy that provides for the recovery, or "claw back", of erroneously awarded incentive-based executive compensation, as required by Rule 10D-1 under the Securities Exchange Act of 1934 ("Rule 10D-1") and the Nasdaq listing requirements. In April 2024, the Company adopted a restated and amended version of that policy to purchase add immaterial but clarifying provisions.

Sale Restriction Waiver

In April 2024, the Company secured from Greenle Partners LLC Series Alpha P.S. ("Greenle Alpha") and Greenle Partners LLC Series Beta P.S. ("Greenle Beta" and, together with Greenle Alpha, "Greenle") a waiver on the restrictions contained in its financing agreements with the Company that prohibits the Company's sales of shares of common stock prior to November 2024 at per-share prices below \$5.00 (as may be adjusted for stock splits and similar transactions, the "Trigger Price"). The restriction on sales of common stock by the Company below the Trigger Price terminates in November 2024. This waiver permitted the Company to sell up to an aggregate of 15 million shares prior to November 2024 at prices below the Trigger Price. In consideration of this waiver, Greenle is entitled to be issued up to an aggregate of 2.8 million shares of our common stock ("Initial Greenle Waiver Shares") from time to time upon written notice to our company. This waiver was amended in May 2024 to increase number of shares permitted to be sold by the Company at prices under the Trigger Price prior to November 2024 to the greater of (i) 30 million shares and (ii) \$30 million (based on the gross sale prices of such shares). In consideration of this waiver modification, Greenle is entitled to demand from time to time that the Company issue an amount of additional 15% shares (the "Additional Greenle Waiver Shares" and collectively with the Initial Greenle Shares and the Greenle Revenue Participation Shares, the "Greenle Shares") equal to 0.22 shares of Series A Preferred Stock. The closing common stock for each share of common stock sold by the offering occurred on October 26, 2023. Company through November 6, 2024 in excess of 15 million shares at prices below the Trigger Price.

Termination of Partnership Agreement

In May 2024, in light of discussions between our Company and Wyndham on the initial and projected future performance of our properties within the franchise relationships, we commenced the return of all property listings to our control, terminating our franchise relationship with Wyndham. The offering Company is currently in the process of Series A Preferred Stock was made pursuant to de-platforming these properties from Wyndham's systems

and moving each hotel listing back under the Company's shelf registration statement on Form S-3 (File No. 333-274308) (the "Registration Statement"), which became effective on September 13, 2023, as supplemented control. The Company expects that this process will be completed by the Prospectus Supplement dated October 24, 2023 relating to the Series A Preferred Stock, filed end of May 2024 with the Securities and Exchange Commission pursuant to Rule 424(b) of the Securities Act on October 26, 2023.

On October 26, 2023, the Company filed a Certificate of Designations (the "Certificate of Designations") with the Secretary of State of the State of Delaware to designate 322,000 shares minimal operational disruption, although unforeseen risks could cause delays. As part of the Company's authorized preferred stock previously announced initiative to add industry depth and breadth to its board of directors and management to help evolve operations, the Company's enhanced board and executive teams have reviewed all existing operational relationships. Given the Company's operating model, it was concluded that over the long term the Company would be better served operationally and financially by operating the hotels as shares an independent operator.

At this time, we have recorded the Development Incentive Advances as a current liability from long-term on our Condensed Consolidated Balance Sheets as well as included an additional \$2.6 million in accruals for all of 13.00% Series A Cumulative Redeemable Preferred Stock, par value \$0.00001 per share, with a liquidation preference the costs and potential additional liabilities related to this transition on our Condensed Consolidated Statement of \$25.00 per share ("Series A Preferred Stock"), with the designations, powers, rights, preferences, qualifications, limitations and restrictions as set forth Operations. However, we believe it is in the Certificate best interest of Designations. The Certificate both parties to mutually work out an agreeable outcome for the complete settlement of Designations became effective upon filing on October 26, 2023.

Warrant Issuance

On August 31, 2023, in connection with the execution of the August 31, 2023 Letter Agreement between the Company and Greenle, and as consideration for Greenle's execution of such Agreement, the Company agreed to issue (i) Greenle Alpha a warrant to purchase 1,610,000 this matter. shares of Common Stock at an exercise price of \$4.00 per share and (ii) Greenle Beta a warrant to purchase 390,000 shares of Common Stock at an exercise price of \$4.00 per share. Subject to certain limitations contained in the Registration Rights Amendment and Warrant Letter Agreement, the Company had the right to require Greenle to exercise such warrants at a trigger price of \$5.00, which would result in proceeds to the Company of \$8,000,000.

On November 6, 2023, in connection with the execution of the Registration Rights Amendment and Warrant Letter Agreement and as consideration for Greenle's execution of the such Agreement, the Company agreed to issue (i) Greenle Alpha a warrant to purchase 1,610,000 shares of Common Stock at an exercise price of \$4.00 per share and (ii) Greenle Beta a warrant to purchase 390,000 shares of Common Stock at an exercise price of \$4.00 per share. Subject to certain limitations contained in the Registration Rights Amendment and Warrant Letter Agreement, the Company will have the right to require Greenle to exercise such warrants at a trigger price of \$5.00, which would result in proceeds to the Company of \$8,000,000.

The foregoing descriptions of the material terms of the August 31, 2023 Letter Agreement and the Registration Rights Amendment and Warrant Letter Agreement are qualified in their entirety by reference to the full text of the agreements, copies of which are attached hereto as Exhibits 10.5 and 10.6, respectively.

Item 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

When we refer to "we," "us," "our," "LUXH," or "the Company," we mean LuxUrban Hotels Inc. and its consolidated subsidiaries. You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this quarterly report on Form 10-Q ("Quarterly Report"). Some of the comments we make in this section are forward-looking statements within the meaning of the federal securities laws. For a complete discussion of forward-looking statements, see the section below entitled "Special Note Regarding Forward-Looking Statements." Certain factors that could cause actual results or events to differ materially from those the Company anticipates or projects are described in "Item 1A. Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 ("Annual Report").

Special Note Regarding Forward-Looking Statements [to be review by counsel]

This Quarterly Report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The statements contained in this Quarterly Report that are not purely historical are forward-looking statements. Forward-looking statements include, but are not limited to, statements regarding expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipates," "believes," "continues," "could," "estimates," "expects," "intends," "may," "might," "plans," "possible," "potential," "predicts," "projects," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this Quarterly Report may include, for example, statements about:

- our financial performance, including our ability to generate revenue; secure equity or debt capital resources as needed to stabilize our business and continue our expansion;
- the outbreak of potential effects on our business from pandemics, such as those experienced during the novel coronavirus ("COVID-19"), including the measures to reduce its spread, and the impact on the economy and demand for our services, which may precipitate or exacerbate other risks and uncertainties in our financial performance, including our ability to generate revenue; COVID-19;

- the potential effects of a challenging economy, for example, on the demand for vacation travel accommodations and the effect thereof on our business and financial condition; such as ours;
- the ability of our short stay short-stay accommodation offerings to achieve and sustain market acceptance and to build our portfolio of accommodation offerings in across multiple cities throughout the United States and internationally;
- the impact of increased competition;
- the need to geographically centralize principal operations.
- our success in retaining or recruiting efforts to identify, recruit and retain qualified officers, key employees, and directors; directors possessing experience in the hotel and online travel services industries;
- our ability to service our existing indebtedness and Series A Preferred Stock dividend and to obtain additional financing, including through the issuance of equity and debt, when and if needed; as needed on commercially reasonable terms;
- our ability to protect our intellectual property;
- our ability to complete strategic acquisitions, including joint ventures;
- our ability the need to manage growth and integrate operations from properties that we lease;
- our ability to realize the expected benefits of our partnership with Wyndham Hotels & Resorts, Inc.;
- obtain uninterrupted service by from the third-party service providers we rely on for material parts aspects of our operations, including payment processing, data collection and security, online reservations, and booking and other technology services;
- the effects of employment, labor union, and customer related litigations and disputes that may arise from time to time in the course of our operations and our efforts to minimize and resolve same;
- the liquidity and trading of our securities;
- regulatory and operational risks;
- the impact of union activity and union relations on our financial performance and operations;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing; and
- the time during which we will be an Emerging Growth Company (“EGC”) under the Jumpstart Our Business Startups Act of 2012, or JOBS Act.

The forward-looking statements contained in this Quarterly Report are based on current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments will be those that have been anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those risk factors described in “Item 1A. Risk Factors” of our Annual Report, elsewhere in this Form 10-Q and any updates to those factors as set forth in this and subsequent Quarterly Reports on Form 10-Q or other public filings with the SEC. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements.

See Item 1A. “Risk Factors” within our Annual Report for further discussion of these risks, as well as additional risks and uncertainties that could cause actual results or events to differ materially from those described in the Company’s forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such statements, which speak only as of the date of this Quarterly Report. The Company undertakes no obligation to publicly release any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this Quarterly Report.

Overview

We utilize an asset light business model to lease entire existing hotels on a long-term basis and rent out hotel rooms in the properties we lease. We currently manage have a portfolio of hotel rooms in New York, Washington D.C., Miami Beach, New Orleans, and Los Angeles. With recent Angeles through long-term lease agreements and manage these hotels directly. Our revenues are generated through the rental of rooms to guests and through ancillary services such as cancellable room rate fees, resort fees, late and early check-in and check-out fees, baggage fees, parking fees, grab and go food service fees, and upgrade fees. As of the date of this Annual Report, we have 1,406 hotel rooms becoming available as of November 8, 2023, we have

approximately 2,032 units under lease, for rent through our portfolio. We believe the COVID-19 pandemic created, and current economic conditions continue to present, a historic opportunity for us to lease additional dislocated and underutilized hotels at favorable economics for our company.

We have been expanding our domestic operations and U.S.-based portfolio of available hotel rooms since inception, with our next planned target city being Boston, and have plans to expand both domestically and internationally, open one or more international markets in the near term, with London as the initial target international market.

We strive to improve operational efficiencies by leveraging proprietary technology to identify, lease, manage, and market globally the hotel space we lease to business and vacation travelers through our online portal and third-party sales and distribution channels. Our top three sales channels represented over 90% more than 85% of revenue during the three month ended March 31, 2024 and more than 85% of revenue during the three months ended and nine months ended September 30, 2023 March 31, 2023.

Business Our company has been engaged in a dedicated effort to enhance our management and operations teams through the recruitment of talented directors and officers who have meaningful and broad experience in the hotel and online travel services industries, as well as business development expertise. These efforts have included the recently announced additions of Elan Blutinger and Kim Schaefer, hotel and travel technology veterans, to our board of directors. We are continuing the efforts to deepen management and operational experience across all areas of our company through active recruitment of new personnel and the assignment of existing management personnel to areas in which their expertise can be focused.

General

We have been and are building continuing to build a portfolio of existing hotels that provide short-term accommodations for guests at average nightly and occupancy rates that exceed our total cost and expenses. We are growing this portfolio by capitalizing on the dislocation in the hotel industry initially created by the COVID-19 pandemic and carried forward by the subsequent rising high interest rate environment and related refinancing market environment. We target business and vacation travelers under our consumer brand LuxUrban as well as Trademark Collection® by Wyndham and Travelodge by Wyndham. We market our hotel properties primarily through numerous third-party online travel agency (“OTA”) channels and our own listing platforms. See Note 19 to our Financial Statements included in this Report.

We believe that as a result of pandemic-induced hotel closures, changing financial requirements for hotel owners, and a significantly higher interest rate and refinancing environment, LuxUrban has a multi-year pipeline of potential properties to lease at favorable economics to our Company.

Some Many of the hotels that we lease have been are hotels that were shuttered or underutilized as a result of the global pandemic. More recent property additions have primarily been Other properties that we lease were either poorly managed properties where the landlord was looking for prior to our acquisition, which caused landlords to seek a more stable tenant, or refinancing opportunities where became attainable when LuxUrban provided a landlord a landlords with more desirable lender-friendly, long-term lease agreement, terms and prospects than other potential tenants.

Based on the market dislocation created by the rapid rise of interest rates and the related impact to upcoming refinancing, we believe our pipeline of high-quality opportunities will provide multiple leasing opportunities in upcoming years. Currently, we are focused focus our portfolio expansion efforts on turnkey properties that require limited amounts of incremental capital to make the property guest-ready. We expect over time that we may need to invest additional capital as the best prime hotel lease acquisition opportunities in our pipeline become leased. Even if we need to increase the capital we invest to make ready a property, we diminish, but believe there are will remain many attractive opportunities for properties where the economics will still be favorable based on despite the above mentioned market dislocation, additional capital investment requirements. In addition, these cases, we may believe we will be able to obtain greater concessions from landlords as a result of the capital required, outlays that would be required from us.

Wyndham Franchise

On August 2, 2023, the Company entered into franchise agreements with Wyndham Hotels & Resorts, Inc. pursuant to which the hotels operated by the Company and future acquired properties will become part of the Trademark Collection® by Wyndham and Travelodge by Wyndham brands while staying under the operational control of the Company.

The Franchise Agreements have initial terms of 15 to 20 years and require Wyndham to provide financial, sales and operational-related support with respect to the Initial Properties. The Franchise Agreements contain customary representations, warranties, covenants, indemnification, liquidated damages and other terms for transactions of a similar nature, including customary membership and marketing fees and if applicable, booking fees.

Pursuant to the Franchise Agreements, Wyndham will provide capital through development advance notes (“Development Incentive Advances”) to the Company. Consistent with market practice, such Development Incentive Advances will be evidenced by certain promissory notes with customary amortization and repayment terms. The Development Incentive Advances are not repayable if the terms of the agreement are met, including, but not limited to, the length of the agreement. In conjunction with the Company’s entry into the Franchise Agreements, the Company also paid a one-time, initial, nonrefundable franchise fee to Wyndham.

As of September 30, 2023, the Company had Development Incentive Advances of \$1,594,557 of which \$81,057 is in short term liabilities and \$1,513,500 is in long term liabilities, none of which was a reduction of operating expenses, and \$466,817 of capitalized Franchise Fees, none of which was amortized into operating expenses.

Revenue Management

We market our hotel properties through our proprietary sales portal, several worldwide online travel agency (“OTA”) channels and on the Wyndham platform. Over time, we believe a majority of our sales will be on Wyndham versus OTAs as it will result in lower operating costs (lower booking fees) as well as improved ADRs from leveraging Wyndham’s reward members, corporate sales team and group bookings.

Property Summary

We enter into triple net leases in which we are responsible for all of the costs on the property outside of exterior structural maintenance. As of September 30, 2023, we leased 16 properties with 1,446 units available for rent. As of November 8, 2023 December 31, 2023, we leased 18 properties with 1,599 units available for rent. As In March 2024 and in April of November 8, 2023, including 2024, we surrendered four of these hotels, based on our evaluation that such properties under lease but not yet (a) had relatively poor performance, (b) presented suboptimal size and scale, and (c) are of general quality that over time could present risks to our company. After giving effect to the surrender of these properties, we leased 13 properties with 1,341 units available for rent. We are in active negotiations with one or more of the hotels we leased 21 properties surrendered in March 2024 for modified lease terms that would allow such hotels to work within our operating model, but there is no assurance that we will obtain the terms desired or that if we do we will not replace these hotels with 2,032 units. other hotels that we believe present greater opportunity for our company. In addition, in late 2023, we elected to not move forward on a previously agreed to long-term lease for a hotel because required repairs had not been timely completed by the landlord.

Our portfolio of properties as of November 8, 2023, March 31, 2024 (as adjusted for the surrender of certain properties mentioned above) was as follows:

Property	# of Units	Property Type	Lease Term	Lease Remaining at September 30, 2023 (years)	Extension Option	Annual Escalation	Date Commenced	Security Deposit or Letter of Credit
1200 O: 1200 Ocean Dr, Miami Beach, FL 33139	24	Entire building, licensed for hotel like Rentals	10-year	3.3	None	3%	12/31/2016	\$ 485,000
Blakely: 136 W 55th St, New York, NY 10105 ⁽¹⁾	117	Licensed hotel	15-year	13.1	10-year	3%	11/1/2021	\$ 1,000,000
Herald: 71 W 35th St, New York, NY 10001	168	Licensed hotel	15-year	13.7	None	3%	6/2/2022	\$ 1,500,000
Variety: 1700 Alton Rd, Miami Beach, FL 33139	68	Licensed hotel	5.5-year	3.0	None	3%	3/26/2021	\$ 550,000
Impala / Flora: 1228 Collins Ave, Miami Beach, FL 33139	48	Licensed hotel	5-year	3.0	10-year	3%	10/1/2021	\$ 515,000
Astor: 956 Washington Ave, Miami Beach, FL 33139	42	Licensed hotel	5-year	3.6	5-year	4%	4 /15//2022	\$ 350,000
Georgetown: 1000 29th St NW, Washington, DC 20007	79	Licensed hotel	10-year	8.8	10-year	3%	8/1/2022	\$ 500,000
Lafayette: 600 St Charles Ave, New Orleans, LA 70130	60	Licensed hotel	19.4-year	18.5	None	2%	11/1/2022	\$ 300,000
O Hotel: 819 South Flower Street, Los Angeles, CA 90017	68	Licensed hotel	15-year	14.5	5-year	3%	4/1/2023	\$ 303,000
Washington: 8 Albany Street, New York, NY 10006	217	Licensed hotel	15.2-year	14.4	None	2%	9/20/2022	\$ 6,251,392
Townhouse: 150 20 th Street, Miami Beach, FL 33139	70	Licensed hotel	11.2-year	10.7	10-year	3%	3/1/2023	\$ 1,250,000
Tuscany: 120 E 39 th Street, New York, NY 10016	125	Licensed hotel	15.0-year	14.3	10-year	2%	1/1/2023	\$ 2,750,000

Hotel 57: 130 E 57 th Street, New York, NY 10022	216	Licensed hotel	15.0-year	14.8	10-year	3%	7/1/2023	\$ 2,865,822
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<u>Property</u>	<u># of Units</u>	<u>Property Type</u>	<u>Lease Term</u>	<u>Lease Remaining at 3/31/24 (years)</u>	<u>Extension Option (remaining at 3/31/24)</u>	<u>Annual Escalation</u>	<u>Date Commenced</u>
Blakely: 136 W 55th St, New York, NY 10105	117	Licensed hotel	15-year	12.6	10-year	3%	11/1/2021
Herald: 71 W 35th St, New York, NY 10001	168	Licensed hotel	15-year	13.2	None	3%	6/2/2022
Variety: 1700 Alton Rd Miami Beach, FL 33139	68	Licensed hotel	12.5-year	9.6	None	3%	3/26/2021
Lafayette: 600 St Charles Ave, New Orleans, LA 70130	60	Licensed hotel	19.4-year	18.0	None	2%	11/1/2022
Townhouse: 150 20 th St., Miami Beach, FL 33139	70	Licensed hotel	11.25- year	10.2	10-year	3%	3/1/2023
Tuscany: 120 E 39 th St., New York, NY 10016	125	Licensed hotel	15-year	13.8	10-year	2%	1/1/2023
O Hotel: 2869 819 Flower St, Los Angeles, CA 90017	68	Licensed hotel	15-year	14.0	5-year	3%	4/1/2023
Hotel 57: 2869 130 E 57 th St., New York, NY 10022	216	Licensed hotel	15-year	14.3	10-year	3%	7/1/2023
Condor: 56 Franklin Ave, Brooklyn, NY 11205	35	Licensed hotel	15-year	14.4	10-year	3%	9/1/2023
BeHome: 56 765 8 th Ave, New York, NY 10036	44	Licensed hotel	25-year	24.3	None	10%	7/1/2023
Hotel 46: 129 West 46 th St., New York, NY 11206	79	Licensed hotel	25-year	24.6	None	3%	11/1/2023
Hotel 27: 62 Madison Ave, New York, NY 10016	74	Licensed hotel	15-year	14.6	10-year	3%	11/1/2023
Washington: 8 Albany Street, New York, NY 10006	217	Licensed hotel	15.2-year	13.9	None	2%	9/20/2022
			Weighted Avg.	Weighted Avg.	Weighted Avg.	Weighted Avg.	
Operating Units as of 3/31/2024 ⁽¹⁾	1,341		14.9	14.5	19.5	2.9%	

Property	# of Units	Property Type	Lease Term	Lease Remaining at September 30, 2023 (years)	Extension Option	Annual Escalation	Date Commenced	Security Deposit or Letter of Credit
Condor: 56 Franklin Ave, New York, NY 11205	35	Licensed hotel	15.0-year	14.9	10-year	3%	9/1/2023	\$ -
The Bogart: 101 Bogart St., Brooklyn, NY 11206	65	Licensed hotel	10.0-year	9.8	None	3%	7/1/2023	\$ 750,000
BeHome: 765 8 th Ave, New York, NY 10036	44	Licensed hotel	25.0-year	24.8	None	10%	7/1/2023	\$ 100,000
				Weighted Avg ⁽²⁾	Weighted Avg ⁽²⁾	Weighted Avg ⁽²⁾		
As of September 30, 2023								
Subtotal Operating Units ⁽²⁾	1,446			12.6	17.8	3.0%		\$ 19,470,214
Other Deposits								\$ 2,378,245
Total Deposits (current \$112,290, restricted cash \$1,100,000 and non-current \$20,636,169)								\$ 21,848,459
Properties operating subsequent to 9/30/2023								
Hotel 46: 129 West 46 th Street, New York, NY 11206	79	Licensed hotel						
Hotel 27: 62 Madison Ave, New York, NY 10016	74	Licensed hotel						
As of November 8, 2023								
Subtotal Operating Units ⁽²⁾	1,599							
Properties under lease, not operating								
Trinity: 741 8 th 851 South Grand Avenue, Los Angeles, CA 90017	179							
Royalton: 44 W 44 th Street, New York, NY 10036	168							
3 Star: West Midtown, New York, NY	86							
Under lease	2,032							

Due to the triple-net structure of our leases, we are typically responsible for the interior maintenance of our properties, and the landlord is responsible for the exterior maintenance and roof. When we enter into new property leases, we target leases of 10 to 15 years with 5- to 10-year extension options. We try to keep annual escalations of between 2 to 3% fixed and none of our leases at March 31, 2024, are tied to inflation or CPI.

(1) Recorded as restricted cash as posted by a letter of credit.

(2) Averages are weighted by unit count

As a matter of course, from time to time we become, and are currently, involved in disputes with landlords for certain hotel properties. The complexity of each lease for each of our hotels requires us to be diligent with respect to the terms of each lease, including deposit requirements, deliverables, and management and maintenance terms, among other terms and covenants. A dispute under a lease can range from minor issues to issues that could give rise to claims of default by us or the landlord under the lease. Currently, we have defaults across certain properties totaling 216 keys, all of which we believe are in the process of being cured and which will be cured in the near term. In the event we are unable to cure our default under a lease, an event of default could ultimately be declared by the landlord thereunder, with the landlord then having remedies that include the right to terminate the lease. Where landlords have breached and have not cured, we may be required to litigate to protect our rights under one or more leases, which could divert management attention from our regular operations and could be costly to our company without any guarantee of success in the action.

Our Business Strategy

When we lease properties, we typically do so with either a refundable security deposit, refundable letter of credit, or both. In most cases, we get a period of “free rent” in which we make ready “make ready” the property. Make ready could Our make-ready efforts include, but is are not limited to: to, minor repairs or property updates, hiring appropriate property level property-level staff, getting utilities / installation of utility, Wi-Fi, / Internet and cable installed, or services, and listing the property on the OTA channels we utilize. We anticipate that in the near future, we will also utilize surety bonds for the funding of lease deposit requirements. In March 2024, we entered into an agreement with Berkley Insurance Company (“Berkley”) pursuant to which Berkley will provide us with up to an aggregate of \$10 million in surety bonds that can be used to fund deposit requirements under long-term hotel leases. The bonds have a 70% collateral requirement. For example, a \$1,000,000 bond would require us to maintain a collateral position of \$700,000, which can be deposited in either cash or in the form of a letter of credit. In addition to collateral, we entered into an agreement of indemnity with Berkley. The bonds will cost 2.5% of the penalty amount of each bond annually.

We lease entire properties, which could include food service, gyms, or store fronts. We do currently, and in the future plan to, in most cases, sublease the food service or services and hotel-based store fronts to generate additional income. We believe these items are non-core noncore to our operations.

Our average deposits / letter (including letters of credit credit) by city as of September 30, 2023 March 31, 2024, as adjusted for the surrender of certain properties in March 2024 (as discussed above), were as follows:

Location	Miami Beach	New York	NOLA	DC	LA	Total
Units	252	987	60	79	68	1,446
Deposit / Letter of Credit	\$ 3,150,000	\$ 15,217,214	\$ 300,000	\$ 500,000	\$ 303,000	\$ 19,470,214
Per Unit	\$ 12,500	\$ 15,418	\$ 5,000	\$ 6,329	\$ 4,456	\$ 13,465
Properties at September 30, 2023	5	8	1	1	1	16
Properties to be added after September 30, 2023						
Units	-	407	-	-	179	586
Properties	-	4	-	-	1	5
Total						
Units	252	1,394	60	79	247	2,032
Properties	5	12	1	1	2	21

Location	Miami Beach	New York	LA	NOLA	Total
Units	138	1,075	68	60	1,341
Deposit	\$ 1,750,000	\$ 15,933,113	\$ 400,000	\$ 300,000	\$ 18,383,133
Per Unit	\$ 12,681	\$ 14,822	\$ 5,882	\$ 5,000	\$ 13,709

Revenue Management

We use our proprietary data science and algorithms to manage revenue and create dynamic pricing for our accommodation units. Pricing changes can occur multiple times a day based on revenue momentum or lack thereof. We utilize our technology to both maximize occupancy rates through attractive pricing and increase cash flow in advance of potential guest stays. We initially developed and further improved our revenue management algorithms in our legacy apartment rental business and have now applied it to our hotel operations.

Property Operations

When we lease a new property, we typically streamline operations versus how its operations were from the manner in which the property was managed by the prior operator that includes, by taking numerous measures, including but is not limited to:

- *Reduction of staffing.* Over time and as a result of technology changes, legacy Legacy properties we lease typically often have staffing at levels higher than we typically operate our properties. In addition to paring staff to ensure efficient operation, we eliminate staffing for areas we do not plan to operate initially or operate initially, at all, including in hotel-based restaurants, bars, and workout facilities.
- *Hiring quality general manager (or GM).* We believe that our operational success is partially related to empowering on-the-ground our employees to make decisions and solve guest concerns. This begins with a quality and experienced GM with a background in hospitality.
- *Continual cost benefit cost-benefit analysis.* Our lead operational staff have been trained to continuously calculate cost benefit in our operations. Specifically, we are constantly reviewing the return on requested investment capital and the related payback. We do this both at the corporate level as well as the operational level. For example, during lower periods of occupancy, we may delay certain maintenance items as during these periods we can remove these units from inventory for a more prolonged period without experiencing any impact to revenues, revenues or the guest experience.

Unit Economics

We believe we have one of the lowest per night per-night, property-level break-even costs in our markets as a result of leasing our properties at a generational low point, generationally favorable terms. We estimate that the property-level break-even rate for total revenue per available room (or “RevPAR”) TRevPAR for our portfolio as of September 30, 2023 December 31, 2023, was between \$150 \$160 to \$170 \$180 a night. We believe RevPAR provides an informative reflection define TRevPAR as total revenue received by our company inclusive of our business as it combines ADRs (average daily rates) along with occupancy rates. RevPAR room rental rates, ancillary fees (which include but are not limited to resort fees, late/early check-in, baggage fees, parking fees paid to us, and upgrade fees), cancellation fees, taxes (including other pass-through expenses) and other miscellaneous income received by us, divided by the average available rooms for the nine months ended September 30, 2023 was \$274, well above the property-level break-even level, rent during a given period.

The following table shows historical occupancy and RevPAR TRevPAR at our leased properties:

Year	Occupancy	RevPAR	Occupancy	TRevPAR
2018	86 %	\$ 160	86 %	\$ 160
2019	84 %	\$ 157	84 %	\$ 157
2020	61 %	\$ 103	61 %	\$ 103
2021	72 %	\$ 122	72 %	\$ 122
2022	77 %	\$ 247	77 %	\$ 247
2023 YTD	81 %	\$ 274		
2023			79 %	\$ 249
2024 YTD			77 %	\$ 208

During the fourth quarter of 2023, our business was significantly impacted by our transition of our property rental listings to a third-party platform because such properties were taken off our prior OTAs and unavailable for rent during such transition. The amounts above are not adjusted by our estimate of this impact.

Our early historic operations involved the leasing of units within multifamily properties. In late 2021, we began to transition our business to focus on leasing hotel properties in commercially zoned commercially-zoned areas, and we have substantially completed this transition as of the date of the this Quarterly Report. transition. As a result, we believe that our historical financial and operating results (in particular for the years 2018 through 2021), including operating metrics such as occupancy rate and RevPAR, TRevPAR, are not indicative of our current and future operations and are not comparable to our current strategy. However, we operations. We do believe, however, that the above table is useful in illustrating the higher RevPAR TRevPAR and improved results that we believe that we will can achieve as a result of our transition in hotel-centric business strategy.

Overall Hospitality Market

Regulations Governing Short-Term Rentals Since early 2022, we, along with the broader lodging industry, have experienced a steady recovery of demand for our properties in all of our markets. As a result, we have been able to increase our average daily rates during this period. Outside of post year-end seasonality, we continued to experience this recovery in 2023 and into 2024. We believe this trend will continue despite recessionary fears due to rising inbound international travel, including the anticipated opening of Chinese travel, which had a significant impact on our business in 2023, which impact should continue in 2024.

Seasonality

Operations at hotel properties in general have historically been seasonal in nature, reflecting lower revenues and occupancy rates during the first quarter of each year when compared to the remaining three quarters. In 2023 and 2024 we experienced such seasonality with respect to our properties.

While the foregoing is based on only limited historical data with respect to the seasonality of our business, we expect that this seasonality may continue to cause fluctuations in our quarterly operating revenues, profitability, and cash flow.

Competition

The U.S. hotel industry is highly competitive. Our hotels compete with other hotels for guests in each of their markets on the basis of several factors, including, among others, location, quality of accommodations, convenience, brand affiliation, room rates, service levels and amenities, and level of customer service. In addition to traditional hotels, our properties also compete with non-traditional accommodations for travelers such as online room sharing services. Competition is often specific to the individual markets in which our hotels are located and includes competition from existing and new hotels.

Our competition also includes online and offline travel companies that target leisure and corporate travelers, including travel agencies, tour operators, travel supplier direct websites and their call centers, consolidators and wholesalers of travel products and services, large online portals and search websites, certain travel metasearch websites, mobile travel applications, social media websites, as well as traditional consumer ecommerce and group buying websites. We face these competitors in local, regional, national and/or international markets. We also face competition for customer traffic on internet search engines and metasearch websites, which impacts our customer acquisition and marketing costs.

However, while we expect new competitors may arise, we expect that we will continue to enjoy a competitive advantage over new competitors. We believe this to be the case because of:

- Our ability to identify hotel properties available for lease on terms that work within our operating plan, the speed at which we can close on leases for new properties and thereafter commencing the marketing and renting of rooms therein;
- our experience and track record of quickly opening, listing, and marketing properties,
- the existing and growing operational skillset and experienced brought by our management terms and day-to-day property managers, and
- our reputation within the industry.

Human Capital

As of March 31, 2024, we had a total of 509 full-time employees, 291 of which are unionized. We believe that our corporate culture and employee relationships are healthy and productive.

Our operations are overseen directly by a management team that encourages our employees to take a long-term approach to our business. We may expand our current management to retain other skilled employees with experience relevant to our business. Our management's relationships will provide the foundation through which we expect to grow our business in the future.

Our future success is dependent in part on our continued ability to attract, hire and retain qualified personnel. Therefore, investing, developing and maintaining human capital is critical to our success. The Company strives to provide its employees with a safe and healthy workplace. We have recently accelerated initiatives to recruit and retain directors and officers that bring additional hotel and online travel industry expertise to our management and day to day operations.

We are an equal opportunity employer and it is our New York City operations company's policy to recruit, hire, train and promote personnel in late 2019. Cities, such as New York City, have been diligent all job classifications, without regard to race, religion, color, national origin, sex or age. We are committed to inclusivity and diversity across our entire operation and to fostering a culture where everyone feels empowered to do their best work. Cultivating a diverse and inclusive workplace helps us embrace different perspectives, talents and experiences. We believe achieving a culture of integrity and transparency starts with leadership and encourages every employee to work in support of our company's goals. Continuous employee engagement helps us understand our employees' perspectives and identify areas for additional focus.

The majority of our employees are currently represented by labor unions and/or covered by collective bargaining agreements. We may in the future acquire additional portfolios of units in other hotels or other building serviced by organized or unionized labor. In addition, union, worker council, or other organized labor activity may occur at other locations we already lease. Under the applicable agreements with labor unions or collective bargaining agreements, we are obligated to provide enhanced severance benefits that, in certain circumstances, may have to be paid upon termination of employment of hotel employees who are members of a union. We cannot predict the outcome of any labor-related proposal or other organized labor activity. Increased unionization of our workforce or other collective labor action, new labor legislation or changes in regulations could be costly, reduce our staffing flexibility or otherwise disrupt our operations, and enforcement reduce our profitability. While we have not experienced work stoppages to date, from time to time, hospitality operations may be disrupted because of short-stay rental strikes, lockouts, public demonstrations or other negative actions and publicity involving employees and third-party contractors. We may also incur increased legal costs and indirect labor costs because of disputes involving our workforce. Additionally, from time to time we are subject to arbitration conducted under applicable union regulations and could be subject to various arbitration rulings. We are subject to various union agreements and among other obligations are required to provide the safety of their communities applicable unions with data on the size and housing availability and affordability. Typically, these regulations prohibit rentals having durations of less than 30 days. As the COVID-19 global pandemic, and related travel restrictions and shutdowns, emerged, New York City implemented unprecedented eviction moratoriums. As a result scope of our operations and the pandemic, number of employees at each applicable property and to post a bond covering at least three months of employee wages for each property. We are also subject to a payment schedule with NYHTC with respect to accrued pension, health, and union employee related obligations aggregating approximately \$3 million as of the date of this Annual Report on Form 10-K that were not remitted on our behalf during the last part of 2023 (during a gap period resulting from our company's switch to a new payroll service provider), through which we historically experienced violations are obligated to make monthly payments until the accrued amount is fully paid down.

Intellectual Property (Trademarks and Patents)

We have filed for eight trademarks, including with respect to the "LuxUrban" brand. We intend to use these and other trademarks in building our brand, proprietary corporate philosophies in creating our operations and guests experiences, and certain proprietary technology, applications and databases and know how in our operations. As a result, our success depends in part on our ability to operate without infringing upon the proprietary rights of short-term rental regulations others, and to prevent others from infringing upon our proprietary rights. Our policy is to seek to protect our proprietary position by, among other methods, filing U.S. trademark and copyright applications, nondisclosure and assignment of invention agreements with employees, and

enforcing our rights as applicable. We also rely on trade secrets, know-how, and continuing technological innovation and may rely on licensing opportunities to develop and maintain our proprietary position.

Regulation

We must ensure regulatory compliance in some of our units located in residentially zoned areas, including those caused by subtenants who illegally occupy some of our units beyond their rental term (i.e., “squatters”), operations across numerous jurisdictions.

Property and in some cases, illegally “sublet” our units Accommodations Regulation

Our business is subject to others. In these circumstances, we took legal measures to reclaim our units, including filing lawsuits seeking orders of removal, and notifying the applicable authorities. Given existing U.S. federal, state and local government policy, and foreign laws and regulations that vary widely by city, country and property type. Hospitality accommodations operations are also subject to compliance with the U.S. Americans with Disabilities Act and other laws and regulations relating to accessibility, and to laws, regulations and standards in other areas such as well as pandemic-affected resource limitations within the courts, zoning and land use, licensing, permitting and registrations, fire and life safety, environmental and other property condition matters, staffing and employee training, cleaning protocols and other COVID-19 requirements, and property “star” ratings where required. Additionally, our real estate owners are also typically responsible for their own compliance with laws, including with respect to their employees, property maintenance and operations, environmental laws and other matters.

When signing leases in a new market, we received limited relief. As part engage local legal counsel to help identify relevant regulatory requirements. The efforts of local counsel include analysis on licensing and zoning, building code, accessibility and operations requirements, fire and life safety regulations, tax compliance, and local employment laws. Every leased property has unique characteristics, requiring further due diligence and regulatory analysis before each new lease signing.

We monitor regulatory changes in each existing market on an ongoing basis. To facilitate our growth and compliance work in each city, we attempt to establish relationships with local regulatory agencies, elected officials, business and community groups to build trust and improve understanding of our going-forward strategy, we have divested ourselves of all leases of residentially zoned properties and only operate properties that are not subject to these short-stay regulations. In conjunction with this divestiture, we have worked with New York City’s Department of Buildings and Office of Special Enforcement to settle any past short-term stay violations, with any settlement expected by management to be nonmaterial, business model.

As our business has grown, we have implemented additional measures to avoid or minimize the incurrence of such violations in all of our operating cities. These measures include our strategy to build our Our growing portfolio of accommodation units with the execution are comprised of units in entire hotels we lease on a long-term leases for hotels that basis. Our hotel units are located in commercially zoned and areas. Hotel units enjoy the benefits of commercial zoning, allowing for short-stay rentals of any length, even as a short as one day. As commercially zoned buildings are not typically subject to local short-stay length regulation, we are able to offer the regulations applicable to residentially zoned areas. We also continuously refine our booking platforms and related software and data to properly identify each type of unit being marketed on our platforms and to systematically prohibit rental lengths that do not comply with existing regulations in the municipalities in which such units are located.

Given the complexity of short-stay regulations in the cities in which we operate, we generally wound-down the vast majority of our accommodation portfolio with maximum flexibility in terms of stay length.

Privacy and Data Protection Regulation

In processing travel transactions and information about guests and their stays, we receive and store a large volume of personally identifiable data. The collection, storage, processing, transfer, use, disclosure and protection of this information are increasingly subject to legislation and regulations in numerous jurisdictions around the world, such as the European Union’s General Data Protection Regulation (“GDPR”) and variations and implementations of that regulation in the member states of the European Union, as well as privacy and data protection laws and regulations in various U.S. States and other jurisdictions, such as the California Consumer Privacy Act (as amended by the California Privacy Rights Act), the Canadian Personal Information Protection and Electronic Documents Act (“PIPEDA”), and the UK General Data Protection Regulation and UK Data Protection Act. We have implemented a variety of technical and organizational security measures and other procedures and protocols to protect data, including data pertaining to guests and employees, and we are engaged in an ongoing process of evaluating and considering additional steps to comply with the California Consumer Privacy Act, GDPR, PIPEDA, the UK General Data Protection Regulation, and UK Data Protection Act.

Employment

We are also subject to laws governing our relationship with employees, including laws governing wages and hours, benefits, immigration, workplace safety and health, and hotel-specific ordinances.

Other Regulation

Our business is subject to various other laws and regulations, involving matters such as income tax and other taxes, consumer protection, online messaging, advertising and marketing, the U.S. Foreign Corrupt Practices Act and other laws governing bribery and other corrupt business activities, and regulations aimed at preventing money laundering or prohibiting business activities with specified countries or persons. As we expand into additional markets, we will be subject to additional laws and regulations.

The regulatory environment in each market is often complex and evolving, and can be subject to significant change. Some relevant laws and regulations are inconsistent and ambiguous, and could be interpreted by regulators and courts in ways that could adversely affect our business, results of operations, and financial condition. Moreover, certain laws and regulations have not historically been applied to businesses such as ours, which often makes their application to our business uncertain.

Non-Hotel Properties

In 2021 we commenced efforts to transition our operations away from the renting of rooms in residential area-located apartment inventory multifamily buildings. These units are subject to short-term rental regulations, which can be difficult to ascertain, accurately interpret, and apply. We substantially completed this transition by the end of 2022 and our current operations focus solely on hotel-based room rental units.

Corporate Information

Corphousing LLC (“Corphousing LLC”) was formed on October 24, 2017, as part a Delaware limited liability company. In January 2022, Corphousing LLC converted into a C corporation, with the members of Corphousing LLC becoming the stockholders of CorpHousing.

The conversion had no effect on our business or operations and was undertaken to convert the form of the transition legal entity into a corporation for purposes of operating as a public company. All properties, rights, businesses, operations, duties, obligations, and liabilities of the predecessor limited liability company remained those of CorpHousing Group Inc.

On November 1, 2022, we filed an amendment to our certificate of incorporation with the Secretary of State of the State of Delaware, changing the name of our company from “CorpHousing Group Inc.” to “LuxUrban Hotels Inc.” On December 30, 2022, we dissolved SoBeNY, which was the entity that covered our legacy apartment rental business. We substantially exited the residential-based rental business strategy. As of September 30, 2023, our accommodation units portfolio is comprised of over 98% hotel units that are not subject prior to short-stay length regulations or contractual provisions and the balance is comprised of apartment units that are subject to such restrictions. Our portfolio growth strategy involves adding exclusively commercially zoned properties that are not subject to short-stay length regulations and divesting our remaining leases for residential-area properties. As a result, the need to comply with local or contractual short-stay length regulations or requirements, and the costs related thereto, have become increasingly less important to our operations. year-end 2022.

Results of Operations

	For The Three Months Ended September 30,			For The Three Months Ended March 31,		
	2023	2022	% Δ YoY	2024	2023	% Δ YoY
Net Rental Revenue	\$ 31,208,248	\$ 11,575,325	170 %	\$ 29,101,207	\$ 22,814,175	28 %
Rent Expense	7,802,847	2,786,458		8,344,007	5,421,867	
Non-Cash Rent Expense	1,952,599	(11,471)		2,093,667	1,651,669	
Amortization						
Surrender of Deposits				750,000	-	
Other Expenses	13,640,517	3,911,386		22,508,411	10,378,765	
Total Cost of Revenue	23,395,963	6,686,373	250 %	33,696,085	17,452,301	93 %
Gross Profit	7,812,285	4,888,952	60 %			
Gross (Loss) Profit				(3,594,878)	5,361,874	(167 %)
General and Administrative Expenses	1,981,774	4,952,740		3,755,756	2,742,586	
Non-Cash Expenses	741,634	358,286				
Non-Cash Issuance of Common Stock for Operating Expenses				304,925	884,816	
Non-Cash Stock Compensation Expense				724,514	429,996	
Non-Cash Stock Option Expense				152,339	167,573	
Partnership Considerations				2,679,469	-	
Total Operating Expenses	2,723,408	5,311,026	(49) %	7,617,003	4,224,971	80 %
Income (Loss) from Operations	5,088,877	(422,074)	(1,306) %	(12,211,881)	1,136,903	(1,174) %
Other Income (Expense)						
Other Income	31,627	606,090		210,076	39,878	
Cash Interest and Financing Costs	(2,185,202)	(79,500)		(2,459,800)	(2,130,605)	
Non-Cash Financing Costs	-	(4,072,078)		(2,324,270)	(1,704,549)	

Total Other Expense	(2,153,575)	(3,545,488)	(39)%	(4,573,994)	(3,795,276)	21 %
Income (Loss) Before Benefit from for Income Taxes	2,935,302	(3,967,562)	174 %			
Benefit from Income Taxes	(1,999,498)	(750,000)				
Net Income (Loss)	\$ 4,934,800	\$ (3,217,562)	253 %			
Loss Before Benefit from for Income Taxes				(16,785,875)	(2,658,373)	531 %
Provision for Income Taxes				-	122,161	
Net Loss				\$ (16,785,875)	\$ (2,780,534)	504 %

Three Months Ended **September 30, 2023** **March 31, 2024**, as compared to Three Months Ended **September 30, 2022** **March 31, 2023**

Net Rental Revenue

The increase in net rental revenue of **170%** **28%** for the three months ended **September 30, 2023** **March 31, 2024** to **\$31.2 million** **\$29.1 million** as compared to **\$11.6 million** **\$22.8 million** for the three months ended **September 30, 2022** **March 31, 2023** was a result of the increase in average units available to rent from 571 for the three months ended **September 30, 2022** **March 31, 2023** to **1,423** **1,535** for the three months ended **September 30, 2023** as well as better **March 31, 2024** partially offset by lower RevPAR, or revenue per available room, from **\$220** **\$257** for the three months ended **September 30, 2022** **March 31, 2023** to **\$244** **\$208** for the three months ended **September 30, 2023** **March 31, 2024**. The lower RevPar in the current quarter is attributable to the overall unit mix as well as the impact on our business from the partnership we exited in April of 2024. RevPAR includes both average daily rate ("ADR") and occupancy.

Cost of Revenue

For the three months ended **September 30, 2023** **March 31, 2024**, the principal component responsible for the increase in our cost of revenue was expenses for our units available to rent, which increased by **\$16.7 million** **\$14.1 million**, or **250%** **93%**, from **\$6.7 million** **\$17.5 million** in the three months ended **September 30, 2022** **March 31, 2023**, to **\$23.4 million** **\$33.7 million** in the three months ended **September 30, 2023** **March 31, 2024**, as a result of the increased number of units as well as related increases in property-related costs such as utilities, labor, cable / WIFI costs and cost related to greater revenues such as credit card processing fees and **commissions**, **commissions** as well as greater costs associated with the surrender of properties such as, **deposit surrenders** and greater commissions to relocate guests.

Gross Profit

The **increase** **decrease** in our gross profit of **\$2.9 million** **\$9.0 million**, or approximately **60%** **167%**, to **\$7.8 million** **(\$3.6) million** for the three months ended **September 30, 2023** **March 31, 2024**, as compared to **\$4.9 million** **\$5.4 million** for the three months ended **September 30, 2022** **March 31, 2023**, is primarily attributable greater costs associated with the surrender of properties such as, **deposit surrenders** and greater commissions to **relocate guests** as well as greater number of units and **better RevPAR** over these periods.

Total Operating Expenses

Total operating expenses incurred for the three months ended **September 30, 2023**, decreased by approximately \$2.6 million from the three months ended **September 30, 2022**. Of this decrease, \$1.8 million was for costs related to the exit of SoBeNY, which did not occur in the three months ended **September 30, 2023**. The balance of this decrease was primarily related to the business shift from decentralized apartment rentals and related staffing (SSOs) to more centralized operations with staffing within the properties (union staffing included in cost of revenue).

Other Income (Expense)

Total other expense for the three months ended **September 30, 2023** was \$2.2 million as compared to \$3.5 million for the three months ended **September 30, 2022**. This decrease is primarily due to non-cash financing costs during the three months ended **September 30, 2022** as compared with three months ended **September 30, 2023** partially offset by the forgiveness of certain debt included in the three months ended **September 30, 2022**, that was not included in the three months ended **September 30, 2023**.

Provision for Income Taxes

Income tax benefit increased \$1.25 million to \$2.0 million for the three months ended **September 30, 2023** from \$0.75 million during the three months ended **September 30, 2022**. The increase is primarily related to the timing and deductibility determination of certain expenses.

	For The Nine Months Ended September 30,			% Δ YoY
	2023	2022		
Net Rental Revenue	\$ 85,883,521	\$ 30,876,088		178 %
Rent Expense	18,068,828	7,371,055		

Non-Cash Rent Expense Amortization	6,187,540	1,191,431	
Other Expenses	38,273,980	12,054,769	
Total Cost of Revenue	62,530,348	20,617,255	203 %
Gross Profit	23,353,173	10,258,833	128 %
General and Administrative Expenses	9,297,097	6,817,967	
Non-Cash Expenses	3,057,647	358,286	
Total Operating Expenses	12,354,744	7,176,253	72 %
Income from Operations	10,998,429	3,082,580	257 %
Other Income (Expense)			
Other Income	129,875	1,193,157	
Cash Interest and Financing Costs	(5,505,708)	(1,239,379)	
Non-Cash Financing Costs	(30,227,289)	(4,072,078)	
Total Other Expense	(35,603,122)	(4,118,300)	765 %
Loss Before Provision for Income Taxes	(24,604,693)	(1,035,720)	2,276 %
Provision for Income Taxes	15,702	-	
Net Loss	\$ (24,620,395)	\$ (1,035,720)	(2,277) %

Nine Months Ended September 30, 2023 as compared to Nine Months Ended September 30, 2022

Net Rental Revenue

The increase in net rental revenue of 178% for the nine months ended September 30, 2023 to \$85.9 million as compared to \$30.9 million for the nine months ended September 30, 2022 was a result of the increase in average units available to rent from 592 for the nine months ended September 30, 2022 to 1,160 units for the nine months ended September 30, 2023 as well as better RevPAR, or revenue per available room, from \$191 for the nine months ended September 30, 2022 to \$274 for the nine months ended September 30, 2023. RevPAR includes both ADR and occupancy.

Cost of Revenue

For the nine months ended September 30, 2023, the principal component responsible for the increase in our cost of revenue was expenses for our units available to rent, which increased by \$41.9 million, or 203%, from \$20.6 million in the nine months ended September 30, 2022, to \$62.5 million in the nine months ended September 30, 2023, as a result of an increased number of units as well as related increases in property-related costs such as utilities, labor, cable / WIFI costs and cost related to greater revenues such as credit card processing fees and commissions.

Gross Profit

The increase in our gross profit of \$13.1 million, or approximately 128%, to \$23.4 million for the nine months ended September 30, 2023, as compared to \$10.3 million for the nine months ended September 30, 2022, is primarily attributable to the greater number of units and better lower RevPAR over these periods.

Total Operating Expenses

Total operating expenses incurred for the nine three months ended September 30, 2023 March 31, 2024, increased by approximately \$5.2 million \$3.4 million from the nine three months ended September 30, 2022 March 31, 2023. Of this increase, \$3.5 million were for costs related to the exit of our partnership, which did not occur in the three months ended March 31, 2023. The principal component responsible for the balance of this increase in total operating expenses is was primarily related to our greater units available to rent during this period and the ramp up in these units. New units incur greater operating expenses in relation to revenue during the first nine months of operation, related corporate staffing.

Other Income (Expense)

Total other income and expenses incurred expense for the nine three months ended September 30, 2023, increased by approximately \$31.5 million from March 31, 2024 was \$4.6 million as compared to \$3.8 million for the nine three months ended September 30, 2022 March 31, 2023. The majority of this This increase is related primarily due to non-recurring, higher cash interest and financing costs during the three months ended March 31, 2024 as compared with three months ended March 31, 2023 partially offset by greater non-cash financing charges of \$30.2 million incurred during the nine months ended September 30, 2023 not incurred during the nine months ended September 30, 2022, costs.

Provision for Income Taxes

For the nine months ended September 30, 2023 versus the nine months ended September 30, 2022, the provision for income taxes was almost unchanged as both periods experienced a loss before the tax provision.

Liquidity and Capital Resources

The following table provides information about our liquidity and capital resources as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

	As of September 30, 2023	As of December 31, 2022	As of March 31, 2024	As of December 31, 2023
Cash and Cash Equivalents	\$ 4,798,580	\$ 1,076,402	\$ 994,904	\$ 752,848
Other Current Assets	\$ 23,330,533	\$ 10,471,192	\$ 19,421,661	\$ 18,968,209
Total Current Assets	\$ 28,129,113	\$ 11,547,594	\$ 20,416,565	\$ 19,721,057
Total Current Liabilities	\$ 21,561,644	\$ 25,439,614	\$ 51,982,785	\$ 33,125,741
Working Capital (Deficit)	\$ 6,567,469	\$ (13,892,020)	\$ (31,566,220)	\$ (13,404,684)

As of September 30, 2023 March 31, 2024, our cash and cash equivalents balance was \$4,798,580 \$994,904 as compared to \$1,076,402 \$752,848 at December 31, 2022 December 31, 2023, and total current assets were \$28,129,113 \$20,416,565 at September 30, 2023 March 31, 2024, as compared to \$11,547,594 \$19,721,057 at December 31, 2022 December 31, 2023.

As of September 30, 2023 March 31, 2024, our company had total current liabilities of \$21,561,644 \$51,982,785 as compared to \$25,439,614 \$33,125,741 at December 31, 2022 December 31, 2023. Total current liabilities at September 30, 2023 March 31, 2024 consisted of: accounts payable and accrued expenses of \$7,677,799 \$28,868,844 as compared to \$6,252,491 \$23,182,305 at December 31, 2022 December 31, 2023; rents received in advance of \$3,549,450 \$6,576,403 at September 30, 2023 March 31, 2024, as compared to \$2,566,504 \$4,404,216 at December 31, 2022 December 31, 2023; short-term business loans of \$2,312,198 \$3,733,417 at September 30, 2023 March 31, 2024, as compared to \$2,003,015 \$1,115,120 at December 31, 2022 December 31, 2023; loans payable of \$1,490,734 \$1,666,108 at September 30, 2023 March 31, 2024, as compared to \$10,324,519 \$1,654,589 at December 31, 2022 December 31, 2023; and operating lease liability of \$6,434,704 \$1,944,026 at September 30, 2023 March 31, 2024, as compared to \$4,293,085 \$1,982,281 at December 31, 2022 December 31, 2023; and development incentive advances of \$8,893,987 at March 31, 2024 as compared to \$300,840 at December 31, 2023.

As of September 30, 2023 March 31, 2024, our company had positive a working capital deficit of \$6,567,469 \$31,566,220 as compared to a deficit of \$13,892,020 \$13,404,684 at December 31, 2022 December 31, 2023.

We have obtained funding through the Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”) and Economic Injury Disaster Loans (“EIDL”) totaling \$814,244 and \$800,000, respectively. We have used these funds for our ongoing operations. We have received forgiveness of \$516,225 of the PPP loans, and for the balance of these funds we intend to repay them in accordance with the terms of the respective loan agreements or seek forgiveness, as permitted.

We record cash collected prior to stays as “rents “bookings received in advance” on our balance sheet as a liability. These collections are then recognized as revenue when guests stay at our properties. In the event that there is a refund in accordance with our refund policy, revenue is not recognized.

We recorded Our current liquidity position raises substantial doubt about our ability to continue as a \$28,522,740 charge on May 21, 2023 going concern. If we are unable to improve our liquidity position we may not be able to continue as a going concern. Our ability to raise the capital needed to improve our financial condition may be hindered or limited by provisions contained in our existing financing agreements or other agreements. The accompanying consolidated financial statements do not include any adjustments that might result if we are unable to continue as a going concern and, therefore, be required to realize our assets and discharge our liabilities other than in the normal course of business which could cause investors to suffer the loss of all or a substantial portion of their investment.

Our company is still in the relatively early stages of growth, the resources needed for the elimination management and operation of our revenue share portfolio of hotels is relatively similar to larger, long-standing and well-capitalized companies, such as Marriot, Hyatt, and Hilton. To operate our existing portfolio of hotels and continue our expansion of our portfolio of hotels in major cities will require substantial capital resources and will require us to utilize our cash flows, and will likely require us to engage in equity or debt transactions to fund required expenditures if we choose to continue expansion at our historic or an accelerated pace.

The operation of many of our properties involves unionized labor. Unionized labor provides us with skilled employees that are trained, vetted by their unions, and subject to the performance and conduct codes established by their unions. It also provides us with formal channels to resolve various labor issues. At the same time, with respect to properties utilizing unionized labor, we are subject to labor agreements via the issuance and requirements applicable to companies of stock. our size and capital profile, including requirements that require us to post deposits or bonds with respect to three-month union employee wages for each such hotel. The charge is non-cash, and as a result of the elimination funding of these agreements, the Company believes this will improve future financial results deposits and cash flows.

We expect that cash on hand, cash flow from operations and cash available from our third-party investor financings will be sufficient to fund our operations during the next 12 months from the date of this Quarterly Report and beyond. bonds require substantial capital.

Inflation

Historically, inflation has not had a material effect on our results of operations. However, significant increases in inflation, particularly those related to wages and increases in interest rates could have an adverse impact on our business, financial condition and results of operations.

Potential Future Dilution Going Concern

Our current liquidity position raises substantial doubt about our ability to continue as a going concern. If we are unable to improve our liquidity position we may not be able to continue as a going concern. Our ability to raise the capital needed to improve our financial condition may be hindered or limited by provisions contained in our existing financing agreements or other agreements. The accompanying consolidated financial statements do not include any adjustments that might result if we are unable to continue as a going concern and, therefore, be required to realize our assets and discharge our liabilities other than in the normal course of business which could cause investors to suffer the loss of all or a substantial portion of their investment.

Financing Activities

Since formation we have funded our operations and growth through capital contributions and loans from **Stock Options** affiliates of our company, third-party investor financings, and **Warrants** our initial public offering. At March 31, 2024, we had short-term business financing indebtedness of \$3,733,417, short-term loans payable of \$1,666,108, and long-term loans payable of \$1,447,720. The proceeds from these financings have been or will be used to fund security deposits for our newly leased properties.

Affiliate Financings

In November 2023, our company entered into a non-dilutive financing agreement with THA Holdings LLC (“THA”), an entity controlled and operated by Mr. Ferdinand, pursuant to which the Company agreed to issue to the THA an unsecured, advancing term promissory note (the “THA Note”). Under the THA Note, we were able to borrow, up to an aggregate principal amount of \$10,000,000 (the “Initial Principal Amount”) to be funded in increments of \$1,000,000 upon request by the sale, from time to time, of shares of our common stock owned by THA. The interest on the THA Note was to be compounded annually and the THA Note was repayable at maturity in November 2026.

As a result of **September 30, 2023** our company entering into a relationship with Wyndham Hotels & Resorts, in December 2023, we and THA mutually agreed to cancel the THA Note, pursuant to a payoff letter, dated December 3, 2023 (the “Payoff Letter”). In connection therewith, an amount equal to the proceeds resulting from recent sales by THA common stock under the terms of the THA Note in the amount of approximately \$311,234 was gifted to the Company. This was recorded as a contribution by founder in the accompanying consolidated statement of equity.

In December 2022, our company and Mr. Ferdinand entered into a Note Extension and Conversion Agreement with Greenle. Greenle was previously the purchaser of 15% OID senior secured notes (“Extension Notes”) and warrants to purchase our common stock under certain securities purchase agreements and loan agreements between us and Greenle. Under the terms of the Note Extension and Conversion Agreement, Greenle agreed to convert from time to time up to \$3,000,000 aggregate principal amount of the notes into up to 1,000,000 shares of our common stock (the “Conversion Shares”) at the conversion price of \$3.00 per share prescribed by the notes. Additionally, Greenle agreed that the payment date of certain of the notes in the aggregate principal amount of \$1,250,000, maturing on January 30, 2023, would be extended to March 1, 2023. On the date of any such conversion, we would be obligated to issue to Greenle a number of credits under our then-existing revenue share agreements with them equal to fifteen percent (15%) of the principal amount of the notes so converted. As of December 31, 2022, \$300,000 of these notes were converted and the entire \$3,000,000 remaining amount under the notes was converted in January 2023. As part of this conversion, Mr. Ferdinand contributed to our company 874,474 shares of common stock owned by him and his affiliates, which in turn, were used by our company to fund the issuance of the Conversion Shares to Greenle in exchange for the conversion of the debt under the notes, which was maturing within a few months of this contribution. At the time of such contribution by Mr. Ferdinand, the market value of the shares of common stock so contributed was approximated \$1.5 million.

In June 2022, Mr. Ferdinand personally provided us with an additional \$750,000 of financing via a credit facility for operating expenses relating to the launch of certain of our newer properties, including the Astor Hotel and 1000 29th Street. This loan was evidenced by an unsecured, 24-month note, bearing interest at 6% per annum, with interest payable at maturity. We had the right to prepay this note at any time without prepayment penalty, subject to the terms of our other existing debt. In October 2021, we issued a promissory note (the “October 2021 Note”) to THA Family II LLC, an affiliate of our chief executive officer, in the principal amount of \$2 million. As part of the note purchase we also issued warrants to purchase 250,000 shares of our common stock at an exercise price of \$4.20. The October 2021 Note had a maturity date of April 15, 2023, and bore interest at the rate of 6% per annum, with such interest payable monthly in arrears in cash. At the close of our initial public offering, \$1 million of the principal balance of this note was converted into 312,500 shares of our stock and remaining balance was repaid.

In May 2022, SuperLuxMia LLC, an entity controlled by our founder, chairman and chief executive officer, Brian Ferdinand, provided \$661,000 in financing to our company for general operating expenses relating to the launch of our Marriott Herald Square property. This loan was evidenced by an unsecured, 24-month note, bearing interest at 6% per annum, with interest payable at maturity. We were entitled to prepay this note at any time without prepayment penalty, subject to the terms of our other existing debt, and this note was repaid in 2023.

In November 2021, we issued a promissory note (the “November 2021 Note”) to EBOL Holdings LLC, an entity controlled by a holder of more than 5% of our common stock, in the principal amount of \$500,000. As part of the note purchase we also issued the investor warrants to purchase 125,000 shares of our common stock at an exercise price of \$4.20 per share. The November 2021 Note had a maturity date of May 15, 2023. At the closing of our IPO, \$200,000 of the November 2021 Note was repaid and the remaining balance was repaid in May of 2023.

Greenle Financings

At January 1, 2023, we had **1,649,763 options** outstanding notes in the aggregate principal amount of \$8,275,040 and **1,102,000 warrants** outstanding with to purchase an aggregate of 2,156,250 shares of our common stock at a weighted average exercise price of **\$2.63** \$4.00, sold by us in various private placements to Greenle. In addition, we had revenues share arrangements with Greenle with respect to certain of our hotels, obligating us to pay to Greenle a prescribed share of our revenues generated by each such property (ranging initially from 10-14% of the subject property and **\$4.02**, respectively. The approximate dilutive impact under the treasury stock method for these options and warrants is as follows: scaling down to 1-3% over a ten-year period).

Assumed Market Price per Share at the time of Exercise	Net Shares Issuable		
	Options	Warrants	Total
\$3.00	203,125	-	203,125
\$3.50	409,788	-	409,788
\$4.00	564,785	-	564,785
\$4.50	685,338	118,711	804,049
\$5.00	781,780	217,040	998,820
\$5.50	860,688	297,040	1,158,179
\$6.00	926,084	364,533	1,290,978

During 2023 and 2024, we consummated the transactions described below with Greenle which (a) eliminated our revenue share arrangements with Greenle, (b) eliminated our indebtedness to Greenle (and decreased our overall outstanding indebtedness), and (c) enhanced the equity capital of our company. As of December 31, 2023, as a result of the transactions described below, Greenle owned outstanding warrants to purchase an aggregate of 4,450,000 shares of our common stock at a weighted average exercise price of \$4.79. As a result these transactions, Greenle also received the right to require us to issue up to an aggregate of 6,740,000 shares of our common stock to Greenle from time to time through August 2028, of which an aggregate of 2,800,000 shares had been issued as of the date of this report.

These transactions with Greenle in 2023 and 2024 included the following:

- In December 2022, Greenle agreed to convert \$3 million principal amount and interest under the notes it held into shares of common stock at the conversion price of \$3.00 per share prescribed by the notes. Additionally, Greenle agreed that the payment date of certain of the notes in the aggregate principal amount of \$1,250,000, maturing on January 30, 2023, would be extended to March 1, 2023. On the date of any such conversion, we would be obligated to issue to Greenle a number of credits under our then-existing revenue share agreements with them equal to fifteen percent (15%) of the principal amount of the notes so converted. As of December 31, 2022, \$300,000 of these notes were converted and the entire \$3,000,000 remaining amount under the notes was converted in January 2023. As part of this conversion, Mr. Ferdinand contributed to our company 874,474 shares of common stock owned by him and his affiliates, which in turn, were used by our company to fund the issuance of the Conversion Shares to Greenle in exchange for the conversion of the debt under the notes, which was maturing within a few months of this contribution. At the time of such contribution by Mr. Ferdinand, the market value of the shares of common stock so contributed was approximately \$1.5 million.
- In January 2023, we prepaid \$454,457 of the principal amount owed to Greenle under certain of the notes.
- In February 2023, we issued to Greenle an aggregate of 2,457,002 shares of our common stock in exchange for the termination of our existing obligations to pay to Greenle an aggregate of \$5 million for the last quarter of 2022 and all quarters in 2023 under revenue share rights previously granted to Greenle by us with respect to certain of our properties.
- In February 2023, we entered into an exchange agreement (“Exchange Agreement”) with Greenle pursuant to which \$2,079,686 principal amount of (and interest and prepayment premium relating thereto) owed by us to Greenle under certain notes was exchanged for a convertible 15% original issue discount note (“Exchange Note”) having a maturity date of August 17, 2023.
- In March 2023, we repaid \$808,000 of the principal amount of the Exchange Note and subsequent to this repayment the balance of the Exchange Note was converted into 196,994 shares of our common stock.
- In April 2023 we entered into an agreement that provided for a two-year extension on maturity of all of our remaining notes held by Greenle to April 15, 2025. In connection with this agreement, we issued Greenle warrants to purchase up to 1,000,000 shares of our common stock at an exercise price of \$3.00 per share and warrants to purchase up to 250,000 shares of our common stock at an exercise price of \$4.00 per share.
- In April 2023, our company and Greenle also agreed to a modification of the terms of our outstanding notes and warrants requiring mandatory conversion of same into shares of our common stock if (a) the volume-weighted average price of our common stock for each of the three trading days prior to the forced conversion was at least equal to defined trigger prices (ranging from \$2.00 to \$5.50), (b) the shares underlying the notes and warrants were registered with the SEC for resale, (c) the aggregate dollar volume of the common stock sold on the principal trading market over the 10 consecutive days prior to conversion was at least \$3.75 million, and (d) such mandatory conversion does not cause Greenle to beneficially own more than 9.9% of our common stock.
- In May 21 2023, we entered into an agreement (which was amended in April 2024) with Greenle pursuant to which Greenle’s revenue rights were terminated in 2024 and thereafter. In consideration for the termination of such rights, we agreed to issue to Greenle, from time to time, in each case at Greenle’s election upon ten business days’ prior written notice delivered to us on and before August 31, 2028, up to an aggregate of 6,740,000 shares of common stock (“Greenle Agreement Shares”), subject to resale restrictions limiting the amount Greenle may sell into the market during any calendar quarter. In 2023, we issued an aggregate of 614,250 shares of our common stock to Greenle pursuant to this obligation. In 2024, through the date of this Annual Report on Form 10-K, we have issued an additional 614,250 shares of our common stock to Greenle pursuant to this obligation.
- In June 2023, Greenle agreed to convert all of the remaining notes held by it in exchange for a reduction in the exercise price of certain of its warrants to \$2.50 per share.
- In November 2023, in consideration of Greenle’s waiver of certain waive registration rights for any currently issued common stock held by it for a period of 12 months and any future issuances to it for a rolling 12-month period from the date such of issuance, we issued Greenle warrants to purchase up to an aggregate of 2,000,000 shares of common stock at an exercise price of \$4.00 a share.

- In December 2023, Greenle agreed to exercise warrants to purchase an aggregate of 1,500,000 shares of our common stock at \$4.00 per share. As consideration for this exercise, we issued new warrants to Greenle purchase up to 2,000,000 shares of our common stock at an exercise price of \$5.00 per share and warrants to purchase up to 1,000,000 shares of our common stock at an exercise price of \$5.50 per share.
- In April 2024, we secured from Greenle a waiver on the restrictions contained in its financing agreements with our company that prohibit our sale of shares of common stock prior to November 2024 at per-share prices below \$5.00. This waiver permits us to sell up to an aggregate of 15 million shares prior to November 2024 at prices below \$5.00 regardless of any prohibitions contained in our agreements with Greenle. The restriction on sales of our common stock by our company below \$5.00 also terminates completely and forever in November 2024. In consideration of this waiver, Greenle is entitled to be issued up to an aggregate of 2.8 million shares of our common stock from time to time upon written notice to our company. We also revised the leak-out provisions applicable to the Greenle Agreement Shares (described above) by which Greenle shall only be permitted to resell Greenle Agreement Shares as follows:

(a) up to 20% of such shares may be sold on and after the date on which the shares are first issued to Greenle; (b) up to an additional 20% of the shares may be sold on after the date of each subsequent issuance to Greenle; and (c) all such shares may be sold without these restrictions on and after the date all Greenle Agreement Shares have been issued to Greenle. Our agreements with Greenle also prohibit issuances to Greenle under any of our agreements that would result in Greenle owning in excess of 9.9% of our then-outstanding common stock.

- This waiver was amended in May 2024 to increase number of shares permitted to be sold by our company at prices under the Trigger Price prior to November 2024 to the greater of (i) 30 million shares and (ii) \$30 million (based on the gross sale prices of such shares). In consideration of this waiver modification, Greenle is entitled to demand from time to time that we issue an amount of additional shares (the “Additional Greenle Waiver Shares” and collectively with the Initial Greenle Shares and the Greenle Revenue Participation Shares, the “Greenle Shares”) equal to 0.22 shares of common stock for each share of common stock sold by the Company through November 6, 2024 in excess of 15 million shares at prices below the Trigger Price.

Cash Flows from Operating Activities

During the nine three months ended September 30, 2023 March 31, 2024, we used \$7,014,551 \$9,651,426 of cash in operating activities that was primarily related to an increase in security deposits prepaid expenses of \$9,402,784, \$5,094,842, an increase in receivables from OTAs City of \$12,868,602, New York and Landlords of \$1,432,665, increase in prepaid expenses and other assets security deposits of \$3,791,886, and an increase in operating lease liabilities of \$17,485,034 \$1,050,000, offset by non-cash amount of lease expense of \$23,695,139, termination \$2,065,589, modification of revenue share agreement warrants of \$28,174,148, issuance \$2,036,200, prepaid guarantee trust of shares for revenue share agreement \$1,023,750, and accounts payable and accrued expense of \$1,704,549 \$5,686,538.

During the three months ended March 31, 2023, generated \$383,281 of cash from operating activities that was primarily related to an increase in security deposits of \$3,907,720 and decreased by net non-cash amount of lease expense of \$1,651,670 and rents received in advance of \$2,630,239, stock compensation expense of \$1,158,058, \$429,996, stock option expense of \$167,573, changes in accounts payable and accrued expenses of \$1,024,948, accrued income taxes of \$122,161, and shares used for operating expense of \$2,003,210. During the nine months ended September 30, 2022, we used \$13,546,273 of cash in operating activities that was primarily related to the increase in processor retained funds of \$7,309,323, operating lease liabilities of \$2,942,616, increase in prepaid and other assets of \$1,265,751 and increase in security deposits of \$4,416,722 partially offset by warrant expense of \$3,480,725, and non-cash amount of lease expense of \$1,191,431, \$884,816.

Cash Flow from Investing Activities

During the nine three months ended September 30, 2023 March 31, 2024, no cash used for the purchase of property and equipment and leaseholds totaled \$921,414, and investing activities versus cash generated of \$2,442,634 during the three months ended March 31, 2023 primarily from the proceeds from the sale of Treasury Bills was \$2,692,396. Bills.

Cash Flow from Financing Activities

During the nine three months ended September 30, 2023 March 31, 2024, net cash provided by financing activities of \$8,965,747 \$9,893,482 included warrant exercises of \$7,666,502 \$4,800,000, proceeds from short term business financing of \$2,618,297 and proceeds from development incentive advances of \$1,594,557, \$3,000,500. During the nine three months ended September 30, 2022 March 31, 2023, net cash provided used by financing activities was \$1,021,408 which was primarily made up or repayments on short term business financing of \$14,824,266 which included net proceeds of \$10,198,548 from our initial public offering, net proceeds from loans \$4,964,200, offset by net repayments of short-term business loans of \$1,061,481, \$1,255,512.

Financing Activities Third-Party Payment Processors

Registration Rights Amendment We utilize third-party payment processors to process guest transactions via credit card. Over 85% of our reservations are processed through credit card transactions in which we pay a processing fee. As noted in our financial statements, we maintain cash under “Processor retained funds” on our balance sheet as of March 31, 2024. These reserved funds are cash reserves held back by our processors to offset chargebacks and **Warrant Letter Agreement**

The Company previously entered into:

- a Securities Purchase Agreement, dated as of May 27, 2022 (the “May Agreement”), between the Company and Greenle Partners LLC Series Alpha P.S. (“Greenle Alpha”);
- a Securities Purchase Agreement, dated as of June 30, 2022, and amended by the letter agreement dated July 15, 2022 and Addendum to Securities Purchase Agreement dated as of August 15, 2022 (as amended, the “June Agreement”), between the Company and Greenle Alpha;
- a Securities Purchase Agreement, dated as of September 30, 2022, and amended by the letter agreement dated October 20, 2022 (as amended, the “September Agreement” and, together with the May Agreement and the June Agreement, the “Purchase Agreements”), between the Company and Greenle Alpha;
- a Loan Agreement, dated as of November 23, 2022 (the “Loan Agreement” and collectively with the Purchase Agreements, the “Greenle Agreements”), among the Company, Greenle Alpha and Greenle Partners LLC Series Beta P.S. (“Greenle Beta” and, together with Greenle Alpha, “Greenle”), as supplemented or amended by a letter agreement dated February 17, 2023;
- a letter agreement between Greenle and the Company dated February 13, 2023 (the “February 2023 Revenue Share Agreement”), as amended by the Revenue Share Exchange Agreement dated May 21, 2023 (the “May 2023 Letter Agreement”);
- a letter agreement between the Company and Greenle dated June 19, 2023 (the “June 2023 Letter Agreement”); and
- a letter agreement between the Company and Greenle dated August 15, 2023 (the “August 2023 Letter Agreement” and collectively with the Purchase Agreements, the Greenle Agreements, the February 2023 Revenue Shares Agreement, the May 2023 Letter Agreement and the June 2023 Letter Agreement, the “Agreements”).

On August 31, 2023, we entered into refunds due to guests. These reserves are intended to provide protection for both our guests and credit card processor with respect to cancellations and refunds. As part of our growth strategy, the large majority of our accommodation units are now rented on a further agreement with Greenle (the “August 31, 2023 Letter Agreement”) nonrefundable basis, in order to amend the Agreements to waive registration rights for any currently issued common stock for a period of 12 months minimize cancellation and any future issuances for a rolling 12 month period from the date such common stock is issued with an outside date of 18 months from the date of the August 31, 2023 Letter Agreement. Pursuant to the August 31, 2023 Letter Agreement, the Company extended its existing registration rights obligations such that it is obligated to register the resale by Greenle of (i) the shares of Common Stock issued or issuable pursuant to the February 2023 Revenue Share Agreement, the May 2023 Letter Agreement and the August 2023 Letter Agreement and (ii) the shares of Common Stock underlying all outstanding warrants to purchase shares of Common Stock beneficially owned by Greenle (including the warrants to be issued pursuant to the August 31, 2023 Letter Agreement) within one year after the date of each respective issuance of Common Stock; provided, however, that, whether or not any such shares of Common Stock have been issued, as consideration for Greenle’s execution of the August 31, 2023 Warrant Letter Agreement, the Company will use its best efforts to cause all such registration statements to become effective within eighteen months of the date of the August 31, 2023 Letter Agreement. refund exposures.

As consideration for Greenle’s execution of the August 31, 2023 Letter Agreement the Company agreed to issue (i) Greenle Alpha a warrant to purchase 1,610,000 shares of Common Stock at an exercise price of \$4.00 per share and (ii) Greenle Beta a warrant to purchase 390,000 shares of Common Stock at an exercise price of \$4.00 per share. Subject to certain limitations contained in the Registration Rights Amendment and Warrant Letter Agreement, the Company had the right to require Greenle to exercise such warrants at a trigger price of \$5.00, which would result in proceeds to the Company of \$8,000,000. Subsequent to period end, on November 6, 2023, we entered into a New Registration Rights and Warrant Letter Agreement that superseded the Registration Rights Amendment and Warrant Letter Agreement in its entirety. See “Subsequent Events—Warrant Issuances” and “Item II Part 5 – Greenle Letter Agreement” of this Quarterly Report on Form 10-Q.

Warrant Exercises

On July 5, 2023, Greenle Alpha exercised its right to purchase an aggregate of 160,000 shares of the Company’s common stock at an exercise price of \$2.50 per share pursuant to rights underlying certain of its warrants that were issued in connection with prior financings. In connection with such exercise, the Company received aggregate gross proceeds of \$400,000.

On July 12, 2023, Greenle Alpha exercised its right to purchase an aggregate of 400,000 shares of the Company’s common stock at an exercise price of \$2.50 per share pursuant to rights underlying certain of its warrants that were issued in connection with prior financings. In connection with such exercise, the Company received aggregate gross proceeds of \$1,000,000.

On August 17, 2023, Greenle Beta exercised its right to purchase an aggregate of 180,000 shares of the Company’s common stock at an exercise price of \$2.50 per share pursuant to rights underlying certain of its warrants that were issued in connection with prior financings. In connection with such exercise, the Company received aggregate gross proceeds of \$450,000.

Advisory Shares

The tables below outline equity issuances not related to the conversion from an LLC to C Corp, the initial public offering the exercise of Options or Warrants, the conversion of debt into equity or the issuance of shares pursuant to revenue share agreements.

For the three months ended September 30, 2023 March 31, 2024

Description	P/L Account	Date	Shares	Price	Value
Non-employee Board members pursuant to related comp. policy	Non-Cash Stock Compensation Expense	8/16/2023	91,525	\$ 2.85	\$ 260,846
In connection with certain property finders’ fee arrangements	Non-Cash Issuance of Common Stock for Operating Expenses	8/21/2023	45,833	\$ 2.77	\$ 126,957

Advisory and legal services	Non-Cash Issuance of Common Stock for Operating Expenses	8/21/2023	9,250	\$	2.85	\$	26,363
Acorn Management Partners in connection with advisory services	Non-Cash Issuance of Common Stock for Operating Expenses	8/28/2023	8,741	\$	2.89	\$	25,261
Elizabeth Brown in connection with her termination of employment	Non-Cash Issuance of Common Stock for Operating Expenses	8/28/2023	50,000	\$	3.11	\$	155,500
Subtotal			113,824			\$	334,081

Schedule of equity transactions

For the three months ended June 30, 2023

Description	General Ledger Account	Date	Shares	Price	Value
Non-employee loan payment	Loan payable	1/25/2024	20,008	\$ 4.57	\$ 91,437
Non-employee commission expense	Commission Expense	1/25/2024	10,079	\$ 4.57	\$ 46,061
Non-employee investor relations expense	Investor Relations Expense	1/30/2024	59,784	\$ 4.33	\$ 258,865
Non-employee director compensation	Non-Cash Issuance of Common Stock for Director Compensation Expenses	2/8/2024	197,800	\$ 2.92	\$ 577,576
Employee Compensation	Non-Cash Issuance of Common Stock for Compensation Expenses	3/15/2024	25,000	\$ 2.22	\$ 55,500
Subtotal			312,671		\$ 1,029,439

Description	P/L Account	Date	Shares	Price	Value
Issuance of shares for deferred compensation	Accrued Liabilities	5/24/2023	86,518	\$ 2.97	\$ 256,958
Issuance of shares for deferred compensation	Accrued Liabilities	5/17/2023	73,518	\$ 2.86	\$ 210,259
Subtotal			160,036		\$ 467,217

Acorn Management Partners in connection with advisory services	Non-Cash Issuance of Common Stock for Operating Expenses	6/1/2023	15,040	\$ 3.42	\$ 51,437
In connection with certain property finders' fee arrangements	Non-Cash Issuance of Common Stock for Operating Expenses	5/17/2023	65,573	\$ 3.05	\$ 199,998
Issuance of shares for consulting agreement	Non-Cash Issuance of Common Stock for Operating Expenses	5/3/2023	195,912	\$ 2.72	\$ 532,880
Subtotal			276,525		\$ 784,314

For the three months ended March 31, 2023

Description	P/L Account	Date	Shares	Price	Value
Non-employee Board members pursuant to related comp. policy	Non-Cash Stock Compensation Expense	3/1/2023	166,665	\$ 2.58	\$ 429,996
In connection with certain property finders' fee arrangements	Non-Cash Issuance of Common Stock for Operating Expenses	3/17/2023	136,887	\$ 2.45	\$ 335,373
In connection with a consulting agreement	Non-Cash Issuance of Common Stock for Operating Expenses	2/10/2023	196,994	\$ 1.85	\$ 364,439
In connection with a marketing agreement	Non-Cash Issuance of Common Stock for Operating Expenses	2/10/2023	100,000	\$ 1.85	\$ 185,000
Subtotal			433,881		\$ 884,812

Total for nine months ended September 30, 2023

1,242,456 \$ 3,161,267

For the three months and nine months ended September 30, 2022

Description	P/L Account	Date	Shares	Price	Value
Non-employee Board members pursuant to related comp. policy	Non-Cash Stock Compensation Expense	8/16/2022	54,000	\$ 3.37	\$ 181,980
Total for nine months ended September 30, 2022			54,000		\$ 181,980

Description	General Ledger Account	Date	Shares	Price	Value
Non-employee Board members pursuant to related comp. policy	Non-Cash Stock Compensation Expense	3/1/2023	166,665	\$ 2.58	\$ 429,996
In connection with certain property finders' fee arrangements	Non-Cash Issuance of Common Stock for Operating Expenses	3/17/2023	136,887	\$ 2.45	\$ 335,373

In connection with a consulting agreement	Non-Cash Issuance of Common Stock for Operating Expenses	2/10/2023	196,994	\$	1.85	\$	364,439
In connection with a marketing agreement	Non-Cash Issuance of Common Stock for Operating Expenses	2/10/2023	100,000	\$	1.85	\$	185,000
Subtotal			<u>433,881</u>			<u>\$</u>	<u>884,812</u>

Revenue Shares

On September 11, 2023, the Company issued 36,179 shares of the Company's common stock and 578,071 shares of the Company's common stock to Greenle Beta and Greenle Alpha, respectively, in connection with the February 2023 Revenue Share Agreement. As of November 8, 2023, the registrant had 36,836,190 shares of common stock outstanding. Shares outstanding inclusive of shares committed to be issued but not yet issued as of this date on both the February 2023 Revenue Share Agreement and the May 2023 Revenue Share Exchange Agreement are 44,804,690 (or 1,228,500 for the February 2023 Revenue Share Agreement and 6,740,000 for the May 2023 Revenue Share Agreement).

Off-Balance Sheet Arrangements

We do not currently have any off-balance sheet arrangements.

Material Cash Requirements

There have been no material changes to the information in our material cash requirements related to commitments or contractual obligations from those reported in our Annual Report on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023**, as filed with the SEC on **March 31, 2023** **April 15, 2024**.

Third-Party Payment Processors

We utilize third-party payment processors to process guest transactions via credit card. Over 95% of our reservations are processed through credit card transactions in which we pay a processing fee. As noted in our financial statements, we maintain cash under "Processor retained funds" on our balance sheet as of September 30, 2023. These reserved funds are cash reserves held back by our processors to offset chargebacks and refunds due to guests. These reserves are intended to provide protection for both our guests and credit card processor with respect to cancellations and refunds. As part of our growth strategy, the large majority of our accommodation units are now rented on a nonrefundable basis, in order to minimize cancellation and refund exposures.

Critical Accounting Policies and Estimates

This discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. While our significant accounting policies are described in more detail in the notes to our financial statements included elsewhere in this **Quarterly Annual** Report, we believe that the following accounting policies are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Revenue Recognition

Our revenue is derived primarily from the rental of units to our guests. We recognize revenue when obligations under the terms of a contract are satisfied and control over the promised services is transferred to the guest. For the majority of sales, this occurs when the guest occupies the unit for the agreed upon length of time and receives any services that may be included with their stay. Revenue is measured as the amount of consideration we expect to receive in exchange for the promised goods and services.

Current and future reservations for most of our accommodation units require prepayment upfront. A majority of our reservations require full prepayment at the time the reservation is placed, with the remaining charged at check-in. Payments are processed through third-party credit card processors and marketing and reservation channels. We typically offer both a refundable and nonrefundable **rate rates** on each accommodation unit, with **approximately half more than 50% of our** bookings, on average, choosing the nonrefundable rate. As we are required to **only reserve only 10% a small or no portion** of prepayments under our third-party processor agreements, nonrefundable booking prepayments provide us with operating cash flow. Any advanced reservation, irrespective of when charged, is taken as revenue in the period in which the stay **happens; happens, if the stay is to occur** in a future period **then the reservation** is reflected in deferred revenue, and if **the reservation is** cancelled **it** is not ultimately realized as revenue.

Refunds are treated as a reduction of our net revenue and are taken in the period during which the cancellation or refund occurred. We have multiple refund policies in place across different sales channels, which vary by price. Some require a deposit at the time of booking, which would be forfeited in part or whole in the event of cancellation through varying periods of time prior to check-in. Some of our policies require full prepayment at time of booking (but allow for a full refund if booking is cancelled within required parameters). Some of our bookings are on a **nonrefundable** basis, in

which cancellations results in forfeiture of the entire amount. In connection with some of our bookings, the third-party sales channel handles payments, cancellations, and the refunds to guests. As of the second half of 2022, we have moved most of our larger units' offerings to non-refundable cancellation policies.

With respect to bookings for our accommodation units made through third-party booking platforms, in the event a refund is required to be made to a customer, under the terms of our agreements with such third-party platforms, we are required to make the refund to the customer (to the extent we have received the proceeds through the platform). If we fail to make any required refund, the customer's recourse is against the third-party booking platform, and in turn, we are required to reimburse the booking platform. Within this structure, the (a) customer is protected, and (b) the booking party bears the credit risk with respect to the customer.

We account for revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606 which was adopted at the beginning of fiscal year 2018 using the modified retrospective method. We did not recognize any cumulative-effect adjustment to retained earnings upon adoption as the effect was immaterial.

Payment received for the future use of a rental unit is recognized as a liability and reported as rents bookings received in advance on the balance sheets. Rents Bookings received in advance are recognized as revenue after the rental unit is occupied by the customer for the agreed upon length of time. The rents bookings received in advance balance as of December 31, 2022 March 31, 2024 and September 30, 2023 December 31, 2023, was \$2,566,504 \$6,576,403 and \$3,549,450 \$4,404,216, respectively, and is expected to be recognized as revenue within a one-year period.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Fair Value of Financial Instruments

The carrying amount of cash, prepaid expenses and other assets, accounts payable and accrued expenses, and rents bookings received in advance approximate their fair values as of the respective balance sheet dates because of their short-term natures.

Advertising

Advertising and marketing costs are expensed as incurred and are included in General and Administrative Expenses in the accompanying Consolidated Statements consolidated statements of Operations. operations.

Commissions

We pay commissions to third-party sales channels to handle the marketing, reservations, collections, and other rental processes for most of our units which and are included in cost of sales on the Consolidated Statements consolidated statement of Operations. operations.

Lease

The Company accounts for leases in accordance with ASC Topic 842, Leases ("Topic 842"). Under Topic 842, the Company applied a dual approach to all leases whereby the Company is a "lessee" and classifies leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the Company. Lease classification is evaluated at the inception of the lease agreement. Regardless of classification, the Company records a right-of-use asset and a lease liability for all leases with a term greater than 12 months. Operating lease expense is recognized on a straight-line basis over the term of the lease.

Operating right of use ("ROU") assets and operating lease liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating right of use assets represent our right to use an underlying asset and is based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets. To determine the present value of lease payments not yet paid, we estimate incremental secured borrowing rates corresponding to the maturities of the leases.

Income Taxes

In accordance with GAAP, we follow the guidance in FASB ASC Topic 740, Accounting for Uncertainty in Income Taxes, which clarifies the accounting for uncertainty in income taxes recognized in our financial statements and prescribes prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition and measurement of a tax position taken or expected to be taken in a tax return.

We did not have unrecognized tax benefits as of September 30, 2023 December 31, 2021 and do not expect this to change significantly over the next 12 months. We will recognize interest and penalties accrued on any unrecognized tax benefits as a component of provision for income taxes.

In January 2022, we our company converted into a C corporation. As we have realized a net loss for the year ended December 31, 2023 and December 31, 2022 and the three months ended March 31, 2024, and as such we have not made a provision for income taxes in our financial statements for these periods.

Sales Tax

The majority of sales tax is collected from customers by our third-party sales channels and remitted to governmental authorities by these third-party sales channels. For any sales tax that is our responsibility to remit, we record the amounts collected as a current liability and relieve relieves such liability upon remittance to the taxing authority.

Paycheck Protection Program Loan ("PPP")

As disclosed in the Notes to our financial statements, we have chosen to account for the PPP loan under FASB ASC 470, Debt. Repayment amounts due within one year are recorded as current liabilities, and the remaining amounts due in more than one year, if any, as long-term liabilities. In accordance with ASC 835, Interest, no imputed interest is recorded as the below market interest rate applied to this loan is governmentally prescribed. If we are successful in receiving forgiveness for those portions of the loan used for qualifying expenses, those amounts will be recorded as a gain upon extinguishment as noted in ASC 405, Liabilities.

Income Taxes

We are subject to income taxes in the jurisdictions in which we operate. We account for income taxes under the asset and liability method, whereby deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and attributable to operating loss and tax credit carry-forwards. A valuation allowance is recorded for deferred tax assets if it is more likely than not that the deferred tax assets will not be realized.

For the three and nine months ended September 30, 2023, the Company recorded a tax provision of a benefit of \$1,999,498 and provision of \$15,702, respectively. The tax provision benefit recorded in the three months ended September 30, 2023, was as a result of the Company determining the deductibility of the shares issued for the satisfaction of the Revenue Share exchange (as outlined in Note 17). For the three and nine months ended September 30, 2022, the Company recorded a provision of negative \$750,000 and zero, respectively.

Stock-Based Compensation

Stock-based compensation expense attributable to equity awards granted to employees will be measured at the grant date based on the fair value of the award.

The expense is recognized on a straight-line basis over the requisite service period for awards that vest, which is generally the period from the grant date to the end of the vesting period.

With regard to the issuance of warrants of common stock, these items are measured at the grant date based on the fair value of the award. The expense is recognized on the date of the grant as there is no vesting period.

We estimate the fair value of stock option awards granted and warrants using the Black-Scholes Black-Scholes-Merton option pricing model. The value of stock issued is based on the market value on the date of the issuance.

This Black-Scholes-Merton model requires various significant judgmental assumptions in order to derive a fair value determination for each type of award, including the fair value of our common stock, the expected term, expected volatility, expected dividend yield, and risk-free interest rate.

These assumptions used in the Black-Scholes Black-Scholes-Merton option-pricing model are as follows:

- Expected term. We estimate the expected term based on the simplified method, which defines the expected term as the average of the contractual term and the vesting period.
- Risk-free interest rate. The risk-free interest rate is based on the yield curve of a zero coupon zero-coupon U.S. Treasury bond on the date the stock option award was granted with a maturity equal to the expected term of the stock option award.
- Expected volatility. We estimate the volatility of its common stock on the date of grant based on the average historical stock price volatility of comparable publicly-traded companies due to the lack of sufficient historical data for our common stock price.
- Expected dividend yield. Expected dividend yield is zero, as we have not paid and do not anticipate paying dividends on its common stock.

- All grants of stock options will have an exercise price equal to or greater than the fair value of our common stock on the date of grant. We will account for forfeitures as they occur.

All grants of stock options will have an exercise price equal to or greater than the fair value of our common stock on the date of grant. We will account for forfeitures as they occur.

Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases, and subsequent related updates to lease accounting (collectively “Topic 842”), which requires lessees to recognize right-of-use assets, representing their right to use the underlying asset for the lease term, and lease liabilities on the balance sheet for all leases with terms greater than 12 months. The guidance also modifies the classification criteria and the accounting for sales-type and direct financing leases by lessors. Additionally, the guidance requires qualitative and quantitative disclosures designed to assess the amount, timing and uncertainty of cash flows arising from leases.

Topic 842 is effective and was implemented for our company beginning January 1, 2022. ASU 2016-12 “Financial Instruments–Credit Losses” (Topic 326). The standard ASU 2016-13 requires the use of an impairment methodology that reflects an estimate of expected credit losses, measured over the contractual life of an instrument, based on information about past events, current conditions, and forecasts of future economic conditions. We adopted ASU 2016-13 on January 1, 2023 using the modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply.

Management does not believe that any other recently issued, but not yet effective, accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined in Rule 12b-2 under the Securities Exchange Act of 1934. As a result, pursuant to Item 305(e) of Regulation S-K, we are not required to provide the information required by this Item.

Item 4 - Controls and Procedures

(a) Management’s Evaluation of our Disclosure Controls and Procedures

Internal control over Our management, with the participation of our principal executive officer and our principal financial reporting is a process designed officer, has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, prior to provide filing this Annual Report on Form 10-K. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this Annual Report, our disclosure controls and procedures were not effective at the reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP. Under standards established by the Public Company Accounting Oversight Board, or PCAOB, level.

As a deficiency in public company, we are required to maintain internal control over financial reporting exists when the design or operation of a control does not allow management or personnel, and to report any material weaknesses in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. The PCAOB defines a material weakness as a deficiency, or combination of deficiencies, in those internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented, or detected and corrected, on a timely basis.

Prior to our initial public offering (“IPO”), consummated on August 11, 2022, we operated as a private, closely held company that was funded by our principals with no third-party investment. As a private company we did not undertake annual audits of our financial statements in the ordinary course, and were not subject controls. With respect to the rules and regulations that now apply to us following our IPO, including those relating to internal controls and periodic reporting. In connection with our recent audits of our financial statements, year ended December 31, 2023, we have identified material weaknesses in our internal control controls over financial reporting with respect to our periodic and annual financial close processes. As historically constituted, our human resources, processes and systems did not enable us to produce accurate financial statements on a timely basis.

Our management, with the participation While we deem this type of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, prior to filing this Quarterly Report on Form 10-Q. Based on this evaluation, and as a result of the material weakness typical in our internal control over financial reporting described above and as described a closely held, private company, in our Annual Report, our principal executive officer and principal financial officer concluded that, as preparation of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were not effective at the reasonable assurance level.

(b) Remediation Plan

We becoming a public company, we commenced a remediation plan which includes included the hiring of additional, qualified financial and accounting personnel, and engagement of specialized external resources, including the outsourcing of a portion of our accounting department functions to a qualified accounting firm. We also have formed an audit committee of independent directors. As part of our remediation plan, we also are in the process of adopting other implemented entity-level controls, which includes and continue to do so. Our auditors have identified need to further and properly segregating segregate duties among appropriate personnel, education and training of applicable management and financial personnel, and improvements in

the process and system used to monitor and track the effectiveness of underlying business process controls. Full implementation of this plan will require additional time and the devotion of material resources.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control - Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that our internal control over financial reporting was ineffective as of December 31, 2023 as a result of the material weakness described above.

This Annual Report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

Changes in Internal Control Over Financial Reporting

We continue to execute on our plan to remedy the material weakness, as described above, including (i) initiating a full internal review and evaluation of key processes, procedures and documentation and related control procedures, and the subsequent testing of those controls and (ii) implementing policies and procedures focusing on enhancing the review and approval of all relevant data to support our assumptions and judgments in non-routine and complex transactions appropriately and timely and documenting such review and approval. We are early in the will continue this process of this remediation, remediation during 2024. We have also have made organizational changes and trained our employees in order to strengthen and improve our internal controls over financial reporting. Full implementation of this plan will require time and the devotion of material resources.

Management believes that these measures will remediate the identified material weakness. While we have completed our initial testing of these new controls and have concluded they are in place and operating as designed, we are monitoring their ongoing effectiveness, and will consider the material weakness remediated after the applicable remedial controls operate effectively for an additional period of time.

(c) Changes in Internal Control Over Financial Reporting

During the three months ended September 30, 2023, other than the changes described Except as otherwise stated above, in "Remediation Plan," there were was no changes change in our internal controls control over financial reporting that have occurred during the period covered by this report that has materially affected, or are is reasonably likely to materially affect, our internal control over financial reporting.

(d) Inherent Limitations on Effectiveness of Controls

In designing and evaluating disclosure controls and procedures, our management recognizes that any system of controls, however well designed and operated, can provide only reasonable assurance, and not absolute assurance, that the desired control objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals in all future circumstances. Accordingly, our disclosure controls and procedures are designed to provide reasonable, but not absolute, assurance that the objectives of our disclosure control system are met and, as set forth above, our principal executive officer and our principal financial officer have concluded, based on their evaluation as of the end of the period covered by this quarterly report, that our disclosure controls and procedures were not effective to provide reasonable assurance that the objectives of our disclosure control system were met.

Part II - Other Information

Item 1 - Legal Proceedings

FromIn the course of our operations, we become party to litigations, disputes, and regulatory compliance issues from time to time. We are currently, and expect to be in the future, party to various actions that require us to spend time and resources that could otherwise be applied to the management of our operations. However, we are not currently party to any litigations, disputes or regulatory actions that management believes would be materially adverse, individually or in the aggregate, to the operations or financial condition of our company if such actions were to be adjudicated or settled in a manner adverse to us.

Current litigations to which we are party include those that stem from our legacy apartment rental business, in which we are no longer engaged. As disclosed in our prior Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K, our company wound down the commercial operation of approximately 1,000 residential apartments across 11 cities towards the end of 2021 and continued wind down of residential-based operations in 2022 to focus our operations exclusively on leasing entire hotel properties. This process gave rise to certain litigations, the vast majority of which has been resolved. With respect to any remaining claims relating to our legacy operations, we are either engaged in settlement discussions or have determined to defend and in some cases, counterclaim, such actions.

In connection with our wind down of these legacy operations, we voluntarily initiated discussion with the City of New York with respect to any violations resulting from our legacy business under applicable City of New York short-stay rental prohibitions and related regulations. We entered into a settlement with the City of New York with respect to the foregoing in March 2024, as further described in our Annual Report on Form 10-K for the year ended December 31, 2023 under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Regulations Governing Short-Term Rentals."

As a public company, we could be subject from time to time to class action or other litigations brought by or on behalf of stockholders of our company. As of the Company may be a date of this Quarterly Report, we are party to certain legal proceedings, incidental a class action brought in the United States District Court Southern District of New York entitled *Janice Pack, Individually and on Behalf of All Others Similarly Situated, as Plaintiff, vs. LuxUrban Hotels Inc., Ferdinand and Shanoop Kothari, as Defendants, alleging, among other causes of action, securities*

violations in connection with our disclosure of the opening of a hotel for which a definitive lease had not then been executed and delivered. The parties to that proposed hotel opening had begun working toward a transaction in early fall 2023. We believed based on correspondence received that the material terms of the transaction had been agreed to. In addition, there was a commitment by a qualified banking institution to fund the letter of credit required under the proposed lease in a form agreeable by the landlord; however, a complete set of definitive agreements relating to the normal course lease were not entered into by the parties. The noncompletion of our business. We are this proposed lease transaction did not currently a party to any pending or threatened legal proceedings that we believe could and will not have a material adverse effect on our business operations or financial condition.

Although the Company does not expect results. However, based on currently available information, that the outcome complexity and multi-step process of closing long-term leases on hotel properties (and the related letter of credit and similar requirements), in any pending matters, individually or collectively, 2024 and going forward, we will only announce acquisitions when they are opened for hosting guests and the entire lease execution and letter of credit process has been completed.

Our business has grown in size and complexity as we have shifted our business focus to hotel operations. Hotel operations require the implementation and management of a material adverse effect on its financial position or results wide array of resources, services and processes, including employment management policies and systems, insurance coverages, booking and guest management infrastructure, property tax management and payment systems, and security and fire safety infrastructure and processes. The management of our operations involves relationships with a multitude of third parties, including unionized and nonunion labor, hotel guests, outside hotel management and services providers, booking services providers, credit card processing companies, and hotel maintenance and service companies. While the company continually refines operations, the ultimate outcome is inherently unpredictable. The Company regularly assesses all complexity presents an environment where claims are likely to arise from time to time in the course of its litigation operations. Current litigations also include claims related to our hotel-focused operations, including claims related to building maintenance fees, lease payment obligations, brokerage fees and threatened litigation as third-party service provider payments. With respect to the probability any current claims relating to our hotel operations, we are either engaged in settlement discussions or have determined to defend and in some cases, counterclaim, such actions.

We currently employ approximately 509 employees across our operations and book thousands of ultimately incurring a liability and records its best estimate guests annually in our properties. As of the ultimate loss in situations where it assesses the likelihood of loss as probable and estimable. In this regard, the Company establishes accrual estimates for its various lawsuits, claims, investigations and proceedings when it is probable that an asset has been impaired or a liability incurred at the date of this Annual Report, we have no current material litigation involving our employees or guests. However, it is possible that we could be subject to litigation brought by employees or guests from time to time in the financial statements course of our operations. Such matters could include slip in fall cases, discrimination cases, building maintenance, insurance claims, employee claims, and others.

As of March 31, 2024, we had accrued an aggregate of \$7.7 million for all anticipated liabilities associated with our current litigation and regulatory actions. Management believes that the loss counterclaims the company has in connection with these actions could offset all or a portion of such anticipated liabilities, although there can be reasonably estimated. As of September 30, 2023, we have \$1.4 million accrued for legal matters. The Company believes the accrual best estimates no assurance than any counterclaims will be successful. Assuming the most likely adverse outcomes, we expect aggregate liabilities from current litigations to comprise less than 1% of these matters, however our anticipated revenues for 2024. After giving effect to the range above-noted settlement with the City of outcomes could be between \$1,250,000 – \$1,750,000. New York, we are not currently party to any regulatory or administrative proceedings.

Item 1A - Risk Factors

As of September 30, 2023 March 31, 2024, there have been no material changes in our risk factors from those set forth under the heading Part I, “Item 1A. Risk Factors” in our Annual Report. Report for the year ended December 31, 2023. The risks described in the Annual Report are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially adversely affect the Company.

Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

Sales of unregistered securities during During the nine three months ended September 30, 2023 included: March 31, 2024, we issued an aggregate of 312,671 shares on an unregistered basis comprised of 30,087 shares issued as commission on real estate lease transactions, 59,784 for services in lieu of cash payment, 197,800 issued to our independent board members under our independent director compensation policy, and 25,000 shares as part of employee compensation.

Warrant Exercises Use of Proceeds

For a discussion of the Warrant Exercises, refer to the discussion under “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations-Financing Activities,” and Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations-Subsequent Events” which is incorporated by reference into this Item 2.

Advisory Shares

For a discussion of the Advisory Shares, refer to the discussion under “Item 2 Management’s Discussion and Analysis of Financial Condition and Results of Operations- Financing Activities,” which is incorporated by reference into this Item 2. The Company willWe did not receive generate any cash proceeds from the issuance sales of the Advisory Shares. above-described shares.

Revenue Shares

For a discussion of the Revenue Shares, refer to the discussion under “Item 2 Management’s Discussion and Analysis of Financial Condition and Results of Operations- Financing Activities,” which is incorporated by reference into this Item 2. The Company will not receive any proceeds from the issuance of the Advisory Shares.

Use of Proceeds

The proceeds from the offer, sale, and issuance of shares of common stock described in the preceding paragraphs have been or will be used to fund letter-of-credit based security deposits for our newly leased properties.

Exemptions from Registration

The offer, sale, and issuance of the shares of common stock described in the preceding paragraphs were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act or Rule 506 of Regulation D promulgated thereunder, as a transaction by an issuer not involving a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was either an accredited investor within the meaning of Rule 501 of Regulation D under the Securities Act or had adequate access, through employment, business, or other relationships, to information about the Company.

Item 3 - Defaults Upon Senior Securities

None.

None.

Item 4 - Mine Safety Disclosures

Not applicable.

Item 5 - Other Information

Appointment Management Transitions

The Company has been engaged in a dedicated effort to enhance its management and operations teams through the recruitment of Shanoop Kothari as Co-Chief Executive Officer.

On November 8, 2023, pursuant to a resolution of the Board of Directors of the Company, the Company announced that Shanoop Kothari was appointed as Co-Chief Executive Officer of the Company. Biographical talented directors and other information about Mr. Kothari can be found officers who possess meaningful and broad experience in the Company's Proxy Statement filed in connection with the Company's 2023 Annual Meeting hotel and online travel services industries, as well as business development expertise. As part of Stockholders filed with the Securities and Exchange Commission on June 5, 2023 (the "2023 Proxy Statement"), which is incorporated by reference herein.

There are no arrangements or understandings between Mr. Kothari and any other person pursuant to which he was selected for the position of Co-Chief Executive Officer. In addition, there are no family relationships between Mr. Kothari and any directors or executive officers of the Company. The transactions that are required to be reported under Item 404(a) of Regulation S-K between Mr. Kothari and the Company are described in the Company's 2023 Proxy Statement, which description is incorporated herein by reference, and the Company's subsequent filings with the Securities and Exchange Commission.

In connection with Mr. Kothari's appointment as Co-Chief Executive Officer, the Company and Mr. Kothari entered into the First Amendment to Employment Agreement by and between the Company and Mr. Kothari, dated November 8, 2023 (the "Amended Employment Agreement"). The Amended Employment Agreement provides that Mr. Kothari's Annual Equity Awards (as defined therein) may be comprised of restricted stock units, among other types of equity awards.

Resignation of Kevin Mikolashek as Chief Compliance Officer

On November 8, 2023 these efforts, effective April 22, 2024, the Company announced that Kevin Mikolashek resigned as Chief Compliance Officer of implemented the Company, effective immediately, due to health reasons. Mr. Mikolashek's decision to resign was not caused by any disagreement with the Company, its management or the Board, its auditors or its financial statements, or any matter relating to the Company's operations, policies or practices. Currently, the Company is evaluating candidates to serve as a non-executive general counsel and expects to appoint such general counsel during 2023.

Employment of Matthew Ulmann as General Counsel following:

On November 8, 2023, the Company announced that Matthew Ulmann has been hired as General Counsel of the Company, effective immediately.

Mr. Ulmann earned his Bachelor of Arts from the State University of New York at Buffalo, and his Juris Doctor from New York Law School. Upon graduating law school, Mr. Ulmann represented multiple real estate holding companies at a large, international law firm. He subsequently served as a law clerk for the Honorable Anil C. Singh in the New York State Supreme Court, Commercial Division and New York State Appellate Division, First Judicial Department. Mr. Ulmann will be responsible for overseeing the Company's legal functions, reporting to Mr. Ferdinand and Mr. Kothari, the Company's Co-CEOs.

Greenle Letter Agreement

The Company previously entered into:

- Elan Blutinger, a Securities Purchase Agreement, dated as hotel and travel technology veteran and a member of May 27, 2022 (the "May Agreement"), between the Company and Greenle Partners LLC Series Alpha P.S. ("Greenle Alpha"); Company's board of directors, was named its Nonexecutive Chairman of the Board;
- a Securities Purchase Agreement, dated as of June 30, 2022, Shanoop Kothari, the Company's Co-Chief Executive Officer and amended by the letter agreement dated July 15, 2022, Addendum to Securities Purchase Agreement dated as of August 15, 2022 and the letter agreement dated September 16, 2022 (as amended, the "June Agreement"), between the Company and Greenle Alpha; acting Chief Financial Officer, was named its sole Chief Executive Officer;
- Brian Ferdinand, the Company's founder, stepped down as Chairman of the Board and Co-Chief Executive Officer and became a Securities Purchase Agreement, dated as of September 30, 2022, and amended by the letter agreement dated October 20, 2022 (as amended, the "September Agreement" and, together with the May Agreement and the June Agreement, the "Purchase Agreements"), between consultant to the Company, in which role he will oversee the management and Greenle Alpha; expansion of the Company's hotel properties portfolio and assist Mr. Kothari in his transition to sole Chief Executive Officer; and
- Andrew Schwartz, a Loan Agreement, dated respected financial industry veteran and credit, debt and equity financing expert, was elected as a member of November 23, 2022 (the "Loan Agreement" and collectively with the Purchase Agreements, the "Greenle Agreements"), among the Company, Greenle Alpha and Greenle Partners LLC Series Beta P.S. ("Greenle Beta" and, together with Greenle Alpha, "Greenle"), as supplemented or amended by a letter agreement dated February 17, 2023; Company's board of directors.

- a letter agreement between Greenle and

As part of the foregoing transitions, the Company dated February 13, 2023 (the "February 2023 Revenue Share Agreement"), as amended by the Revenue Share Exchange Agreement dated May 21, 2023 (the "May 2023 Letter Agreement")

- a letter agreement between the Company and Greenle dated June 19, 2023 (the "June 2023 Letter Agreement");

- a letter agreement between the Company and Greenle dated August 15, 2023 (the "August 15, 2023 Letter Agreement"); and

- a letter agreement between the Company and Greenle, dated August 31, 2023 (the “August 31, 2023 Letter Agreement” and collectively with the Purchase Agreements, the Greenle Agreements, the February 2023 Revenue Share Agreement, the May 2023 Letter Agreement, the June 2023 Letter Agreement and the August 15, 2023 Letter Agreement, the “Agreements”)

On November 6, 2023, we entered into a further Nonexecutive Chairman of the Board Agreement with Mr. Blutinger for a term of three years and will pay him an annual fee of \$100,000 cash and issue him an annual grant of 250,000 shares of our common stock (each such grant vesting in three equal annual installments).

As part of the foregoing transitions, the Company entered into a Consulting Agreement with Mr. Ferdinand for a term of three years and will pay him a monthly consulting fee of \$50,000, and continue material compensation and other terms of the employment agreement between our company and Mr. Ferdinand that was in effect immediately prior to April 22, 2024.

Amended and Restated Claw Back Policy

In November 2023, the Company adopted a claw back policy that provides for the recovery, or “claw back”, of erroneously awarded incentive-based executive compensation, as required by Rule 10D-1 under the Securities Exchange Act of 1934 (“Rule 10D-1”) and the Nasdaq listing requirements. In April 2024, the Company adopted a restated and amended version of that policy to add immaterial but clarifying provisions.

Sale Restriction Waiver

In April 2024, the Company secured from Greenle Partners LLC Series Alpha P.S. (“Greenle Alpha”) and Greenle Partners LLC Series Beta P.S. (“Greenle Beta” and, together with Greenle Alpha, “Greenle”) a waiver on the restrictions contained in its financing agreements with the Company that prohibits the Company’s sales of shares of common stock prior to November 2024 at per-share prices below \$5.00 (as may be adjusted for stock splits and similar transactions, the “Trigger Price”). The restriction on sales of common stock by the Company below the Trigger Price terminates in November 2024. This waiver permitted the Company to sell up to an aggregate of 15 million shares prior to November 2024 at prices below the Trigger Price. In consideration of this waiver, Greenle is entitled to be issued up to an aggregate of 2.8 million shares of our common stock (“Initial Greenle Waiver Shares”) from time to time upon written notice to our company. This waiver was amended in May 2024 to increase number of shares permitted to be sold by the Company at prices under the Trigger Price prior to November 2024 to the greater of (i) 30 million shares and (ii) \$30 million (based on the gross sale prices of such shares). In consideration of this waiver modification, Greenle is entitled to demand from time to time that the Company issue an amount of additional shares (the “Registration Rights Amendment “Additional Greenle Waiver Shares” and Warrant Letter Agreement” collectively with the Initial Greenle Shares and the Greenle Revenue Participation Shares, the “Greenle Shares”) equal to amend the Agreements to waive registration rights for any currently issued 0.22 shares of common stock for a period each share of 12 months and any future issuances for a rolling 12 month period from the date such common stock sold by the Company through November 6, 2024 in excess of 15 million shares at prices below the Trigger Price.

Termination of Partnership Agreement

In May 2024, in light of discussions between our Company and Wyndham on the initial and projected future performance of our properties within the franchise relationships, we commenced the return of all property listings to our control, terminating our franchise relationship with Wyndham. The Company is **issued** currently in the process of de-platforming these properties from Wyndham's systems and moving each hotel listing back under the Company's control. The Company expects that this process will be completed by the end of May 2024 with an outside date of 18 months from the date minimal operational disruption, although unforeseen risks could cause delays. As part of the **Registration Rights Amendment** Company's previously announced initiative to add industry depth and **Warrant Letter Agreement**. As more fully **described** breadth to its board of directors and management to help evolve operations, the Company's enhanced board and executive teams have reviewed all existing operational relationships. Given the Company's operating model, it was concluded that over the long term the Company would be better served operationally and financially by operating the hotels as an independent operator.

At this time, we have recorded the Development Incentive Advances as a current liability from long-term on our Condensed Consolidated Balance Sheets as well as included an additional \$2.6 million in accruals for all of the costs and potential additional liabilities related to this transition on our Condensed Consolidated Statement of Operations. However, we believe it is in the **Registration Rights Amendment** and **Warrant Letter Agreement**, Greenle's obligations thereunder are contingent upon best interest of both parties to mutually work out an agreeable outcome for the Company's ability to access debt or preferred capital under the terms and timing stated therein. Pursuant to the **Registration Rights Amendment** and **Warrant Letter Agreement**, the Company extended its existing registration rights obligations such that it is obligated to register the resale by Greenle **complete settlement** of (i) the shares of Common Stock issued or issuable pursuant to the February 2023 Revenue Share Agreement, the May 2023 Letter Agreement, the August 15 2023 Letter Agreement and the August 31, 2023 Letter Agreement and (ii) the shares of Common Stock underlying all outstanding warrants to purchase shares of Common Stock beneficially owned by Greenle (including the warrants to be issued pursuant to the **Registration Rights Amendment** and **Warrant Letter Agreement**) within one year after the date of each respective issuance of Common Stock; provided, however, that, whether or not any such shares of Common Stock have been issued, the Company will use its best efforts to cause all such registration statements to become effective within eighteen months of the date hereof, **this matter**.

As consideration for Greenle's execution of the **Registration Rights Amendment** and **Warrant Letter Agreement** the Company agreed to issue (i) Greenle Alpha a warrant to purchase 1,610,000 shares of Common Stock at an exercise price of \$4.00 per share and (ii) Greenle Beta a warrant to purchase 390,000 shares of Common Stock at an exercise price of \$4.00 per share. Subject to certain limitations contained in the **Registration Rights Amendment** and **Warrant Letter Agreement**, the Company will have the right to require Greenle to exercise such warrants at a trigger price of \$5.00, which would result in proceeds to the Company of \$8,000,000.

The foregoing summary of the **Registration Rights Amendment** and **Warrant Letter Agreement** is not complete and is qualified by reference to the full text of the **Registration Rights Amendment** and **Warrant Letter Agreement**, which is included as Exhibit 10.6 to this Quarterly Report on Form 10-Q and herein incorporated by reference.

Item 6 - Exhibits

Exhibit No.	Description
3.1	Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 (File No. 333-262114) filed with the SEC on January 12, 2022).
3.1.1	Certificate of Amendment to Certificate of Incorporation (incorporated by reference to Exhibit 3.1.1 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on April 15, 2022).
3.1.2	Certificate of Amendment to Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on November 2, 2022).
3.2	Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1 (File No. 333-262114) filed with the SEC on January 12, 2022).
3.3	Certificate of Conversion from LLC to "C" corporation (incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report Registration Statement on Form 10-Q S-1 (File No. 333-262114) filed with the SEC on May 9, 2023 January 12, 2022).
4.13.4	Certificate of Designations, Rights and Preferences for 13.00% Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.6 of our Form 8-A filed with the SEC on October 26, 2023).
4.1	Description of Registrant's Securities (incorporated by the reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on April 15, 2024).
4.2	Specimen common stock certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on January 31, 2022).
4.3	October 2021 Warrant (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on April 15, 2022).
4.3.1	Addendum to the THA Contingent Warrants (incorporated by reference to Exhibit 4.2.1 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on April 15, 2022).
4.4	November 2021 Warrant (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on April 15, 2022).
4.4.1	Addendum to the EBOL Contingent Warrants (incorporated by reference to Exhibit 4.3.1 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on April 15, 2022).
4.5	Form of Underwriter's Warrant (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on January 31, 2022).

4.6	Form of Warrant Agency Agreement (incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on January 31, 2022).
4.7	Form of May/June 2022 Warrant (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on July 11, 2022).
4.8	Form of 2022 Investor Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K/A 8-K filed with the SEC on September 1, 2023 September 22, 2022).
4.24.9	Representative's Warrant (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed with the SEC on August 16, 2022).
4.10	Form of September 2022 Investor Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on September 30, 2022).
4.11	Specimen Preferred Stock Certificate of Designations of representing the Company shares of the 13.00% Series A Cumulative Redeemable Preferred Stock par value \$0.00001 per share (incorporated by reference to Exhibit 3.6 4.1 of the Company's our Form 8-A filed with the SEC on October 26, 2023); October 26, 2023).
10.1	2022 Performance Equity Plan (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1 (File No. 333-262114) filed with the SEC on January 12, 2022).
10.2	Employment Agreement with Brian Ferdinand (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on July 22, 2022).
10.2.1	Amendment to Employment Agreement of Brian Ferdinand (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on March 5, 2024).
10.3	Amended and Restated Employment Agreement with Shanoop Kothari (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on March 5, 2024).
10.4	Employment Agreement with Robert Arigo ((incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 5, 2024).
10.5	Amended and Restated Employment Agreement with Jimmie Chatmon ((incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on March 5, 2024)
10.6	Employment Agreement with Brandon Elster ((incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on March 5, 2024).
10.7	Employment Agreement with Karl Rothman (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on July 22, 2022).
10.8	Form of Franchise Directors and Officers Indemnification Agreement (incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on January 31, 2022).
10.9	Securities Purchase Agreement, dated as May 27, 2022 (incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on July 11, 2022).
10.10	Amendment No. 1, dated June 30, 2022, to Securities Purchase Agreement, dated May 27, 2022 (incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on July 11, 2022).
10.11	Securities Purchase Agreement, dated June 30, 2022 (incorporated by reference to Exhibit 10.15 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on July 11, 2022).
10.12	Form of August 2, 2023, May/June 2022 Note (incorporated by reference to Exhibit 10.16 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on July 11, 2022).
10.13	Form of Security and between Guaranty Agreement Related to the Company, May/June 2022 Notes (incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on July 11, 2022).
10.14	Amended and Restated Registration Rights Agreement (incorporated by reference to Exhibit 10.18 to the franchisor named therein Company's Registration Statement on Form S-1/A (File No. 333-262114) filed with the SEC on July 11, 2022).
10.15	Form of September 2022 Investor Note (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 2, 2023) September 30, 2022).
10.2+10.16	EmploymentForm of September 2022 Investor Purchase Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 30, 2022).
10.17	Amended and between LuxUrban Hotels Inc. Restated Security and Brian Ferdinand, dated August 7, 2023 Guaranty Agreement (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on September 30, 2022).
10.18	Amended and effective as of October 1, 2023 Restated Registration Rights Agreement (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on September 30, 2022).
10.19	Addendum to September 2022 Investor Purchase Agreement (incorporated by reference to Exhibit 10.5 to of the Company's Quarterly Current Report on Form 10-Q 8-K/A filed with the SEC on August 8, 2023 October 20, 2022).
10.3+10.20	EmploymentForm of Hotel Management Agreement by and between LuxUrban Hotels Inc. and Shanoop Kothari, dated August 7, 2023 and effective as of October 1, 2023 (incorporated by reference to Exhibit 10.6 10.1 to the Company's Quarterly Current Report on Form 10-Q 8-K filed with the SEC on August 8, 2023 November 8, 2022).

10.4†10.21	Employment Agreement, by and between LuxUrban Hotels Inc. and Jimmie Chatmon, dated August 7, 2023 and effective as of October 1, 2023 November 2022 Investor Note (incorporated by reference to Exhibit 10.7 10.1 to the Company's Quarterly Current Report on Form 10-Q 8-K filed with the SEC on August 8, 2023 November 28, 2022). [†]
10.510.22	August 31, Loan Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on November 28, 2022). [†]
10.23	Revenue Share Agreement (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on November 28, 2022). [†]
10.24	Transition Services Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 2, 2022).
10.25	Note Extension and Conversion Agreement, dated December 20, 2022 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 20, 2022).
10.26	Restricted Stock Award Agreement (Shanoop Kothari) (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on December 20, 2022).
10.27	Revenue Share Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2023). [†]
10.28	February 2023 Letter Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K/A 8-K filed with the SEC on September 1, 2023 February 21, 2023).
10.6*10.29	Amendment No. 1 to the Amended and Restated Security and Guaranty Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on February 21, 2023).
10.30	Revenue Share Exchange Agreement dated May 21, 2023 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 23, 2023).
10.31	June 2023 Letter Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 20, 2023).
10.32	Registration Rights Amendment and Warrant Letter Agreement dated November 6, 2023 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 1, 2023).
10.7*10.33	Amended No. 1 November 2023 Letter Agreement (incorporated by reference to Employment Agreement, by and between LuxUrban Hotels Inc. and Shanoop Kothari, dated Exhibit 10.6 to the Company's Quarterly Report for the Nine Months Ended September 30, 2023 filed with the SEC on November 8, 2023,).
31.1*10.34	Section 302 Certification December 2023 Letter Agreement (incorporated by Chief Executive Officer , reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 18, 2023).
31.2*10.35	Section 302 Certification Second December 2023 Letter Agreement (incorporated by Chief Financial Officer , reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 29, 2023).
32.1**10.36	Section 906 Certification April 2024 Letter Agreement (incorporated by Chief Executive Officer , reference to Exhibit 10.36 to the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2024).
32.2** 10.36.1	Section 906 Certification by Chief Financial Officer, May 2024 Modification to April 2024 Letter Agreement) ⁽¹⁾
101.INS*21.1	List of Subsidiaries of the Registrant (incorporated by reference to Exhibit 10.36 to the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2024).
31.1	Certificate of Principal Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. ⁽¹⁾
31.2	Certificate of Principal Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. ⁽¹⁾
32.1	Certificate of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. ⁽¹⁾
32.2	Certificate of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. ⁽¹⁾
Exhibit 101.INS	Inline XBRL Instance Document. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. Document
101.SCH*Exhibit 101.SCH	Inline XBRL Taxonomy Extension Schema Document. Document
101.CAL*Exhibit 101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document. Document
101.DEF*Exhibit 101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document. Document
101.LAB*Exhibit 101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document. Document
101.PRE*Exhibit 101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document. Document

* (1) Filed herewith herewith.

** Furnished herewith

† Management contract or compensatory plan. Certain of the exhibits and schedules to this agreement have been omitted in accordance with Regulation S-K Item 601(a)(5). The Company agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon request.

SIGNATURES

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

LUXURBAN HOTELS INC.

Dated: November 8, 2023

By: /s/ Brian Ferdinand

Brian Ferdinand

Co-Chief Executive Officer and Chairman of the Board

(Principal Executive Officer)

Dated: November 8, 2023 May 13, 2024

By: /s/ Shanoop Kothari

Shanoop Kothari

President, Co-Chief Chief Executive Officer, Chief Financial Officer and Secretary

(Principal Financial Officer)

Exhibit 10.6 10.36.1

LUXURBAN HOTELS INC. Modification

2125 Biscayne Boulevard

Suite 253

Miami, Florida 33137

November 6, 2023 (May 10, 2024)

Reference is made to the letter agreement (“April 2024 Agreement”), dated April 12, 2024, between LuxUrban Hotels Inc. and each of Greenle Partners LLC Series Alpha P.S.

156 W Saddle River Road

Saddle River, New Jersey 07458

Greenle Partners LLC Series Beta P.S.

156 W Saddle River Road

Saddle River, New Jersey 07458

Gentlemen:

Reference is made to (i) the Securities Purchase Agreement dated as of May 27, 2022 (the “May Agreement”) between LuxUrban Hotels Inc. (formerly known as CorpHousing Group, Inc.), a Delaware corporation (the “Company”), and Greenle Partners LLC Series Alpha P.S., a Delaware limited liability company P.S. (“Greenle Alpha”), (ii) the Securities Purchase Agreement dated as of June 30, 2022 and amended by the letter agreement dated July 15, 2022, Addendum to Securities Purchase Agreement dated as of August 15, 2022 and the letter agreement dated September 16, 2022 (as amended, the “June Agreement”) between the Company and Greenle Alpha, (iii) the Securities Purchase Agreement dated as of September 30, 2022 and amended by the letter agreement dated October 20, 2022 (as amended, the “September Agreement” and, together with the May Agreement and the June Agreement, the “Purchase Agreements”) between the Company and Greenle Alpha, (iv) the Loan Agreement dated as of November 23, 2022 (the “Loan Agreement”) among the Company, Greenle Alpha and Greenle Partners LLC Series Beta P.S., a Delaware limited liability company (“Greenle Beta” and together with Greenle Alpha, “Greenle”). This Modification, dated as of May 10, 2024 (this “Modification”), as supplemented or amended by the letter agreement dated February 17, 2023¹, (v) the letter agreement between Greenle and the Company dated February 13, 2023 pursuant to which, among other matters, shall implement certain future Revenue Share payments were converted changes to the obligation by April 2024 Agreement as set forth herein. Any capitalized terms not defined herein shall have the Company meanings ascribed to issue shares of Common Stock (the “February 2023 Revenue Share Agreement”), (vi) them in the letter April 2024 Agreement.

This Modification will confirm our understanding and agreement between Greenle and the Company dated April 16, 2023 pursuant to which, among other matters, the Company agreed to register for resale the Common Stock issuable upon the exercise that, in consideration of the Warrants held by Greenle and pursuant to respective modifications of the February 2023 Revenue Share April 2024 Agreement (the “April 2023 Letter Agreement”), (vii) the Revenue Share Exchange Agreement dated May 21, 2023 between of the Company and Greenle pursuant to which,

among other matters, Greenle agreed to terminate any and all rights to receive cash revenue share payments under the Purchase Agreements, the Loan Agreement and the February 2023 Revenue Share Agreement, except for the share issuances and cash payments required to be made by the Company to Greenle under Sections (i)(a) and (i)(b) of the February 2023 Revenue Share Agreement and the Company

¹ NTD: See 8-K filed February 21, 2023 ([link](#)).

agreed to issue up to an aggregate of 6,740,000 shares of Common Stock from time to time upon Greenle's written direction (the "May 2023 Letter Agreement"), (viii) the letter agreement between the Company and Greenle dated June 19, 2023 pursuant to which, among other matters, the parties agreed to restructure the Company's obligation to issue the remaining shares of Common Stock pursuant to Section (i)(a) of the February 2023 Revenue Share Agreement, such that Greenle would need to provide written direction to the Company to be issued all or a portion of such shares (the "June 2023 Letter Agreement"), (vix) the letter agreement between the Company and Greenle dated June 19, 2023 pursuant to which, among other matters, the Company agreed to register for resale the Common Stock issuable upon the exercise of the Warrants held by Greenle pursuant to the April 2023 Letter Agreement (the "Second June 2023 Letter Agreement") and (vx) the letter agreement between the Company and Greenle dated August 15, 2023 pursuant to which, among other matters, the Company agreed to issue 300,000 shares of Common Stock in lieu of certain cash payments owed to Greenle under Section (i)(b) of the February 2023 Revenue Share Agreement upon Greenle's written direction (the "August 2023 Letter Agreement," and collectively with the Purchase Agreements, Loan Agreement, the February 2023 Revenue Share Agreement, the April 2023 Letter Agreement, the May 2023 Letter Agreement, the June 2023 Letter Agreement and the Second June 2023 Letter Agreement, the "Agreements"). Terms used but not defined herein have the respective meanings set forth in the Purchase Agreements.

The Company and Greenle entered into a letter agreement dated August 31, 2023 pursuant to which, among other matters, the parties agreed to amend the Agreements to extend the Company's resale registration obligations under the Agreements and the Company agreed to issue Greenle additional warrants, with the effectiveness of such letter agreement subject to the consummation by the Company on or prior to October 15, 2023 of an offering (the "Offering Condition") of non-convertible debt securities or non-convertible preferred stock for gross proceeds of at least \$10 million (the "Registration Rights Amendment and Warrant Letter Agreement"). The Company and Greenle entered into a letter agreement dated October 11, 2023 that extended the deadline of the Offering Condition until November 15, 2023 (the "October 2023 Extension Amendment").

In consideration of the respective agreements of the Company set forth herein, the sufficiency of which is hereby acknowledged by the such parties, the Company, Greenle Alpha and Greenle Beta acknowledge and agree as follows:

- (i) 1. Extension Section 1(a) of Securities Act Registration Obligations. The Agreements are the April 2024 Agreement is hereby amended effective and restated in its entirety as follows:

"Notwithstanding Section (iv) of the Registration Rights Amendment and Warrant Letter Agreement, the Company shall be permitted, without further waiver or consent from Greenle, to sell at prices below the then-applicable Trigger Price (currently \$5.00 per share) up to an aggregate of the greater of (i) 30 million shares and (ii) \$30 million (based on the gross sale prices of such shares) (such greater amount, the "Aggregate Share Cap" and such shares sold below the Trigger Price, the "Waiver Shares") of its Common Stock from time to time on such terms and in such private or public transactions (including offerings in which insiders of the Company may purchase alongside third party investors) as the Company deems advisable in its discretion, including sales of shares of its Common Stock (or other securities or debt instruments exercisable or convertible into shares of its Common Stock) at any per-share price and with any exercise or conversion price per share it determines, and shall not be limited by any restriction set forth in the Registration Rights Amendment and Warrant Letter Agreement (including but not limited to any trigger price restriction or price limitation or floor); provided however, that (i) the aggregate number of shares or aggregate offering price of shares of Common Stock sold by the Company (including shares underlying (A) exercisable or convertible securities (other than (1) shares underlying options or restricted stock granted to employees under a Company equity incentive plan or other Exempt Securities and (2) shares underlying warrants or other securities owned by Greenle or affiliates thereof) or (B) debt instruments, in all cases sold after the date hereof, shall not exceed the Aggregate Share Cap and (ii) the Company shall be prohibited from effecting or entering into an agreement to effect any issuance by the Company or any of its subsidiaries of Common Stock or Common Stock Equivalents (or a combination of units thereof) involving a Variable Rate Transaction. "Variable Rate Transaction" means a transaction in which the Company (i) issues or sells any debt or equity securities that are convertible into, exchangeable or exercisable for;

or include the right to receive, additional shares of Common Stock either (A) at a conversion price, exercise price or exchange rate or other price that is based upon, and/or varies with, the trading prices of or quotations for the shares of Common Stock at any time after the initial issuance of such debt or equity securities or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Stock or (ii) enters into, or effects a transaction under, any agreement, including, but not limited to, an equity line of credit, whereby the Company may issue securities at a future determined price. At-the-market transactions, committed equity financings, and other transactions that result in the direct sale from time to time of the Company's Common Stock based on then current market prices of the Common Stock shall not be deemed Variable Rate Transactions."

2. Section 2(a) of the Closing (as defined below), so that April 2024 Agreement is hereby amended and restated in its entirety as follows:

"For no additional consideration, (a) on April 12, 2024, the Company agreed to issue an aggregate of 2,800,000 shares of Common Stock as follows: (1) to Greenle Alpha up to an aggregate of 2,254,000 shares of Common Stock and (2) to Greenle Beta up to an aggregate of 546,000 shares of Common Stock (collectively, the "Original Waiver Shares") and (b) the Company shall issue an additional number of shares of Common Stock equal to 0.22 shares of Common Stock (the "Supplemental Waiver Shares") and, collectively with the Original Waiver Shares, the "Additional Shares") for each Waiver Share sold by the Company through November 6, 2024 in excess of 15 million shares (the "Excess Waiver Shares"). The Company shall provide written notice to Greenle within two (2) Trading Days of each sale of such Excess Waiver Shares (the "Notice"), which shall include the date of sale and the number of Excess Waiver Shares sold by the Company and the amount of shares issuable to Greenle Alpha, which shall be 80.5% of such Supplemental Waiver Shares, and Greenle Beta, which shall be 19.5% of such Supplemental Waiver Shares.

In each case, the Additional Shares shall be issued (i) only upon the written direction from Greenle Alpha or Greenle Beta, as the case may be, to the Company (each an "Additional Shares Issuance Notice") delivered from time to time on and after the date of this Agreement, up to the total aggregate amount of Additional Shares to which such Person is entitled pursuant to this paragraph 2(a) and (ii) within three (3) Trading Days of the Company's receipt of the applicable Additional Shares Issuance Notice.

3. Section 9 is hereby added to the end of the April 2024 Agreement:

"9. In consideration of the issuance promptly following the execution of this Agreement (and in any case, within five (5) days of the date of execution of this Modification) of 300,000 shares of Common Stock to Greenle, Greenle immediately and completely waives any and all rights it has under any of the Agreements to prohibit, or to include Greenle's shares of Common Stock in, any registration statement or prospectus supplement filed in connection with the registration of the issuance or resale of any Waiver Shares and further agrees that the Company shall not be obligated to file any resale registration statement with respect to the shares of Common Stock issued or issuable to Greenle under any of the Agreements prior to November 30, 2024; provided, however, that the Company agrees to de-legend the shares of Common Stock issued or issuable to Greenle under any of the Agreements after the six (6) month holding period has elapsed; provided, further that any such de-legending shall not be deemed to relieve or modify any sale or transfer restrictions specifically set forth in the Agreements, including, but not limited to, those in Section (g) of the May 2023 Letter Agreement (as amended by the April 2024 Agreement).

4. Section 10 is hereby added to the end of the April 2024 Agreement:

"10. If the aggregate number of shares of Common Stock issuable to Greenle under this Modification, the April 2024 Agreement or the Revenue Share Agreements shall exceed that number permitted under Nasdaq Rule 5635(d) absent the prescribed approval of the Company's stockholders, the Company shall be obligated to issue that number of shares of Common Stock up to that amount that would not trigger such Rule and thereafter the Company shall use its commercially reasonable best efforts to obtain the stockholder approval necessary to issue any remainder number of shares of Common Stock to which Greenle is entitled and in connection with any proposed vote with respect to the same, Brian L. Ferdinand shall execute a written consent of the majority stockholders (if action is to be taken by written consent in lieu of meeting) or shall deliver to the Company (with a copy to Greenle) an irrevocable voting proxy (if action is to be taken through a duly notified meeting of the stockholders of the Company) with respect to all shares then beneficially owned by him in customary form.

5. Within three (3) business days following the delivery of each Notice, the Company is obligated will instruct the Transfer Agent to register under an effective registration statement reserve the Supplemental Waiver Shares issuable to Greenle pursuant to the terms of this Modification and thereafter promptly provide satisfactory evidence of the same to Greenle and its legal counsel; provided, that such reservation shall initially be based on Form S-3 under the Securities Act the resale 3 million Supplemental Waiver Shares and promptly modified from time to time by Greenle Alpha or Greenle Beta as warranted. Further, within 14 days of (A) the shares of Common Stock issued or issuable pursuant to the February 2023 Revenue Share Agreement, the May 2023 Letter Agreement and the August 2023 Letter Agreement and (B) the shares of Common Stock underlying all outstanding warrants to purchase shares of Common Stock beneficially owned by Greenle and the warrants to be issued pursuant to paragraph (ii) of this letter agreement, is hereby extended to one year after (x) the date of each respective issuance this Modification, Brian Ferdinand, Shanoop Kothari, Greenle, and Jimmie Chatmon shall execute a written consent of Common Stock referred to in (A) the majority stockholders of this paragraph (i) and (y) the date of each respective issuance of warrants referred to in (B) of this paragraph (i), as applicable; *provided, however*, that, whether or not any such shares of Common Stock referred to in (A) of this paragraph (i) have been issued, the Company will use its best efforts in lieu of meeting to cause all such registration statements to become effective within eighteen months of the date hereof. With respect approve an amendment to the Company's registration obligations hereunder, Greenle Alpha and Greenle Beta shall have certificate of incorporation to increase the benefit authorized shares of all of the covenants and indemnification and contribution obligations of the Company, common stock from 90 million to 200 million (the "Charter Amendment") and the Company shall have promptly file a preliminary information statement ("Information Statement") with the benefit of all of the covenants and indemnification and contribution obligations of Greenle, contained in the Amended and Restated Registration Rights Agreement dated September 30, 2022.
- (ii) **Issuance of Warrants.** The Company shall issue to Greenle Alpha a warrant in substantially the form and on the terms set forth on the form of warrant filed as Exhibit 4.1 on the Company's Form 8-K/A filed with the Securities and Exchange Commission (the "Commission" ("SEC")) with respect to same, and promptly respond to any comments thereto from the SEC. The Company shall thereafter promptly file a definitive Information Statement and mail the information statement to all stockholders and file on September 1, 2023 (an "Additional Warrant") or about the 21st day after mailing of same, the Charter Amendment with the Secretary of State of the State of Delaware. Notwithstanding anything to purchase 1,610,000 shares the contrary contained herein, if any Supplemental Waiver Shares are earned hereunder, same shall not be demanded by Greenle or issuable by the Company issuable until the filing and effectiveness of Common Stock at an exercise price the Charter Amendment.
6. The Company hereby represents that its board of \$4.00 per share directors has approved the terms of this Modification, including the issuance of the Supplemental Waiver Shares, and shall issue to Greenle Beta an Additional Warrant to purchase 390,000 shares the execution and delivery of Common Stock at an exercise price of \$4.00 per share. The time at which the Additional Warrants are duly executed and delivered to Greenle Alpha and Greenle Beta is referred to herein as same by the "Closing". Company.
- (iii) 7. **Mandatory Exercise of Warrants or Conversion of Notes.** At any time after the date on which the registration statement filed pursuant to paragraph (i) above covering the resale Except as set forth herein, all terms and provisions of the shares of Common Stock issuable upon exercise of April 2024 Agreement and the Additional Warrants is declared effective by the Commission, the Company Agreements shall have the right to deliver to Greenle Alpha or Greenle Beta a written direction (a "Mandatory Direction") to exercise outstanding Additional Warrants then held by Greenle Alpha or Greenle Beta, as the case may be, continue in full force and upon receipt by Greenle Alpha or Greenle Beta, as the case may be, of a Mandatory Direction, such holder of Additional Warrants shall exercise such Additional Warrants, subject to the following terms and conditions: effect.
- (a) The Company may only deliver a Mandatory Direction with respect to an outstanding Additional Warrant if (A) the shares of Common Stock underlying such Additional Warrant are registered for resale by the holder of such Additional Warrant pursuant to an effective registration statement filed by the Company under the Securities Act, (B) the aggregate dollar volume of the Common Stock sold on the Principal Trading Market over the ten (10) consecutive trading days immediately preceding the date on which the Mandatory Direction is delivered by the Company to Greenle Alpha or Greenle Beta, as the case may be, is at least \$3,250,000, (C) the VWAP of the Common Stock on each of the three (3) trading days immediately preceding the date on which the Mandatory Direction is delivered by the Company to Greenle Alpha or Greenle Beta, as the case may be, is at least equal to the Trigger Price (as defined below) for the Additional Warrant to which the Mandatory Direction relates, (D) the Company shall not have furnished to Greenle Alpha or Greenle Beta any material non-public information regarding the Company or any of its Subsidiaries that the Company has not subsequently disclosed to the public in a filing with the Commission pursuant to the Exchange Act, (E) trading in securities generally as reported by Bloomberg L.P. shall not have

[Signature Page Follows]

Agreed and executed as of the date first-written above:

been suspended or limited, or minimum prices shall not have been established on securities whose trades are reported by such service, or on any Trading Market, nor shall a banking moratorium have been declared either by the United States or New York State authorities nor shall there have occurred any material outbreak or escalation of hostilities or other national or international calamity of such magnitude in its effect on, or any material adverse change in, any financial market which, in each case, in the reasonable judgment of Greenle, would make it impracticable or inadvisable to purchase Common Stock pursuant to such Mandatory Direction as such time, and (F) the Company is not in possession of any material non-public information (a “Mandatory Direction Blackout”). For purposes of this letter agreement, the term “Trigger Price” shall mean \$5.00 (subject to adjustment for stock splits, stock dividends and the like). Solely for purposes of clause (F), a Mandatory Direction Blackout will be in effect during the last two weeks of every fiscal quarter until the Company has filed a periodic report under the Exchange Act with respect to such fiscal quarter. No Mandatory Direction shall be applicable to the extent compliance with such Mandatory Direction would cause Greenle Alpha or Greenle Beta, as the case may be, to beneficially own (as determined in accordance with the Exchange Act) in excess of 9.99% of the outstanding shares of Common Stock.

(b) Each Mandatory Direction shall (A) set forth the Additional Warrant to which it relates, (B) certify that the shares of Common Stock underlying the Additional Warrant are registered for resale by the recipient of such Mandatory Direction pursuant to an effective registration statement of the Company filed under the Securities Act, (C) certify that the aggregate dollar volume of the Common Stock sold on the Principal Trading Market over the ten (10) consecutive trading days immediately preceding the date on which the Mandatory Direction is delivered by the Company is at least \$3,250,000 and set forth the calculation thereof, and (D) certify that the VWAP of the Common Stock on each of the three (3) trading days immediately preceding the date on which the Mandatory Direction is delivered by the Company is at least equal to the Trigger Price for the Additional Warrant to which the Mandatory Direction relates and set forth the calculation thereof.

(c) Upon receipt from the Company of any Mandatory Direction, each of Greenle Alpha or Greenle Beta, as the case may be, shall, (A) within two (2) trading days of receipt of such Mandatory Direction, notify the Company if its beneficial ownership of all or a portion of the shares of Common Stock underlying the Additional Warrants to be exercised would cause such recipient to beneficially own (as determined in accordance with the Exchange Act) in excess of 9.99% of the outstanding shares of Common Stock, in which case the number of underlying shares of Common Stock that are the subject of such Mandatory Direction shall automatically be reduced to the number of shares that, when added to the number of shares beneficially owned by the recipient, would equal 9.99% of the number of outstanding shares of Common Stock, and (B) within five (5) trading days of receipt of such Mandatory Direction, exercise such Additional Warrant and pay in cash the aggregate exercise price thereof pursuant to the terms of such Additional Warrant.

(iv) **Restriction on Issuance of Additional Common Stock.** Prior to the first anniversary of the date of this letter agreement, without the prior written consent of Greenle Alpha, the Company shall not sell or grant any option to purchase or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any sale, grant or any option to purchase or other disposition), or enter into any agreement to issue or sell, any Common Stock or Common Stock Equivalents entitling any Person to acquire shares of Common Stock at an effective price per share that is lower than the then Trigger Price (any such issuances, a “Dilutive Issuance”) (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share that is lower than the then Trigger Price, such issuance shall be deemed to have occurred for less than the Trigger Price on such date of the Dilutive Issuance). Notwithstanding the foregoing, the restrictions set forth in this paragraph (iv) shall not apply in respect of an Exempt Issuance. For purposes of this letter agreement, the term “Exempt Issuance” shall mean the issuance of (a) shares of Common Stock or options to employees, officers, directors or consultants of the Company pursuant to the Company’s existing stock option and/or restricted stock plans or stock option and/or restricted stock plans which come into effect following the date hereof, (b) securities upon the exercise or exchange of or conversion of any securities issued hereunder and/or other securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this letter agreement, or pursuant to other agreements of the Company existing prior to the date of this letter agreement, provided that such securities and/or agreements have not been amended since the date of this letter agreement to increase the number of such securities or to decrease the exercise price, exchange price or conversion price of such securities, (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities, and (d) securities issued from time to time in connection with services provided to the Company not to exceed 500,000 shares of Common Stock in a one-year period.

(v) The Company, Greenle Alpha and Greenle Beta acknowledge and agree that the October 2023 Extension Amendment and the Registration Rights Amendment and Warrant Letter Agreement are superseded in their entireties by this letter agreement.

If the foregoing accurately sets forth our understanding and agreement as to the matters set forth above, please acknowledge your agreement by signing below and returning to us a copy of this letter.

LuxUrban Hotels Inc.

By:

/s/ Brian
Ferdinand Shanoop
Kothari

Title:

Name: Brian
Ferdinand Chief
Executive
Officer

Name:

Title: CEO Shanoop
Kothari

Greenle Partners LLC Series Alpha P.S.

By:

/s/ Alan
Uryniak

Title:

Manager

Name:

Alan
Uryniak
Title: Manager

Greenle Partners LLC Series Beta P.S.

By:

/s/ Alan
Uryniak

Title:

Manager

Name:

Alan
Uryniak
Title: Manager

Exhibit 10.7

LUXURBAN HOTELS INC.

FIRST AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

This FIRST AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT (this “Agreement”) is entered into by Section 4 and between LuxUrban Hotels Inc., a Delaware corporation (the “Company”), Section 5 of this Modification acknowledged and Shanoop Kothari (the “Executive”), effective as of November 8, 2023 (the “Effective Date”).

WHEREAS, the Company and the Executive entered into that certain Executive Employment Agreement, dated as of August 7, 2023 and effective as of October 1, 2023 (the “Original Agreement”); and

WHEREAS, pursuant to the Compensation Committee Charter, the Compensation Committee (the “Committee”) of the Board of Directors of the Company (the “Board”) has the responsibility and authority to review and approve the compensation of the Company’s executive officers; and

WHEREAS, at a meeting duly called and held on October 31, 2023, the Board appointed the Executive as the Co-Chief Executive Officer of the Company; and

WHEREAS, Section 3(c) of the Original Agreement provides the Committee the discretion to determine annual equity awards to the Executive; and

WHEREAS, pursuant to the foregoing authority, the Committee has determined that it is appropriate to award the Executive from time to time Restricted Stock Units (“RSUs”), subject to the terms and conditions set forth in the applicable incentive plan or award agreement.

NOW, THEREFORE, BE IT RESOLVED, that Section 3(c) of the Original Agreement is amended and restated as follows:

Annual Equity Awards. Unless otherwise determined by the Committee or the Board, the Company shall grant to the Executive, on an annual basis, an annual equity award with a grant date fair value approximately equal to 300% of the Executive’s Base Salary, subject to the terms and conditions set forth in the applicable incentive plan or award agreement(s) (e.g., vesting, acceleration, restrictive covenants, and other market-based terms for this role.). Such equity awards may be in the form of stock options, restricted stock units, or any Other Stock-Based Awards (as defined in the Company’s 2022 Long-Term Incentive Plan) and shall have a four- year time-based vesting schedule, subject to full accelerated vesting upon the earlier of: (i) a termination of the Executive’s employment with the Company by the Company without Cause (defined below), (ii) a termination of the Executive’s employment with the Company by the Executive for Good Reason (defined below), and (iii) a Change-in-Control (as defined in the Company’s equity plan).

Except as expressly amended by this Agreement, the Original Agreement is in all respects ratified and confirmed and all of the terms and conditions and provisions of the Original Agreement shall remain in full force and effect.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement effective as of the Effective Date. agreed to:

EXECUTIVE:

LUXURBAN HOTELS INC.

The "Company"

/s/ Brian

L.

Ferdinand

Signature: Brian L. Ferdinand

Section 5 of this Modification acknowledged and agreed to:

/s/ Shanoop Kothari

By: Shanoop Kothari

/s/ Brian L. Ferdinand

/s/ Jimmie Chatmon

Print Name:

Shanoop Kothari Jimmie Chatmon

Its: Chairman
and Co-
Chief
Executive
Officer

Date:

November 8, 2023

Date: November
8, 2023

Exhibit 31.1

LUXURBAN HOTELS INC.

CERTIFICATION BY PRINCIPAL EXECUTIVE OFFICER

I, Brian L. Ferdinand, Shanoop Kothari, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LuxUrban Hotels Inc.; and Subsidiaries;

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. 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. 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.

Date: November 8, 2023 May 13, 2024

Brian L. Ferdinand
Chairman and Co-Chief Executive

(Principal Executive Officer)

/s/ Brian L. Ferdinand
Chief Executive Officer
Chief Financial Officer

Shanoop
Kothari

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Exhibit 31.2

LUXURBAN HOTELS INC.
CERTIFICATION BY PRINCIPAL FINANCIAL OFFICER

I, Shanoop Kothari, certify that:

1. 1 I have reviewed this Quarterly Report on Form 10-Q of LuxUrban Hotels Inc.; and Subsidiaries;
2. 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. 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. 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. 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. 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. 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. 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. 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. 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. 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.

Date: November 8, 2023 May 13, 2024

/s/ Shanoop Kothari

Chief Executive Officer

Shanoop Kothari

President, Co-Chief Executive Officer, Chief Financial Officer and Secretary

(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying quarterly report Quarterly Report on Form 10-Q of LuxUrban Hotels Inc. and Subsidiaries (the "Company") on Form 10-Q for the quarter ended September 30, 2023, March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian L. Ferdinand, Co-Chief the undersigned, Shanoop Kothari, Chief Executive Officer and Chief Financial Officer of LuxUrban Hotels Inc., certify, the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my his knowledge:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2023

/s/ Brian L. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and Ferdinand (1)

Brian L. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Ferdinand (2) Company.

May 13, 2024

Chairman and Co-Chief

/s/ Shanoop Kothari

Chief Executive Officer

Chief Financial Officer

(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying quarterly report Quarterly Report on Form 10-Q of LuxUrban Hotels Inc. and Subsidiaries (the "Company") on Form 10-Q for the quarter ended September 30, 2023, March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, the undersigned, Shanoop Kothari, Co-Chief Chief Executive Officer and Chief Financial Officer of LuxUrban Hotels Inc., certify, the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my his knowledge:

(i) The

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2023 May 13, 2024

/s/ Shanoop Kothari

Chief Executive Officer

Shanoop Kothari

President, Co-Chief Executive Officer, Chief Financial Officer and Secretary

(Principal Financial Officer)

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