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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 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 001-41703

CALIBERCOS INC.

(Exact name of registrant as specified in its charter)

Delaware	**47-2426901**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8901 E. Mountain View Rd. Ste. 150, Scottsdale, AZ	**85258**
(Address of Principal Executive Offices)	(Zip Code)

(480) 295-7600
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, $0.001 par value per share	CWD	Nasdaq Capital Market

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 and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		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 Act). Yes ☐ No ☒

There were 22,045,052 shares of common stock, comprised of14,628,638 shares of Class A Common Stock and 7,416,414 shares of Class B Common Stock of CaliberCos Inc. as of August 9, 2024 .

Explanatory Note

In this report, the term "Company" refers to CaliberCos Inc. and its wholly-owned subsidiaries. The "Consolidated Funds" refers to the Companies consolidated variable interest entities. The "Consolidated Company", "Caliber", "we", "us", and "our" refers to the Company and the Consolidated Funds collectively.

This quarterly report on Form 10-Q includes forward-looking statements within the meaning of the federal securities laws. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the operating results and financial condition of our business. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to, statements about:

- estimates of our expenses, future revenues, capital requirements and our needs for additional financing;
- our estimates of the size of our market opportunities;
- our ability to effectively manage our growth;
- our ability to successfully enter new markets, manage our growth expansion and comply with any applicable laws and regulations;
- the effects of increased competition from our market competitors;
- significant disruption in, or breach in security of, our information technology systems and resultant interruptions in service and any related impact on our reputation;
- the attraction and retention of qualified employees and key personnel;
- the effectiveness of our internal controls;
- changes in laws and government regulation affecting our business;
- the impact of adverse economic conditions;
- the sufficiency of our cash and cash equivalents to meet our liquidity needs and service our indebtedness; and
- outcomes of legal or administrative proceedings.

In addition, in this report, the words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "predict," "potential" and similar expressions, as they relate to our Company, our business and our management, are intended to identify forward-looking statements. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this report may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.

Forward-looking statements speak only as of the date of this report. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

You should read this report and the documents that we reference in this report and have filed with the Securities and Exchange Commission ("SEC") as exhibits to this report with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

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PART I - FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements

CALIBERCOS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(AMOUNTS IN THOUSANDS, EXCEPT FOR SHARE AND PER SHARE DATA)

	June 30, 2024	December 31, 2023
Assets		
Cash	$ 638	$ 940
Restricted cash	2,455	2,569
Real estate investments, net	21,621	21,492
Notes receivable - related parties	778	50
Due from related parties	11,118	9,709
Investments in unconsolidated entities	12,475	3,338
Operating lease - right of use assets	170	193
Prepaid and other assets	2,661	2,781
Assets of consolidated funds		
Cash	1,146	2,865
Restricted cash	316	11,266
Real estate investments, net	83,251	185,636
Accounts receivable, net	168	1,978
Notes receivable - related parties	57,194	34,620
Operating lease - right of use assets	—	10,318
Prepaid and other assets	1,248	11,677
Total assets	$ 195,239	$ 299,432
Liabilities and Stockholders' Equity		
Notes payable	$ 50,169	$ 53,799
Accounts payable and accrued expenses	9,707	8,886
Due to related parties	86	257
Operating lease liabilities	106	119
Other liabilities	813	420
Liabilities of consolidated funds		
Notes payable, net	36,553	129,684
Notes payable - related parties	—	12,055
Accounts payable and accrued expenses	1,792	11,736
Due to related parties	168	101
Operating lease liabilities	—	13,957
Other liabilities	641	2,400
Total liabilities	100,035	233,414
Commitments and Contingencies		

CALIBERCOS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(AMOUNTS IN THOUSANDS, EXCEPT FOR SHARE AND PER SHARE DATA)

	June 30, 2024	December 31, 2023
Common stock Class A, $0.001 par value; 100,000,000 shares authorized, 14,628,638 and 13,872,671 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	$ 15	$ 14
Common stock Class B, $0.001 par value; 15,000,000 shares authorized, 7,416,414 shares issued and outstanding as June 30, 2024 and December 31, 2023	7	7
Paid-in capital	40,599	39,432
Accumulated deficit	(45,365)	(36,830)
Stockholders' equity (deficit) attributable to CaliberCos Inc.	(4,744)	2,623
Stockholders' equity attributable to noncontrolling interests	99,948	63,395
Total stockholders' equity	95,204	66,018
Total liabilities and stockholders' equity	$ 195,239	$ 299,432

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

CALIBERCOS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Revenues				
Asset management revenues	$ 3,226	$ 1,894	$ 6,396	$ 3,930
Performance allocations	16	12	182	2,438
Consolidated funds – hospitality revenues	2,894	16,273	21,039	39,482
Consolidated funds – other revenues	2,043	2,266	3,513	4,117
Total revenues	8,179	20,445	31,130	49,967
Expenses				
Operating costs	5,535	6,820	10,797	11,324
General and administrative	2,079	1,426	4,019	3,242
Marketing and advertising	227	325	333	678
Depreciation and amortization	144	137	290	269
Consolidated funds – hospitality expenses	3,312	20,749	20,094	41,032
Consolidated funds – other expenses	1,358	1,949	4,430	3,874
Total expenses	12,655	31,406	39,963	60,419
Other income, net	318	546	590	1,065
Interest income	157	96	274	194
Interest expense	(1,315)	(1,261)	(2,609)	(2,092)
Net loss before income taxes	(5,316)	(11,580)	(10,578)	(11,285)
Benefit from income taxes	—	—	—	—
Net loss	(5,316)	(11,580)	(10,578)	(11,285)
Net loss attributable to noncontrolling interests	(586)	(5,854)	(2,043)	(4,352)
Net loss attributable to CaliberCos Inc.	$ (4,730)	$ (5,726)	$ (8,535)	$ (6,933)
Basic and diluted net loss per share attributable to common stockholders	$ (0.22)	$ (0.29)	$ (0.39)	$ (0.37)
Weighted average common shares outstanding:				
Basic and diluted	21,811	19,612	21,677	18,901

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

CALIBERCOS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
(AMOUNTS IN THOUSANDS)

	Common Stock							
	Class A		Class B					
	Shares	Par Value	Shares	Par Value	Paid in Capital	Accumulated Deficit	Noncontrolling Interests	Total Stockholders' Equity
Balances as of December 31, 2023	13,873	$ 14	7,416	$ 7	$ 39,432	$ (36,830)	$ 63,395	$ 66,018
Issuance of common stock	25	—	—	—	37	—	—	37
Equity based compensation	413	—	—	—	400	—	—	400
Contributions from noncontrolling interest holders	—	—	—	—	—	—	6,388	6,388
Redemptions of noncontrolling interest holders	—	—	—	—	—	—	(670)	(670)
Distributions to noncontrolling interest holders	—	—	—	—	—	—	(1,604)	(1,604)
Deconsolidation of VIEs	—	—	—	—	—	—	21,183	21,183
Net loss	—	—	—	—	—	(3,805)	(1,457)	(5,262)
Balances as of March 31, 2024	14,311	$ 14	7,416	$ 7	$ 39,869	$ (40,635)	$ 87,235	$ 86,490
Issuance of common stock, net of issuance costs	163	—	—	—	146	—	—	146
Equity based compensation	155	1	—	—	584	—	—	585
Contributions from noncontrolling interest holders	—	—	—	—	—	—	5,478	5,478
Distributions to noncontrolling interest holders	—	—	—	—	—	—	(2,969)	(2,969)
Deconsolidation of VIEs	—	—	—	—	—	—	10,790	10,790
Net loss	—	—	—	—	—	(4,730)	(586)	(5,316)
Balances as of June 30, 2024	14,629	$ 15	7,416	$ 7	$ 40,599	$ (45,365)	$ 99,948	$ 95,204

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

CALIBERCOS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
(AMOUNTS IN THOUSANDS)

	Preferred Stock		Common Stock								
			Class A		Class B						
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Paid in Capital	Treasury Stock	Accumulated Deficit	Noncontrolling Interests	Total Stockholders' Equity
Balances as of December 31, 2022	1,651	$ —	10,791	$ 11	7,416	$ 7	$ 33,108	$ (13,626)	$ (22,709)	$ 80,398	$ 77,189
Repurchases of common stock	—	—	(42)	—	—	—	—	—	—	—	—
Equity based compensation expense	—	—	—	—	—	—	702	—	—	—	702
Contributions from noncontrolling interest holders	—	—	—	—	—	—	—	—	—	7,629	7,629
Redemptions of noncontrolling interest holders	—	—	—	—	—	—	—	—	—	(295)	(295)
Distributions to noncontrolling interest holders	—	—	—	—	—	—	—	—	—	(1,752)	(1,752)
Consolidation of VIEs	—	—	—	—	—	—	—	—	—	(20,805)	(20,805)
Deconsolidation of VIEs	—	—	—	—	—	—	—	—	—	9,539	9,539
Retirement of treasury stock	—	—	—	—	—	—	—	1,418	(1,418)	—	—
Net (loss) income	—	—	—	—	—	—	—	—	(1,207)	1,502	295
Balances as of March 31, 2023	1,651	$ —	10,749	$ 11	7,416	$ 7	$ 33,810	$ (12,208)	$ (25,334)	$ 76,216	$ 72,502
Issuance of common stock	—	—	1,200	1	—	—	3,247	—	—	—	3,248
Conversions of common stock	(1,651)	—	1,651	2	—	—	—	—	—	—	2
Equity based compensation expense	—	—	221	—	—	—	1,922	—	—	—	1,922
Contributions from noncontrolling interest holders	—	—	—	—	—	—	—	—	—	6,787	6,787
Redemptions of noncontrolling interest holders	—	—	—	—	—	—	—	—	—	(995)	(995)
Distributions to noncontrolling interest holders	—	—	—	—	—	—	—	—	—	(1,482)	(1,482)
Other	—	—	—	—	—	—	—	12,208	—	—	12,208
Net loss	—	—	—	—	—	—	—	—	(5,726)	(5,854)	(11,580)
Balances as of June 30, 2023	—	$ —	13,821	$ 14	7,416	$ 7	$ 38,979	$ —	$ (31,060)	$ 74,672	$ 82,612

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

CALIBERCOS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(AMOUNTS IN THOUSANDS)

	Six Months Ended June 30,	
	2024	**2023**
Cash Flows From Operating Activities		
Net loss	$ (10,578)	$ (11,285)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	290	258
Non-cash lease expense and gain on lease extinguishment	10	(290)
Non-cash performance allocations	—	(2,382)
Equity-based compensation	986	2,624
Loss on disposal of furniture, fixtures and equipment	5	—
Gain on investments in unconsolidated entities	(114)	—
Amortization of above-market/below market leases and straight-line rent, net	134	108
Amortization of deferred financing costs	27	(15)
Changes in operating assets and liabilities:		
Due from related parties	2,110	637
Prepaid expenses, right-of-use assets and other assets	147	3,198
Accounts payable and accrued expenses	1,011	1,405
Due to related parties	(171)	(70)
Lease liabilities and other liabilities	232	359
Adjustments to reconcile net loss to net cash from operating activities of consolidated funds:		
Depreciation	3,656	5,134
Non-cash lease expense	(12)	(53)
Loss on extinguishment of debt	4	2
Gain on derivative instruments	(311)	(30)
(Gain) loss on disposal of furniture, fixtures and equipment	(9)	413
Amortization of advanced key money	(19)	(37)
Amortization of above-market/below market leases and straight-line rent, net	(187)	(244)
Amortization of deferred financing costs	353	737
Changes in operating assets and liabilities of consolidated funds:		
Accounts receivable, net	(1,016)	1,267
Due from related parties	(98)	11
Prepaid expenses, right-of use assets and other assets	1,979	(4,617)
Accounts payable and accrued expenses	1,383	(773)
Due to related parties	174	266
Lease liabilities and other liabilities	(111)	(82)
Net cash used in the Company's operating activities	(125)	(3,459)
Cash Flows From Investing Activities		
Investments in real estate assets	(476)	(127)
Acquisition of real estate assets	—	(19,472)
Investments in unconsolidated entities	(87)	(90)
Funding of notes receivable - related parties	(104)	(980)
Payment received on notes receivable - related parties	6,125	480

CALIBERCOS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(AMOUNTS IN THOUSANDS)

	Six Months Ended June 30,	
	2024	**2023**
Cash Flows From Investing Activities of consolidated funds		
Consolidation of VIEs	$ —	$ 12,927
Deconsolidation of VIEs	(22,394)	(12,418)
Investments in real estate assets	(2,078)	(10,223)
Acquisition of real estate assets	—	(6,643)
Funding of notes receivable - related parties	(6,445)	(8,309)
Payment received on notes receivable - related parties	9,951	1,935
Net cash used in the Company's investing activities	(15,508)	(42,920)
Cash Flows From Financing Activities		
Payment of deferred financing costs	(21)	(253)
Proceeds from notes payable	891	42,816
Repayments of notes payable	(4,527)	(2,237)
Proceeds from notes payable - related parties	—	4,000
Repayments of notes payable - related parties	—	(4,365)
Proceeds from the issuance of common stock, net of issuance costs	—	3,248
Payments of treasury stock - buyback obligation	—	(183)
Cash Flows From Financing Activities of consolidated funds		
Payment of deferred financing costs	(1,156)	(2,515)
Proceeds from notes payable	13,129	60,535
Repayments of notes payable	(14,470)	(57,687)
Proceeds from notes payable - related parties	2,079	3,239
Repayments of notes payable - related parties	—	(4,633)
Contributions from noncontrolling interest holders	11,866	14,416
Redemptions of noncontrolling interests	(670)	(1,290)
Distributions to noncontrolling interest holders	(4,573)	(3,234)
Net cash provided by the Company's financing activities	2,548	51,857
Net Change in Cash and Restricted Cash	(13,085)	5,478
Cash and Restricted Cash at Beginning of Period	17,640	15,934
Cash and Restricted Cash at End of Period	$ 4,555	$ 21,412
Reconciliation of Cash and Restricted Cash		
Cash at beginning of period	$ 3,805	$ 7,657
Restricted cash at beginning of period	13,835	8,277
Cash and restricted cash at beginning of period	17,640	15,934
Cash at end of period	1,784	8,555
Restricted cash at end of period	2,771	12,857
Cash and restricted cash at end of period	$ 4,555	$ 21,412

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

Note 1 – Organization and Liquidity

Organization

CaliberCos Inc., a Delaware corporation, and its wholly-owned subsidiaries (the "Company"), is an alternative asset manager of private syndication and direc investment real estate funds and provider of a full suite of traditional real estate services. The Company was formed in November 2014, and originally began as Caliber Companies, LLC, an Arizona limited liability company, which commenced operations in January 2009. The Company provides various support services to the investments we manage including asset management services, fund set-up services, lending support, construction and development management, and real estate brokerage. As of June 30, 2024, we had operations in Alaska, Arizona, Colorado, and Texas.

In general, our private equity real estate funds are organized as operating partnerships, in which multiple unrelated passive investors own partnership interests. In addition, we are designated as the manager and/or general partner of the partnership. Depending on the legal structure and arrangements between us and the funds, we may or may not consolidate the partnerships for financial reporting purposes. For funds in which we are determined to be the controlling party or primary beneficiary for financial reporting purposes, the fund is consolidated, and the passive investors' ownership is presented as noncontrolling interest in the accompanying consolidated financial statements ("Consolidated Funds", and collectively with the Company, the "Consolidated Company", "Caliber", "we", "our", and "us"). For funds in which we are not determined to be the controlling party for financial reporting purposes, the fund is not consolidated, and any fees earned from the fund are included in fund management revenue in the accompanying consolidated financial statements. See Note 2 – Summary of Significant Accounting Policies for more detail.

Liquidity and Going Concern

The accompanying consolidated financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

At June 30, 2024, the Company had a portfolio of corporate notes, whose composition and characteristics are similar to those reported in prior fiscal periods. At June 30, 2024, the portfolio consists of 213 unsecured notes with an aggregate principal balance of $33.6 million, of which $31.2 million mature within the 12-month period subsequent to August 14, 2024. Each note generally has a 12-month term with an option to extend for an additional12-month term.

Because the Company incurred operating losses and negative cash flow from operations for the six months ended June 30, 2024, and could experience additional future operating losses and negative cash flow in the near term, combined with the fact that the Company does not have sufficient cash on hand to satisfy the total of the notes that mature within the next 12 months, these conditions and events raise substantial doubt about the Company's ability to continue as a going concern. In response to these conditions, management considered the impact of these near-term maturities on the Company.

Since the note program began, these notes have demonstrated a high rate of extension of their terms. Subsequent to the issuance of its 2023 10-K, the Company has continued its discussions with various lenders in pursuit of extending or refinancing its unsecured loans. Through June 30, 2024, the rate of extension of the current notes is consistent with or greater than prior reported fiscal periods. Management plans to continue seeking and granting extensions on an ongoing basis consistent with prior reported fiscal periods.

Additionally, management evaluated the impact a default of one or many of these notes might have on the Company. As these notes are unsecured, the terms in the agreements do not afford the note holder avenues of recourse in a default that could or would impact the Company adversely in the normal course of business, as the terms lack provisions for rights or claims against the Company's assets, nor is there a scenario where a default could force liquidation of the Company. Management believes that even in the event of default of one or many of these notes, the Company would be able to negotiate a waiver of the default either through an extension of the maturity or principal repayment schedule.

In addition, management has implemented various plans to address operating losses and near-term maturities or demands for repayment of its notes. Consistent with reported actions taken in prior fiscal periods, management plans to continue to i) negotiate extensions of such loans or refinance such debt, ii) obtain new financing, iii) reduce operating costs, iv) collect all or part of its $14.8 million in receivables, v) collect all or part of its $18.8 million investments from its managed funds, vi) increase capital raise through continued expansion of fundraising channels, vii) sell or accept investment into its corporate headquarters, viii) place debt on unencumbered assets, and/or ix) generate planned cash from operations.

In the execution of our aforementioned plans, during the six months ended June 30, 2024, we collected $7.3 million of notes receivable and $2.2 million of accounts receivable. The Company also executed a reduction in force of approximately 10% of its employees in May 2024, with an expected annual saving of compensation and benefits expenses of $4.0 million. The Company has also executed on cost reduction plans with estimated annual savings of $2.5 million.

After consideration of the implemented and planned actions, in particular continuing to renew maturing unsecured corporate notes, there are no assurances that management's actions will alleviate substantial doubt about the company's ability to continue as a going concern beyond one year from the date that the condensed consolidated financial statements are issued.

Note 2 – Summary of Significant Accounting Policies

Accounting Policies of the Company

Basis of Presentation and Consolidation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The accompanying consolidated financial statements include our accounts, our consolidated subsidiaries, and legal entities in which the Company is deemed to have a direct or indirect controlling financial interest based on either a variable interest model or voting interest model. The equity and net income or loss attributable to noncontrolling interests in subsidiaries is shown separately in the accompanying consolidated balance sheets, statements of operations, and statements of changes in stockholders' equity. All intercompany balances and transactions have been eliminated in consolidation.

Variable Interest Entities

We determine if an entity is a variable interest entity ("VIE") based on several factors, including whether the equity holders, as a group, lack the characteristics of a controlling financial interest. We analyze any investments in VIEs to determine if we are the primary beneficiary. A reporting entity is determined to be the primary beneficiary if it holds a controlling financial interest in a VIE.

Determining which reporting entity, if any, has a controlling financial interest in a VIE is primarily a qualitative analysis focused on identifying which reporting entity has both (i) the power to direct the activities of the entity that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses or the right to receive benefits from such entity that could potentially be significant to such entity. Performance of that analysis requires the exercise of judgment. We consolidate any VIEs for which we are the primary beneficiary, and we disclose our maximum exposure to loss related to the consolidated VIEs. See Note 3 – VIEs for more detail.

Voting Interest Entities

Entities that do not qualify as VIEs are generally assessed for consolidation as voting interest entities ("VOEs"). For VOEs, we consolidate an entity if we have a controlling financial interest. We have a controlling financial interest in a VOE if (i) for legal entities other than partnerships, we own a majority voting interest in the entity or, for limited partnerships and similar entities, we own a majority of the entity's kick-out rights through voting limited partnership interests and (ii) non-controlling shareholders or partners do not hold substantive participating rights, and no other conditions exist that would indicate that we do not control the entity.

Interim Unaudited Financial Data

Our consolidated financial statements reflect all adjustments, which are, in our opinion, of a normal recurring nature and necessary for a fair presentation of our financial position, results of operations and cash flows for the interim periods. Interim results of operations are not necessarily indicative of the results to be expected for the full year. These consolidated financial statements, including notes, are unaudited, exclude some of the disclosures required for annual consolidated financial statements, and should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2023.

Reclassification

The asset management fees and transaction and advisory fees, previously presented in their own line items for prior periods presented, have been combined into one line item, asset management revenues in the accompanying consolidated statements of operations, to be consistent with the current year presentation. The reclassification does not affect prior period's total revenues or net income (loss).

Use of Accounting Estimates

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. These estimates are made and evaluated on an ongoing basis using information that is currently available as well as various other assumptions believed to be reasonable under the circumstances. Actual results could differ significantly from those estimates.

Cash

Cash includes cash in bank accounts. The Company deposits cash with several high-quality financial institutions. These deposits are guaranteed by the Federal Deposit Insurance Company ("FDIC") up to an insurance limit of $250,000. At times, the Company's cash balances may exceed FDIC limits. Although the Company bears risk on amounts in excess of those insured by the FDIC, it has not experienced and does not anticipate any losses due to the high quality of the institutions where the deposits are held.

Restricted Cash

Restricted cash consists of held in escrow accounts by contractual agreement with lenders as part of financial loan covenant requirements.

Investments in Unconsolidated Entities

If an entity is not a VIE, our determination of the appropriate accounting method with respect to our investments in limited liability companies and other investments is based on voting control. For our managing member interests in limited liability companies, we are presumed to control (and therefore consolidate) the entity, unless the other limited partners have substantive rights that overcome this presumption of control. These substantive rights allow the limited partners to remove the general partner with or without cause or to participate in significant decisions made in the ordinary course of the entity's business. We account for our non-controlling investments in these entities under the equity method. Our investments in unconsolidated subsidiaries in which we have the ability to exercise significant influence over operating and financial policies, but do not control, or entities which are VIE in which we are not the primary beneficiary are accounted for under the equity method. The equity method of accounting requires the investment to be initially recorded at cost and subsequently adjusted for the Company's share of equity in the equity method investment's earnings and distributions. Our share of the earnings or loss from equity method investments is included in other income (expenses), net on the accompanying consolidated statements of operations.

Our determination of the appropriate accounting treatment for an investment in a subsidiary requires judgment of several factors including the size and nature of our ownership interest and the other owners' substantive rights to make decisions for the entity. If we were to make different judgments or conclusions as to the level of our control or influence, it could result in a different accounting treatment. Consolidating an investment generally would have no impact on our net income or stockholders' deficit attributable to CaliberCos Inc. in any accounting period, but a different treatment would impact individual income statement and balance sheet line items, as consolidation would effectively "gross up" our statement of operations and balance sheet.

As of June 30, 2024 and December 31, 2023, the carrying amount of our investments in unconsolidated entities was $12.5 million and $3.3 million, respectively. During the six months ended June 30, 2024, the Company deconsolidated the Caliber Hospitality Trust, Inc. (the "Caliber Hospitality Trust") and Caliber Hospitality, LP, which included activity from six hospitality funds, and Elliot & 51st St LLC ("Elliot"). At which time, the Company's investment in the Caliber Hospitality Trust, Caliber Hospitality, LP, and Elliot were no longer eliminated and are included in investments in unconsolidated entities in the accompanying consolidated balance sheet as of June 30, 2024. See Note 3 – VIEs.

In certain situations, the Company has invested only a nominal amount of cash, or no cash at all, into a venture. As the manager of the venture, we are entitled to 15.0% – 35.0% of the residual cash flow produced by the venture after the payment of any priority returns. Under the equity method, impairment losses are recognized upon evidence of other-than-temporary losses of value. For the three and six months ended June 30, 2024 and 2023, the Company had no impairment losses related to its investments in unconsolidated entities.

Depreciation and Amortization Expense

Depreciation expense includes costs and costs associated with building and building improvements, which are depreciated over the estimated useful life of the respective asset, generally 15 to 40 years. Depreciation expense also includes costs associated with the purchase of furniture and equipment and office leasehold improvements which are recorded at cost. Furniture and equipment costs are depreciated using the straight-line method over the estimated useful life of the asset, generally 3 to 7 years beginning in the first full month the asset is placed in service. Intangible lease assets are amortized using the straight-line method over the shorter of the respective estimated useful life or the lease term.

For each of the three months ended June 30, 2024 and 2023, depreciation expense for the Company was $0.2 million. For each of the six months ended June 30, 2024 and 2023, depreciation expense for the Company was $0.3 million.

Impairment of Long-Lived Assets

Real estate and other long-lived assets to be held and used are stated at cost, less accumulated depreciation and amortization, unless the carrying amount of the asset is determined not to be recoverable. If events or circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, we make an assessment of its recoverability by comparing the carrying amount to our estimate of the undiscounted net future cash flows resulting from the use of the asset, excluding interest charges. If the carrying amount exceeds the aggregate undiscounted future cash flows, we recognize an impairment loss to the extent the carrying amount exceeds the estimated fair value of the asset.

For the six months ended June 30, 2024 and 2023, the Company had no impairment losses related to its real estate and other long-lived assets.

Concentration of Credit Risk

Substantially all of the Company's revenues are generated from the management, ownership and/or operations of real estate assets located in Alaska, Arizona, Colorado, and Texas. The Company mitigates the associated risk by:

- diversifying our investments in real estate assets across multiple asset types, including hospitality, commercial, single-family, multi-family, and self-storage properties;
- diversifying our investments in real estate assets across multiple geographic locations including different markets and sub-markets in which our real estate assets are located;
- diversifying our investments in real estate assets across assets at differing points of stabilization, and in varying states of cash flow optimization; and
- maintaining financing relationships with a diversified mix of lenders (differing size and type), including large national banks, local community banks, private equity lenders, and insurance companies.

Noncontrolling Interests in Consolidated Real Estate Partnerships

We report the unaffiliated partners' interests in the net assets of our consolidated real estate partnerships as noncontrolling interests within the accompanying consolidated statements of changes in stockholders' equity. Noncontrolling interests consist of equity interests held by limited partners in consolidated real estate partnerships. We attribute to noncontrolling interests their share of income or loss of the consolidated partnerships based on their proportionate interest in the results of operations of the partnerships, including their share of losses even if such attribution results in a deficit noncontrolling interest balance within our equity and partners' capital accounts.

The terms of the partnership agreements generally require the partnerships to be liquidated following the sale of the underlying real estate assets. As the general partner in these partnerships, we ordinarily control the execution of real estate sales and other events that could lead to the liquidation, redemption or other settlement of noncontrolling interests. The terms of certain partnership agreements outline differing classes of equity ownership, some of which are redeemable by the partnership at the partnership manager's discretion.

Revenue Recognition

In accordance with the Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* ("ASC 606"), management applies the five-step framework in determining the timing and amount of revenue to recognize. This framework requires an entity to: (i) identify the contract(s) with customers, (ii) identify the performance obligations within the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations within the contract, and (v) recognize revenue when or as the entity satisfies a performance obligation.

Revenues from contracts with customers includes fixed fee arrangements with related party affiliates to provide certain associated activities which are ancillary to and generally add value to the assets we manage, such as set-up and fund formation services associated with marketing, soliciting, and selling member interests in the affiliated limited partnerships, brokerage services, construction and development management services, loan placement and guarantees. The recognition and measurement of revenue is based on the assessment of individual contract terms. For performance obligations satisfied at a point in time, there are no significant judgments made in evaluating when the customer obtains control of the promised service.

For performance obligations satisfied over time, significant judgment is required to determine how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on appropriate measurement of the Company's progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events. Transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Variable consideration is included in the estimated transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur or when the uncertainty associated with the variable consideration is resolved. The Company's estimates of variable consideration and determination of whether to include estimated amounts in transaction price are based largely on an assessment of its anticipated performance and all information that is reasonably available to the Company. Revenues are recognized when control of the promised services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

The following describes the Company's revenue recognition policy related to the fees the Company earns from providing services under its asset management platform:

Fund set-up fees are a one-time fee for the initial formation, administration, and set-up of the private equity real estate fund. These fees are recognized at the point in time when the performance under the contract is complete and are included in asset management revenues in the accompanying consolidated statements of operations. Fund set-up fees replaced fund formation fees that are earned at a point in time at a fixed rate based on the amount of capital raised into certain managed funds.

Fund management fees are generally based on 1.0% to 1.5% of the unreturned capital contributions in a particular fund and include reimbursement for costs incurred on behalf of the fund, including an allocation of certain overhead costs. These customer contracts require the Company to provide management services, representing a performance obligation that the Company satisfies over time. With respect to the Caliber Hospitality Trust, the Company earns a fund management fee of 0.7% of the Caliber Hospitality Trust's enterprise value and is reimbursed for certain costs incurred on behalf of the Caliber Hospitality Trust. These revenues are included in asset management revenues in the accompanying consolidated statements of operations.

Financing fees are earned for services the Company performs in securing third-party financing on behalf of our private equity real estate funds. These fees are recognized at the point in time when the performance under the contract is complete, which is essentially upon closing of a loan. In addition, the Company earns fees for guaranteeing certain loans, representing a performance obligation that the Company satisfies over time. These revenues are included in asset management revenues in the accompanying consolidated statements of operations.

Development and construction revenues from contracts with customers include fixed fee arrangements with related party affiliates to provide real estate development services as their principal developer, which include managing and supervising third-party developers and general contractors with respect to the development of the properties owned by the funds. Revenues are generally based on 4.0% of the total expected costs of the development or 4.0% of the total expected costs of the construction project. Prior to the commencement of construction, development fee revenue is recognized at a point in time as the related performance obligations are satisfied and the customer obtains control of the promised service, including negotiation, due diligence, entitlements, planning, and design activities. During the construction period, development fee revenue is recognized over time as the performance obligations are satisfied. These revenues are included in asset management revenues in the accompanying consolidated statements of operations.

Brokerage fees are earned at a point in time at fixed rates for services performed related to acquisitions, dispositions, leasing, and financing transaction, and are included in asset management revenues in the accompanying consolidated statements of operations.

Performance allocations are an arrangement in which we are entitled to an allocation of investment returns, generated within the investment funds which we manage, based on a contractual formula. We typically receive 15.0% to 35.0% of all cash distributions from (i) the operating cash flow of each fund, after payment to the related fund investors of any accumulated and unpaid priority preferred returns and repayment of preferred capital contributions; and (ii) the cash flow resulting from the sale or refinance of any real estate assets held by each fund, after payment to the related fund investors of any accumulated and unpaid priority preferred returns and repayment of initial preferred capital contributions. Our funds' preferred returns range from 6.0% to 12.0%, typically 6.0% for common equity or 10.0% to 12.0% for preferred equity, which does not participate in profits. Performance allocations are related to services which have been provided and are recognized when it is determined that they are no longer probable of significant reversal, which is generally satisfied when an underlying fund investment is realized or sold. These revenues are included in performance allocations in the accompanying consolidated statements of operations.

Leases

Lessor

At the inception of a new lease arrangement, including new leases that arise from amendments, the Company assesses the terms and conditions to determine the proper lease classification. When the terms of a lease effectively transfer control of the underlying asset, the lease is classified as a sales-type lease. When a lease does not effectively transfer control of the underlying asset to the lessee, but the Company obtains a guarantee for the value of the asset from a third party, the Company classifies the lease as a direct financing lease. All other leases are classified as operating leases. The Company did not have any sales-type or direct financing leases as of June 30, 2024 and December 31, 2023. For operating leases with minimum scheduled rent increases, the consolidated funds recognize rental revenue on a straight-line basis, including the effect of any free rent periods, over the lease term when collectability of lease payments is probable. Variable lease payments are recognized as rental revenue in the period when the changes in facts and circumstances on which the variable lease payments are based occur.

The Company identified two separate lease components as follows: i) land lease component, and ii) single property lease component comprised of building, land improvements and tenant improvements. The Company's leases also contain provisions for tenants to reimburse the consolidated funds for maintenance and other property operating expenses, which are considered to be non-lease components. The Company elected the practical expedient to combine lease and non-lease components and the non-lease components will be included with the single property lease component as the predominant component.

Lessee

To account for leases for which the Company is the lessee, contracts must be analyzed upon inception to determine if the arrangement is, or contains, a lease. A lease conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease classification tests and measurement procedures are performed at the lease commencement date.

The lease liability is initially measured as the present value of the lease payments over the lease term, discounted using the interest rate implicit in the lease, if that rate is readily determinable; otherwise, the lessee's incremental borrowing rate is used. The incremental borrowing rate is determined based on the estimated rate of interest that the lessee would pay to borrow on a collateralized basis over a similar term at an amount equal to the lease payments in a similar economic environment. The lease term is the noncancelable period of the lease and includes any renewal and termination options the Company is reasonably certain to exercise. The lease liability balance is amortized using the effective interest method. The lease liability is remeasured when the contract is modified, upon the resolution of a contingency such that variable payments become fixed or if the assessment of exercising an extension, termination or purchase option changes.

The right-of-use ("ROU") asset balance is initially measured as the lease liability amount, adjusted for any lease payments made prior to the commencement date, initial direct costs, estimated costs to dismantle, remove, or restore the underlying asset and incentives received.

The Company’s impairment assessment for ROU assets is consistent with the impairment analysis for the Company's other long-lived assets and is reviewed quarterly.

Segments

Historically, the Company’s operations were organized into three reportable segments, fund management, development, and brokerage. During the year ended December 31, 2023, the Company reevaluated its reportable segments, considering (i) the evolution of the Company after closing its initial public offering and how the Company’s chief operating decision maker (“CODM”), the Company’s Chief Executive Officer, assesses performance and allocates resources, (ii) changes to the budgeting process and in key personnel driven by the Company’s growth initiatives, and (iii) how management reports ongoing company performance to the Board of Directors. With the evolution and growth of the Company, the Company’s CODM assesses performance and resource allocation on an aggregate basis under the Company’s asset management platform, and no longer reviews operating results for development or brokerage activity separately. As such, management concluded that the Company operates through one operating segment.

The Company’s CODM assesses revenue, operating expenses and key operating statistics to evaluate performance and allocate resources on a basis that eliminates the impact of the consolidated investment funds (intercompany eliminations required by U.S. GAAP) and noncontrolling interests. Management concluded that the consolidated investment funds do not meet the requirements in ASC 280, Segment Reporting, of operating segments, as the Company’s CODM does not review the operating results of these investment funds for the purposes of allocating resources, assessing performance or determining whether additional investments or advances will be made to these funds. The investment funds are consolidated based on the requirement in ASC 810, Consolidation, as the Company was determined to be the primary beneficiary of each of these variable interest entities since it has the power to direct the activities of the entities and the right to absorb losses, generally in the form of guarantees of indebtedness that are significant to the individual investment funds.

Accounting Policies of Consolidated Funds

Accounting for Real Estate Investments

Upon the acquisition of real estate properties, a determination is made as to whether the acquisition meets the criteria to be accounted for as an asset acquisition or a business combination. The determination is primarily based on whether the assets acquired, and liabilities assumed meet the definition of a business. The determination of whether the assets acquired, and liabilities assumed meet the definition of a business includes a single or similar asset threshold. In applying the single or similar asset threshold, if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the assets acquired, and liabilities assumed are not considered a business. Most of our consolidated fund acquisitions meet the single or similar asset threshold, due to the fact that substantially all the fair value of the gross assets acquired is attributable to the real estate assets acquired.

Acquired real estate properties accounted for as asset acquisitions are recorded at cost, including acquisition and closing costs. Our consolidated funds allocate the cost of real estate properties to the tangible and intangible assets and liabilities acquired based on their estimated relative fair values. Our consolidated funds determine the fair value of tangible assets, such as land, building, furniture, fixtures and equipment, using a combination of internal valuation techniques that consider comparable market transactions, replacement costs and other available information and fair value estimates provided by third-party valuation specialists, depending upon the circumstances of the acquisition. Our consolidated funds determine the fair value of identified intangible assets or liabilities, which typically relate to in-place leases, using a combination of internal valuation techniques that consider the terms of the in-place leases, current market data for comparable leases, and fair value estimates provided by third-party valuation specialists, depending upon the circumstances of the acquisition.

If a transaction is determined to be a business combination, the assets acquired, liabilities assumed, and any identified intangibles are recorded at their estimated fair values on the transaction date, and transaction costs are expensed in the period incurred.

Cost Capitalization and Depreciation

Our consolidated funds capitalize costs, including certain indirect costs, incurred in connection with their development and construction activities. Included in these capitalized costs are payroll costs associated with time spent by site employees in connection with capital addition activities at the asset level. Interest, property taxes and insurance are also capitalized during periods in which redevelopment, development and construction projects are in progress. Capitalization of costs, including certain indirect costs, incurred in connection with our capital addition activities, commence at the point in time when activities necessary to get the assets ready for their intended use are in progress. This includes when assets are undergoing physical construction, as well as when apartment homes are held vacant in advance of planned construction, provided that other activities such as permitting, planning and design are in progress. Our consolidated funds cease the capitalization of costs when the assets are substantially complete and ready for their intended use, which is typically when construction has been completed and apartment homes or other properties are available for occupancy. Cost of ordinary repairs, maintenance and resident turnover are charged to operating expense, as incurred.

Depreciation for all tangible real estate assets is calculated using the straight-line method over the estimated useful lives of the assets.The estimated useful lives of our real estate assets are as follows:

Building and building improvements	15 – 40 years
Furniture, fixtures, and equipment	3 – 7 years

For the three and six months ended June 30, 2024, depreciation expense was $1.3 million and $3.4 million, respectively. For the three and six months ended June 30, 2023, depreciation expense was $2.7 million and $5.1 million, respectively.

Impairment of Long-Lived Assets

Real estate and other long-lived assets to be held and used are stated at cost, less accumulated depreciation and amortization, unless the carrying amount of the asset is determined to not be recoverable. If events or circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, we make an assessment of its recoverability by comparing the carrying amount to our estimate of the undiscounted net future cash flows resulting from the use of the asset, excluding interest charges. If the carrying amount exceeds the aggregate undiscounted future cash flows, our consolidated funds recognize an impairment loss to the extent the carrying amount exceeds the estimated fair value of the asset.

For the six months ended June 30, 2024 and 2023, our consolidated funds didnot record an impairment loss related to its real estate and other long-lived assets.

Cash

Cash includes cash in bank accounts. The consolidated funds deposit cash with several high-quality financial institutions. These deposits are guaranteed by the FDIC up to an insurance limit of $250,000. At times, cash balances may exceed FDIC limits. Although the consolidated funds bear risk on amounts in excess of those insured by the FDIC, they have not experienced and do not anticipate any losses due to the high quality of the institutions where the deposits are held.

Restricted Cash

Restricted cash consists of tenant security deposits and cash reserves required by certain loan agreements for capital improvements and repairs. As improvements and repairs are completed, related costs incurred by the consolidated funds are funded from the reserve accounts. Restricted cash also includes cash held in escrow accounts by mortgage companies on behalf of the consolidated funds for payment of property taxes, insurance, and interest.

Consolidated Fund Revenues

In accordance with ASC 606, our consolidated funds apply the five-step framework in determining the timing and amount of revenue to recognize. This framework requires an entity to: (i) identify the contract(s) with customers, (ii) identify the performance obligations within the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations within the contract, and (v) recognize revenue when or as the entity satisfies a performance obligation. Our consolidated funds' revenues primarily consist of hospitality revenues, rental income and interest income.

Consolidated funds – hospitality revenue

Hospitality revenues are comprised of charges for room rentals, food and beverage sales, and other hotel operating activities. Revenues are recognized as earned, which is defined as the date upon which a guest occupies a room or utilizes the hotel's services. Revenues are recorded net of sales tax.

Our consolidated funds have performance obligations to provide accommodations and other ancillary services to hotel guests. As compensation for such goods and services, the consolidated funds are typically entitled to a fixed nightly fee for an agreed upon period and additional fixed fees for any ancillary services purchased. These fees are generally payable at the time the hotel guest checks out of the hotel. The consolidated funds generally satisfy the performance obligations over time and recognize the revenue from room sales and from other ancillary guest services on a daily basis, as the rooms are occupied, and the services have been rendered.

For food and beverage, revenue is recognized upon transfer of promised products or services to customers in an amount that reflects the consideration the consolidated funds received in exchange for those services, which is generally when payment is tendered at the time of sale.

The consolidated funds receive deposits for events and rooms. Such deposits are deferred and included in other liabilities on the accompanying consolidated balance sheets. The deposits are credited to consolidated funds – hospitality revenue when the specific event takes place.

Consolidated funds – other revenue

Consolidated funds – other revenue includes rental revenue of $0.5 million and $0.9 million for the three and six months ended June 30, 2024, respectively, and $1.4 million and $2.3 million, for the three and six months ended June 30, 2023, respectively. Rental revenue includes the revenues generated primarily by the rental operations of the residential (multi-family and single-family) and commercial properties of our consolidated funds.

Upon adoption of ASC 842, *Leases* ("ASC 842"), effective January 1, 2022, at the inception of a new lease arrangement, including new leases that arise from amendments, the Company assesses the terms and conditions to determine the proper lease classification. When the terms of a lease effectively transfer control of the underlying asset, the lease is classified as a sales-type lease. When a lease does not effectively transfer control of the underlying asset to the lessee, but the Company obtains a guarantee for the value of the asset from a third party, the Company classifies the lease as a direct financing lease. All other leases are classified as operating leases. The consolidated funds did not have any sales-type or direct financing leases as of June 30, 2024. For operating leases with minimum scheduled rent increases, the consolidated funds recognize rental revenue on a straight-line basis, including the effect of any free rent periods, over the lease term when collectability of lease payments is probable. Variable lease payments are recognized as rental revenue in the period when the changes in facts and circumstances on which the variable lease payments are based occur.

The Company identified two separate lease components as follows: i) land lease component, and ii) single property lease component comprised of building, land improvements and tenant improvements. The Company's leases also contain provisions for tenants to reimburse the consolidated funds for maintenance and other property operating expenses, which are considered to be non-lease components. The Company elected the practical expedient to combine lease and non-lease components and the non-lease components will be included with the single property lease component as the predominant component.

In addition, consolidated funds - other revenue includes interest income of $1.6 million and $2.6 million for the three and six months ended June 30, 2024, respectively, and $0.9 million and $1.8 million for the three and six months ended June 30, 2023, respectively, which is generated by a consolidated fund's lending activity. Interest income is recognized on the accrual basis of accounting in accordance with the lending agreements over the term of the respective loan agreement.

Consolidated Fund Expenses

Consolidated fund expenses consist primarily of costs, expenses and fees that are incurred by, or arise out of the operation and activities of or otherwise related to, our consolidated funds, including, without limitation, operating costs, depreciation and amortization, interest expense on debt held by our consolidated funds, gain on extinguishment of debt, gain on derivative instruments, insurance expenses, professional fees and other costs associated with administering and supporting those funds.

Accounts Receivable

Accounts receivable primarily consists of amounts due from guests or groups for hotel rooms and services provided by the hotel properties. Accounts receivable also include due, but unpaid, rental payments. Our consolidated funds continually review receivables and determine collectability by taking into consideration the history of past write-offs, collections, current credit conditions, tenant payment history, the financial condition of the tenants, business conditions in the industry in which the tenant operates and economic conditions in the area in which the property is located. If the collectability of a receivable is uncertain, our consolidated funds will record an increase in the allowance for doubtful accounts. Amounts that are determined to be uncollectible with a high degree of certainty are written-off through bad debt expense, which is included in consolidated funds – hospitality expenses and consolidated funds – other expenses on the accompanying consolidated statements of operations. Our consolidated funds had no allowance for doubtful accounts as of June 30, 2024 and December 31, 2023.

Derivative Instruments

The consolidated funds record all derivative instruments on the consolidated balance sheets at fair value. The accounting for changes in the fair value of the derivative and the effect on the financial statements depends on its hedge designation and whether the hedge is highly effective in achieving offsetting changes in the fair value of cash flows of the asset or liability hedged. If the consolidated fund elects not to apply hedge accounting treatment, any changes in the fair value of the derivative instruments is recognized immediately in consolidated funds - hospitality expenses in the consolidated statements of operations. If the derivative is designated and qualifies for hedge accounting treatment, the change in fair value of the derivative is recorded in other comprehensive income (loss).

Fair Value of Financial Instruments

The fair value of financial instruments is disclosed in accordance with ASC 825,*Financial Instruments*. The fair value of our financial instruments is estimated using available market information and established valuation methodologies. The estimates of fair value are not necessarily indicative of the amounts the consolidated funds could realize on disposition of the financial instruments. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair value amounts.

Fair Value Measurements

Fair value measurements and disclosures consist of a three-level valuation hierarchy. The valuation hierarchy categorizes assets and liabilities measured at fair value into one of three different levels depending on the ability to observe the inputs employed in the measurement using market participant assumptions at the measurement date. An asset's or liability's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

- Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2 – Inputs include quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Unobservable inputs for the asset or liability. These unobservable inputs reflect assumptions about what market participants would use to price the asset or liability and are developed based on the best information available in the circumstances (which might include the reporting company's own data)

Recent Accounting Pronouncements

The Company adopted ASU 2016-13, Financial Instruments – Credit Losses and subsequent amendments (collectively, "Topic 326"), effective January 1, 2023. Topic 326 was intended to improve financial reporting by requiring more timely recognition of credit losses on loans and other financial instruments that are not accounted for at fair value through net income and required that financial assets measured at amortized cost be presented at the net amount expected to be collected, through an allowance for credit losses that was deducted from the amortized cost basis. The amendments in Topic 326 required the Company to measure all expected credit losses based upon historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the financial assets and eliminated the "incurred loss" methodology under current U.S. GAAP. Loans and receivables between entities under common control are not within the scope of this guidance. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

The Company adopted the Financial Accounting Standards Board ("FASB") issued ASU 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40)*, effective January 1, 2024, which simplifies the accounting for convertible instruments by reducing the number of accounting models for convertible debt instruments and convertible preferred stock, removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception and also simplifies the diluted earnings per share calculation in certain areas. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In November 2023, FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which serves to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses on both an annual and interim basis. The guidance does not change the definition of a segment, the method for determining segments, or the criteria for aggregating operating segments into reportable segments and is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of the adoption of ASU 2023-07 on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures (Topic 740, Income Taxes)*. ASU 2023-09, which serves to enhance income tax disclosures by requiring a tabular rate reconciliation and additional information on income taxes paid. The guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of the adoption of ASU 2023-09 on our consolidated financial statements.

Note 3 – VIEs

During the six months ended June 30, 2023, the Company (i) deconsolidatedfive hospitality funds that were contributed to Caliber Hospitality, LP, whose sole general partner is the Caliber Hospitality Trust and (ii) consolidated Caliber Hospitality, LP and the Caliber Hospitality Trust, which included activity from the five previously consolidated hospitality funds and one previously unconsolidated fund because the Company was determined to be the primary beneficiary as it had the power to direct the activities and the obligation to absorb their losses through its guarantee of the indebtedness secured by the hospitality assets, which was significant to the Caliber Hospitality Trust and Caliber Hospitality, LP.

CALIBERCOS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In addition, the Company consolidated West Frontier Holdco, LLC ("West Frontier") during the six months ended June 30, 2023, as the Company was determined to be the primary beneficiary as the Company has the power to direct the activities of West Frontier and the obligation to absorb their losses through its guarantee of their indebtedness, which is significant to the fund. No additional VIEs were consolidated during the six months ended June 30, 2024. The consolidation of the Caliber Hospitality Trust, Caliber Hospitality, LP, and West Frontier consisted of the following, excluding intercompany eliminations at the time of consolidation (in thousands):

Assets	
Real estate investments, net	$ 87,897
Cash	3,667
Restricted cash	9,260
Accounts receivable, net	4,348
Notes receivable - related parties	10,411
Due from related parties	40
Investments in unconsolidated entities	84,076
Operating lease - right of use assets	8,775
Prepaid and other assets	5,953
Total assets	$ 214,427
Liabilities	
Notes payable, net	$ 80,278
Notes payable - related parties	34,786
Accounts payable and accrued expenses	7,858
Due to related parties	10,302
Operating lease liabilities	12,441
Other liabilities	2,158
Total liabilities	147,823
Stockholders' equity	66,604
Total liabilities and stockholders' equity	$ 214,427

On March 7, 2024, L.T.D. Hospitality Group LLC ("L.T.D.") contributed the first of nine committed hotels from L.T.D.'s portfolio to Caliber Hospitality, LP in exchange for $4.9 million in cash, net of closing costs, $9.6 million in operating partnership units, and a new $14.1 million loan facility. Upon this reconsideration event, the Company reconsidered its consolidation conclusion, given the change in economics, and concluded that it was no longer the primary beneficiary, as its potential obligation to absorb the losses, through its guarantee of the indebtedness secured by the hospitality assets, were no longer significant to Caliber Hospitality, LP or the Caliber Hospitality Trust. As such, during the six months ended June 30, 2024, the Company deconsolidated Caliber Hospitality, LP, the Caliber Hospitality Trust, and their consolidated subsidiaries. In addition, the Company deconsolidated Elliot, a VIE that is developing a multi-family property, as the Company was no longer determined to be the primary beneficiary upon refinancing the loan agreement. The Company aggregates and reports the results of operations of these VIEs in consolidated fund revenues and consolidated fund expenses within the accompanying consolidated statements of operations through the date of deconsolidation.

Management has determined that the equity holders in our consolidated entities, as a group, lack the power to direct the activities that most significantly impact the entity's economic performance and/or have disproportionate voting rights relative to their equity. The Company was determined to be the primary beneficiary of each of these entities since it has the power to direct the activities of the entities and the right to absorb losses, generally in the form of guarantees of indebtedness that are significant to the individual entities.

Generally, the assets of the individual consolidated VIEs can be used only to settle liabilities of each respective individual consolidated VIEs and the liabilities of the individual consolidated VIEs are liabilities for which creditors or beneficial interest holders do not have recourse to the general credit of the Company. When the VIE is consolidated, we reflect the assets, liabilities, revenues, expenses and cash flows of the consolidated funds on a gross basis, and the interests in the VIEs are included in non-controlling interest in the consolidated financial statements. The Company has provided financial support to certain consolidated VIEs in the form of short-term financing and guarantees of the debts of certain VIEs. In general, our maximum exposure to loss due to involvement with the consolidated VIEs is limited to the amount of capital investment in the VIE, if any, or the potential obligation to perform on the guarantee of debts.

See Note 11 – Commitments and Contingencies for additional information related to the commitments and contingencies of these VIEs.

Note 4 – Real Estate Investments

Real Estate Investments of the Company

Asset Acquisitions

There were no asset acquisitions by the Company during the six months ended June 30, 2024. During the six months ended June 30, 2023, the Company acquired its headquarters office building for an aggregate purchase price of $19.5 million with the acquisition being accounted for as an asset acquisition under U.S. GAAP.

The allocation of the purchase price among the assets acquired at their relative fair value as of the acquisition date, consisted of the following for the six months ended June 30, 2023 (in thousands):

	Six Months Ended June 30, 2023
Real estate investments, at cost	
Land and land improvements	$ 9,131
Building and building improvements	9,332
Furniture, fixtures and equipment	959
Intangible lease assets	398
Intangible lease liabilities	(348)
Total purchase price of assets acquired	$ 19,472

Real Estate Investments of the Consolidated Funds

Asset Acquisitions by Consolidated Funds

There were no asset acquisitions by the consolidated funds during the six months ended June 30, 2024. During the six months ended June 30, 2023, the consolidated funds acquired one multi-family residential property for an aggregate purchase price of $6.6 million with the acquisition being accounted for as an asset acquisition under U.S. GAAP.

The allocation of the purchase price among the assets acquired at their relative fair value as of the acquisition date, consisted of the following for the six months ended June 30, 2023 (in thousands):

	Six Months Ended June 30, 2023
Real estate investments, at cost	
Land and land improvements	$ 599
Building and building improvements	6,044
Total purchase price of assets acquired	$ 6,643

Note 5 – Prepaid and Other Assets

Prepaid and Other Assets of the Company

Prepaid and other assets consisted of the following as of June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023
Pursuit costs (1)	$ 723	$ 1,081
Prepaid expenses	844	981
Accounts receivable, net	476	205
Deposits	63	63
Other assets	555	451
Total prepaid and other assets	$ 2,661	$ 2,781

(1) Pursuit costs represent expenses incurred related to new fund formation, primarily for professional, legal, consulting, accounting and tax services. As the funds raise equity investments and operating cash flow, as applicable, these costs are reimbursed by the respective funds to the Company. The Company assesses collectability and expenses any amounts in which collectability is not reasonably assured.

Prepaid and Other Assets of the Consolidated Funds

Prepaid and other assets of the consolidated funds consisted of the following as of June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023
Derivative assets	$ —	$ 1,216
Prepaid expenses	606	1,735
Deposits	62	669
Pursuit costs (1)	—	1,102
Deferred franchise fees, net	63	278
Intangibles, net	—	184
Inventory	41	142
Other assets (2)	476	6,351
Total prepaid and other assets	$ 1,248	$ 11,677

(1) Pursuit costs represent expenses incurred related to new fund formation, primarily for professional, legal, consulting, accounting and tax services. As the funds raise equity investments and operating cash flow, as applicable, these costs are reimbursed by the respective funds to the Company. The Company assesses collectability and expenses any amounts in which collectability is not reasonably assured.

(2) Other assets as of December 31, 2023, primarily represents incremental costs, including professional, legal, consulting, accounting and tax services, directly attributable to Caliber Hospitality Trust that are deferred and will be charged against the gross proceeds of the planned public offering.

Note 6 – Notes Payable

Notes Payable of the Company

Notes payable consisted of the following as of June 30, 2024 and December 31, 2023 (in thousands):

Notes Payable	June 30, 2024	December 31, 2023	Weighted Average Interest Rate (1)	Maturity Date (1)
Corporate notes	$ 32,268	$ 36,442	11.38 %	January 2024 - April 2026
Convertible corporate notes	1,324	1,324	8.25 %	April 2024 - May 2025
Real estate and other loans	16,791	16,252	6.53 %	August 2024 - November 2029
Total notes payable	50,383	54,018		
Deferred financing costs, net	(214)	(219)		
Total notes payable, net	$ 50,169	$ 53,799		

(1) As of June 30, 2024.

Real Estate Loans

The terms of the loan agreements described below include, among other things, certain financial covenants, as defined in the respective loan agreements, including key financial ratios and liquidity requirements.

Gateway II HoldCo, LLC

On January 31, 2023, Caliber assumed a loan which is secured by the Company’s headquarters office building (see Note 4 – Real Estate Investments). The terms of the note require monthly principal and interest payments, with a balloon payment due at maturity. The loan has a fixed interest rate of 4.30% in effect through the maturity date in November 2029. The terms of the loan do not allow the prepayment of the outstanding balance in part or in whole at any time prior to the maturity date. The terms of the loan agreement include covenant clauses, which require certain key financial ratios and liquidity be met. As of June 30, 2024 and December 31, 2023, the outstanding principal balance of the loan was $16.1 million and $16.2 million, respectively. As of June 30, 2024, the debt service coverage ratio required by the loan agreement was not satisfied, which per the terms of the agreement required the Company to transfer funds to a cash management account.

Corporate Notes and Convertible Corporate Notes

The Company has entered into multiple general corporate financing arrangements with third parties. The arrangements are generally evidenced in the form of an unsecured promissory note and require monthly or quarterly interest-only payments until maturity. The loans generally have a 12-month term and may be extended upon the mutual agreement of the lender and the borrower. Management believes it can come to a mutual agreement with each lender to extend the maturities of the notes for an additional 12-month term.

As of June 30, 2024, there were 213 individual corporate notes outstanding, with an average outstanding principal balance of $0.2 million, interest rates ranging from 8.25% to 12.00%, with weighted average interest rate of 11.38%, and maturity dates ranging from January 2024 to April 2026. During the six months ended June 30, 2024, there were no conversions of debt into common stock. As of August 14, 2024, an aggregate of $31.2 million of corporate and convertible notes mature within the 12-month period subsequent to when these financial statements were issued.

As of December 31, 2023, there were 222 individual corporate notes outstanding, with an average outstanding principal balance of $0.2 million, interest rates ranging from 8.25% to 12.00%, with a weighted average interest rate of 11.42%, and maturity dates ranging from January 2024 to March 2025.

The Company has issued corporate notes with a conversion feature. The conversion price is $7.57 per share of common stock. The holders of the convertible corporate notes can elect to convert all or any portion of the balance at any time. As of June 30, 2024 and December 31, 2023, the value of the conversion feature was zero.

Future Minimum Payments

The following table summarizes the scheduled principal repayments of our indebtedness as of June 30, 2024 (in thousands):

Year	Amount
July 1, 2024 - December 31, 2024	$ 10,280
2025	24,360
2026	404
2027	317
2028	330
Thereafter	14,692
Total	$ 50,383

Deferred Financing Costs

Amortization of deferred financing costs for the Company wasimmaterial and there were no deferred financing cost write-offs during each of the three and six months ended June 30, 2024 and 2023.

Notes Payable of the Consolidated Funds

Notes payable of the consolidated funds consisted of the following as of June 30, 2024 and December 31, 2023, respectively (in thousands):

Notes Payable	June 30, 2024	December 31, 2023	Interest Rate (1)	Maturity date (1)
Real Estate Loans				
Hampton Inn & Suites Hotel	$ — (3)	$ 5,939	N/A	N/A
Four Points by Sheraton Hotel (2)	— (3)	11,000	N/A	N/A
Holiday Inn Ocotillo Hotel	— (3)	9,250	N/A	N/A
Airport Hotel Portfolio	— (3)	55,631	N/A	N/A
DoubleTree by Hilton Tucson Convention Center	18,194	18,418	7.94%	August 2027
Hilton Tucson East	— (3)	11,901	N/A	N/A
DT Mesa Holdco II, LLC	2,700	3,000	7.53%	August 2024
Southpointe Fundco, LLC	1,050	1,050	11.90%	September 2024
West Frontier Holdco, LLC	4,776	4,636	6.35%	February 2038
Total Real Estate Loans	26,720	120,825		
Revolving line of credit	4,500	4,500	8.75%	October 2024
Member notes	5,600	5,600	10.00%	June 2025
Economic injury disaster and other loans	—	475	N/A	N/A
Total notes payable	36,820	131,400		
Deferred financing costs, net	(267)	(1,716)		
Total notes payable, net	$ 36,553	$ 129,684		

(1) As of June 30, 2024.
(2) During the year ended December 31, 2023, the hotel ceased operations as the consolidated fund is converting the property into a multi-family residential asset.
(3) During the six months ended June 30, 2024, the Company deconsolidated Caliber Hospitality, LP and the Caliber Hospitality Trust, which included activity from six hospitality funds, and Elliot, which included activity from the Four Points by Sheraton Hotel.

Real Estate Loans

The terms of the loan agreements described below include, among other things, certain financial covenants, as defined in the respective loan agreements, including key financial ratios and liquidity requirements. Unless otherwise noted below, the consolidated funds were in compliance with the required financial covenants as of June 30, 2024.

Hampton Inn & Suites Hotel

In July 2015, the previously consolidated fund entered into a loan agreement which is secured by a deed of trust and assignment of leases and rents of a hotel property in Scottsdale, Arizona. The terms of the note require monthly principal and interest payments, with a balloon payment due at maturity. The loan has a fixed interest rate of 6.12% in effect through the maturity date in July 2025. The loan is guaranteed by an individual who is an affiliate of the Company. During the six months ended June 30, 2024, the Company deconsolidated Hampton Inn & Suites Hotel, a consolidated subsidiary of Caliber Hospitality, LP (as discussed in Note 3 – VIEs).

Four Points by Sheraton Hotel

In June 2018, the previously consolidated fund entered into a loan agreement which is secured by a deed of trust and assignment of leases and rents of a hotel property in Phoenix, Arizona. The loan required monthly interest-only payments until maturity. The loan is guaranteed by the Company and matured in September 2023. Per the terms of this agreement, the interest rate on the loan was equal to US Prime Rate plus 2.25%, with a floor rate of9.65%, until August 31, 2023, at which time, the interest rate increased to 18%. During the six months ended June 30, 2024, the Company deconsolidated Elliot, which included activity from the Four Points by Sheraton Hotel (as discussed in Note 3 – VIEs).

Holiday Inn Ocotillo Hotel

In July 2018, the previously consolidated fund entered into a loan agreement which is secured by a deed of trust and assignment of leases and rents of a hotel property in Chandler, Arizona. The loan requires monthly interest-only payments. The interest rate on the loan is equal to 1-month LIBOR plus 6.00%, with a floor rate of11.00% until maturity in May 2023. In May 2023, the loan agreement was amended and restated with the lender, extending the maturity date to November 2023 and amending the interest rate to SOFR plus 600 basis points, with a floor rate of11.00%. In November 2023, the loan agreement was amended with the lender, extending the maturity date to February 2024. In February 2024, the loan agreement was amended with the lender, extending the maturity date to May 2024. The loan is guaranteed by the Company. During the six months ended June 30, 2024, the Company deconsolidated Holiday Inn Ocotillo Hotel, a consolidated subsidiary of Caliber Hospitality, LP (as discussed in Note 3 – VIEs).

Airport Hotel Portfolio

In September 2018, the previously consolidated fund entered into a portfolio loan agreement which was secured by a deed of trust and assignment of leases and rents of the Airport Hotel Portfolio. The loan had a variable interest rate equal to one-month LIBOR plus 3.75% and the loan required interest-only payments until maturity. The loan was guaranteed by the Company and individuals who are affiliates of the Company. In January 2023, the consolidated fund paid the loan amount outstanding in full.

In January 2023, the previously consolidated fund entered into a loan agreement which is secured by a deed of trust and assignment of leases and rents of the Airport Hotel Portfolio. Per the terms of the loan agreement, the loan has a variable interest rate equal to SOFR plus 8.75% and matures in January 2025. In connection with the loan, the consolidated fund entered into an interest rate cap agreement, which sets the maximum SOFR rate for the loan at 5.00% through January 2024. The loan requires interest-only payments until maturity. The terms of the loan do not allow the prepayment of the outstanding balance in part prior to the maturity date but can be prepaid in whole subject to certain conditions, terms and fees outlined in the loan agreement. The terms of the loan agreement require an exit fee equal to 1.25% of the original principal amount of the loan and a minimum return equal to 30.0% of the original principal amount of the loan less any interest payments made at the time the loan is repaid in full. The exit fee was accrued upon entering into the loan and recorded as a deferred financing cost to be amortized over the life of the loan. The loan is guaranteed by the Company and individuals who are affiliates of the Company. During the six months ended June 30, 2024, the Company deconsolidated the Airport Hotel Portfolio, consolidated subsidiaries of Caliber Hospitality, LP (as discussed in Note 3 – VIEs).

DoubleTree by Hilton Tucson Convention Center

In August 2019, the consolidated fund entered into a loan agreement which is secured by a deed of trust and assignment of rents of the DoubleTree by Hilton Tucson Convention Center located in Tucson, Arizona. The loan has a variable interest rate per annum equal to LIBOR plus 2.50%. In connection with the loan, the consolidated fund entered into an interest rate swap agreement, which sets the interest at a fixed rate of 4.22% from September 2022 through August 2027. The loan required interest-only payments until September 2022 and principal and interest payments thereafter until maturity. The terms of the loan allow for the prepayment of the outstanding balance in whole or in part at any time prior to the maturity date. The loan matures in August 2027 and is guaranteed by the Company. In May 2024, the consolidated fund terminated the interest rate swap agreement and received $1.6 million.

Hilton Tucson East

In November 2021, the previously consolidated fund entered into a loan agreement which is secured by the deed of trust and assignment of rents of the Hilton Tucson East hotel located in Tucson, AZ. The loan has a fixed interest rate of 6.25% and matures in November 2025. The loan required interest-only payments until June 1, 2023 and principal and interest payments thereafter until maturity. The loan amount may be prepaid prior to maturity subject to certain conditions and terms and a prepayment fee as outlined in the agreement. During the six months ended June 30, 2024, the Company deconsolidated the Hilton Tucson East, a consolidated subsidiary of Caliber Hospitality, LP (as discussed in Note 3 – VIEs).

DT Mesa Holdco II, LLC

In November 2019, the consolidated fund entered into a loan agreement which is secured by the deed of trust of a commercial building in Mesa, Arizona. The loan requires interest-only payments until maturity and the terms of the loan allow the prepayment of the outstanding balance in part or in whole at any time prior to the maturity date with no prepayment penalty. In December 2022, the terms of the loan agreement were renegotiated, extending the maturity date of the loan to November 2023 and amending the interest rate to the greater of (i) the federal home loan bank rate plus 2.75%% or (ii) 6.50%. In November 2023, the loan agreement was amended with the lender, extending the maturity date to February 2024. In February 2024, the loan agreement was amended with the lender, extending the maturity date to May 7, 2024 and waiving the minimum liquidity covenant default. In May 2024, the loan agreement was amended with the lender, extending the maturity date to August 4, 2024 and removed the minimum liquidity covenant. The consolidated fund is within the 30-day grace period and intends to extend the maturity date of the loan by 90 days.

Southpointe Fundco, LLC

In June 2022, the consolidated fund entered into a loan agreement which is secured by a deed of trust and assignment of rents of a residential development property in Phoenix, Arizona. The loan has a fixed rate per annum equal to 9.99%. In May 2023, an extension agreement was executed with the lender, extending the maturity date to December 2023. In November 2023, an extension agreement was executed with the lender, extending the maturity date to March 2024 and amending the interest to a fixed rate of 11.99%. In February 2024, an extension agreement was executed with the lender, extending the maturity date to September 2024. The Company is in negotiations with the lender to extend the maturity date. The terms of the loan allow the prepayment of the outstanding balance in part or in whole at any time prior to the maturity date with no prepayment penalty. The loan is guaranteed by an individual who is an affiliate of the Company.

West Frontier Holdco, LLC

In March 2023, the consolidated fund entered into a construction loan agreement which is secured by a deed of trust and assignment of rents of a multi-family residential property in Payson, Arizona. Upon completion of the construction project, subject to conditions in the agreement, the loan converts to a term loan. The loan requires interest-only payments until March 2025 and principal and interest payments until March 2028, at a fixed interest rate of 6.35%. In April 2028, the loan requires principal and interest payments until maturity in February 2038, at a rate of the five year Treasury Constant Federal Reserve Index plus 2.50%. The terms of the loan allow the prepayment of the outstanding balance in part or in whole at any time prior to the maturity date with no prepayment penalty. The loan is guaranteed by individuals who are affiliates of the Company.

Revolving Line of Credit

In August 2019, a consolidated fund entered into a revolving line of credit ("LOC") with a maximum borrowing amount of $4.5 million. The LOC is secured by the consolidated fund's assets and is guaranteed by the Company. The LOC has a variable interest rate equal to the greater of (i) Wall Street Journal Prime Rate plus 0.25% per annum or (ii) 4.75%, resulting in a rate of 8.75% as of June 30, 2024. The Company is required to pay a fee of 0.20% of the unused revolving balance. In August 2023, the agreement was amended extending the maturity date of the LOC to October 2024 and removing certain restrictive covenants. The terms of the LOC include certain financial covenants and as of June 30, 2024, the consolidated fund was in compliance with all such covenants. The Company is in negotiations with the lender to refinance the LOC.

Member Notes

During 2022 and 2023, the consolidated fund, Southpointe Fundco, LLC ("Southpointe"), entered into 10.0% unsecured promissory notes with individual investors. The notes mature in June 2025 and may be extended up to two additional 12-month periods by the fund manager. The notes require quarterly interest-only payments. The terms of the notes allow the prepayment of the outstanding balance in part or in whole at any time prior to the maturity date with no prepayment penalty.

Economic Injury Disaster Loans

In June 2020, the consolidated funds were granted Economic Injury Disaster Loans, which were secured by the assets of the respective funds and had a fixed interest rate of 3.75 % and matured in June 2050. At June 30, 2024, there was no outstanding principal balance. At December 31, 2023, the outstanding principal balance was $0.5 million. Fixed monthly installment payments began in December 2022 with payments applied first to accrued interest and then the balance, if any, will be applied to principal outstanding. The loans allow for prepayment of principal plus accrued interest prior to maturity. The loan agreements contain certain usual and customary restrictions and covenants relating to, among other things, insurance, and other indebtedness. In addition, the terms of the loans include a cross-default provision whereby the Small Business Administration may, in its discretion, without notice or demand require immediate payment of all amounts outstanding under the loans.

Future Debt Maturities

As of June 30, 2024, the future aggregate principal repayments due on the Company's notes payable are as follows (in thousands):

Year	Amount
July 1, 2024 - December 31, 2024	$ 8,482
2025	6,120
2026	557
2027	17,046
2028	64
Thereafter	4,551
Total	$ 36,820

Deferred Financing Costs

Amortization of deferred financing costs was $0.1 million and $0.4 million during the three and six months ended June 30, 2024, respectively, and $0.4 million and $0.7 million during the three and six months ended June 30, 2023, respectively. There were no deferred financing cost write-offs during each of the three and six months ended June 30, 2024 and 2023.

Note 7 – Related Party Transactions

Related Party Transactions of the Company

Revenues

The table below shows the consolidated revenues earned for providing services under the Company's asset management platform as described in the Revenue Recognition section of Note 2 – Summary of Significant Accounting Policies for the three and six months ended June 30, 2024 and 2023.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Fund management fees	$ 2,532	$ 1,238	$ 3,910	$ 2,527
Financing fees	51	48	53	126
Development and construction fees	201	457	1,732	985
Brokerage fees	442	151	701	292
Total asset management	3,226	1,894	6,396	3,930
Performance allocations	16	12	182	2,438
Total related party revenue	$ 3,242	$ 1,906	$ 6,578	$ 6,368

As of June 30, 2024 and December 31, 2023, amounts due to the Company from related parties for services performed under the Company's asset management platform was $8.0 million and $7.8 million, respectively, which is included in due from related parties on the accompanying consolidated balance sheets.

Notes Receivable

The Company entered into unsecured promissory notes with related parties. No payments are required prior to the maturity of the notes. The notes may be prepaid in whole, or in part, without penalty.

The following table summarizes the notes receivable – related parties as of June 30, 2024 and December 31, 2023 (in thousands):

Notes Receivable - Related Parties	June 30, 2024	December 31, 2023	Interest Rate (1)	Maturity Date (1)
Caliber Hospitality LP (2)	$ 778	$ —	12.00%	September 2025
Olathe Behavioral Health	—	25	12.00%	May 2025
DFW Behavioral Health LLC	—	25	14.00%	May 2025
Total Notes Receivable - Related Parties	$ 778	$ 50		

(1) As of June 30, 2024.

(2) During the six months ended June 30, 2024, the Company deconsolidated Caliber Hospitality, LP and the Caliber Hospitality Trust, which included activity fromsix hospitality funds.

During each of the three and six months ended June 30, 2024 and 2023, the Company earned animmaterial amount of interest in connection with the notes, which is included in interest income on the accompanying consolidated statements of operations. Interest that accrues on certain related party notes receivable can be added to the principal outstanding balance, due at the respective loan maturity date and incurs interest at the respective interest rate. There was an immaterial amount of interest due to the Company as of June 30, 2024 and December 31, 2023 .

Other

In the normal course of business, the Company has various amounts due from and/or due to related parties, including affiliate entities and individuals, for various expenses paid for by the Company on their behalf and other charges. These amounts are generally unsecured, interest-free, and due on demand. As of June 30, 2024 and December 31, 2023, other amounts due from related parties was $3.1 million and $1.9 million, respectively, which is included in due from related parties on the accompanying consolidated balance sheets. As of June 30, 2024 and December 31, 2023, other amounts due to related parties from the Company were $0.1 million and $0.3 million, respectively, which are included in due to related parties on the accompanying consolidated balance sheets.

Related Party Transactions of the Consolidated Funds

Notes Receivable

The consolidated funds entered into unsecured promissory notes with related parties. The notes may be repaid in whole, or in part, without penalty. The notes receivable – related parties consisted of the following as of June 30, 2024 and December 31, 2023 (in thousands):

Notes Receivable - Related Parties	June 30, 2024	December 31, 2023	Interest Rate(1)	Maturity Date(1)
SF Alaska, LP	$ 16,316	$ 14,976	12.00%	May 2025
The Ketch, LLC	8,270	7,198	12.00%	May 2026
Circle Lofts, LLC	1,958	1,797	12.00%	May 2026
Elliot & 51st Street, LLC	14,459	—	13.00%	September 2025
Elliot & 51st Street, LLC	1,710	—	13.00%	April 2026
J-25 Development Group, LLC	19	4,804	12.00%	May 2026
Caliber Diversified Opportunity Fund II, LP	12	109	12.00%	September 2025
Ridge II, LLC	813	846	12.00%	December 2024
Ironwood, LLC	4,031	2,703	13.00%	September 2025
47th Street Phoenix Fund, LLC	90	—	12.00%	May 2025
Southridge, LLC	—	2,187	13.00%	July 2025
Caliber Hospitality, LP(2)	8,230	—	12.00%	June 2025
Blue Spruce, LLC	101	—	13.00%	January 2026
West Ridge,LLC	$ 1,185	$ —	12.00%	March 2026
Total Notes Receivable - Related Parties	$ 57,194	$ 34,620		

(1) As of June 30, 2024.
(2) During the three months ended June 30, 2024, the Company deconsolidated Caliber Hospitality, LP and the Caliber Hospitality Trust, which included activity fromsix hospitality funds.

During the three and six months ended June 30, 2024, the consolidated fund earned $1.6 million and $2.6 million, respectively, and during the three and six months ended June 30, 2023, the consolidated fund earned $0.9 million and $1.8 million, respectively, of interest in connection with the notes, which is included in consolidated funds – other revenues on the accompanying consolidated statements of operations. Interest that accrues on certain related party notes receivable, in which the consolidated fund and respective borrower mutually agreed, is added to the principal outstanding balance, due at the respective loan maturity date and incurs interest at the respective interest rate. No interest was due to the Company as of June 30, 2024 and December 31, 2023.

Notes Payable

At December 31, 2023, Caliber Hospitality, LP had aggregate notes payable outstanding of $12.1 million to Caliber Tax Advantage Opportunity Zone Fund, LP and Caliber Tax Advantaged Opportunity Zone Fund II, LLC. During the six months ended June 30, 2024, the Company deconsolidated Caliber Hospitality, LP and the Caliber Hospitality Trust. The Company also deconsolidated Elliot during the six months ended June 30, 2024. Southpointe borrowed and paid back $0.5 million from Elliot during the six months ended June 30, 2024. See discussion of deconsolidations in Note 3 – VIEs.

During the three months ended June 30, 2024, the consolidated funds incurred animmaterial amount of interest expense in connection with the notes payable – related parties, which is included in consolidated funds – hospitality expenses and consolidated funds – other expenses on the accompanying consolidated statements of operations. During the six months ended June 30, 2024, the consolidated funds incurred $0.3 million and during three and six months ended June 30, 2023, the consolidated funds earned $0.3 million and $0.5 million, respectively, of interest expense in connection with the notes payable – related parties, which is included in consolidated funds – hospitality expenses and consolidated funds – other expenses on the accompanying consolidated statements of operations. As of December 31, 2023, there was $0.1 million of interest expense payable which is included in due to related parties on the accompanying consolidated balance sheets.

Other

In the normal course of business, the consolidated funds have various amounts due from and/or due to related parties, including affiliate entities and individuals, for various expenses paid by the funds on their behalf and other charges. These amounts are generally unsecured, interest-free, and due on demand. As of June 30, 2024 and December 31, 2023, there were an immaterial amount of other amounts due from related parties. As of June 30, 2024 other amounts due to related parties was $0.2 million, which is included in due to related parties on the accompanying consolidated balance sheets. As of December 31, 2023 there was an immaterial amount of other amounts due to related parties.

Note 8 – Leases

Lessor - Company

Rental revenue of the Company includes the revenues generated by the rental operations ofone commercial office property, which was acquired in January 2023. As of June 30, 2024, the leases have non-cancelable remaining lease terms from 0.7 years to 10.1 years. Certain leases contain options to extend the term of the lease and impose financial penalties, including paying all future payments required under the remaining term of the lease, if the tenant terminates the lease. The leases do not contain any lessee purchase options. As of June 30, 2024, the Company does not have any material related party leases as a lessor. The components of rental revenue for the three and six months ended June 30, 2024 and 2023 (in thousands) are presented in the table below. Variable rental revenue are primarily costs reimbursed related to common area maintenance.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Fixed	$ 443	$ 502	$ 878	$ 736
Variable	71	6	148	12
Total	$ 514	$ 508	$ 1,026	$ 748

Future minimum lease payments due to the Company under non-cancellable operating leases over the next five years and thereafter as of June 30, 2024 are as follows (in thousands):

Year	Amount
July 1, 2024 - December 31, 2024	$ 768
2025	1,350
2026	1,207
2027	573
2028	331
Thereafter	1,344
Total	$ 5,573

Lessor - Consolidated Funds

Rental revenue of the consolidated funds includes the revenues generated primarily by the rental operations of two multi-family residential properties, including Circle Lofts, which was deconsolidated during the year ended December 2023, and two commercial properties, including Northsight Crossing, which was sold in October 2023. As of June 30, 2024, the leases have non-cancelable remaining lease terms from 0.2 years to 9.5 years. Certain leases contain options to extend the term of the lease and impose financial penalties, including paying all future payments required under the remaining term of the lease, if the tenant terminates the lease. The leases do not contain any lessee purchase options. As of June 30, 2024, the consolidated funds do not have any material related party leases as a lessor. The components of rental revenue for the three and six months ended June 30, 2024 and 2023 (in thousands) are presented in the table below. Variable rental revenue are primarily costs reimbursed related to common area maintenance.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Fixed	$ 339	$ 1,189	$ 633	$ 1,984
Variable	143	175	271	347
Total	$ 482	$ 1,364	$ 904	$ 2,331

Future minimum lease payments due to the consolidated funds under non-cancellable operating leases over the next five years and thereafter as of June 30, 2024 are as follows (in thousands):

Year	Amount
July 1, 2024 - December 31, 2024	$ 659
2025	975
2026	918
2027	804
2028	828
Thereafter	3,750
Total	$ 7,934

Note 9 – Other Liabilities

Other Liabilities of the Company

Other liabilities consisted of the following as of June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023
Below market leases, net	$ 98	$ 171
Tenant improvement allowance	112	99
Deposits [1]	147	113
Other	456	37
Total other liabilities	$ 813	$ 420

(1) Includes tenant security deposits.

Other Liabilities of the Consolidated Funds

Other liabilities of the consolidated funds consisted of the following as of June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023
Advance key money, net	$ —	$ 825
Deposits [1]	173	531
Sales tax payable	84	674
Other	384	370
Total other liabilities	$ 641	$ 2,400

(1) Includes hotel advance deposits and tenant security and pet deposits.

Note 10 – Supplemental Cash Flow Disclosures

Supplemental cash flow information consisted of the following for the six months ended June 30, 2024 and 2023 (in thousands):

	Six Months Ended June 30,	
	2024	**2023**
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest, none of which was capitalized for the six months ended June 30, 2024 and 2023, respectively	$ 2,569	$ 2,043
Supplemental Disclosure of Cash Flow Information of Consolidated Funds		
Cash paid for interest, net of capitalized interest of $2 and $9 for the six months ended June 30, 2024 and 2023, respectively	4,595	6,574
Supplemental Disclosures of Non-Cash Investing and Financing Activities		
Increase in note receivable - related party due to deconsolidation of VIEs	6,749	—
Increase in accounts receivable - related party due to deconsolidation of VIEs	3,519	—
Accounts receivable - related party eliminated in consolidation of VIEs	—	1,853
Increase in investments in unconsolidated entities due to deconsolidation of VIEs	8,892	—
Extinguishment of operating lease right-of-use assets	—	1,059
Extinguishment of operating lease liabilities	—	1,340
Cost of real estate investments included in accounts payable	—	5
Investments in unconsolidated entities included in accrued expenses	44	—
Issuance of common stock in lieu of cash payment for accounts payable	182	—
Supplemental Disclosures of Non-Cash Investing and Financing Activities of Consolidated Funds		
Note receivable eliminated in consolidation	—	2,946
Increase in note receivable - related party due to deconsolidation of VIEs	26,196	—
Cost of real estate investments included in accounts payable	3	203
Cost of real estate investments included in due to related parties	4	205
Related party notes payable - non-cash settlement	344	—
Consolidation of VIEs		
Real estate investments, net	—	86,402
Accounts receivable, net	—	4,348
Due from related parties	—	2
Operating lease - right of use assets	—	8,775
Prepaid and other assets	—	2,042
Notes payable, net	—	80,449
Notes payable - related parties	—	6,589
Accounts payable and accrued expenses	—	8,148
Due to related parties	—	28
Operating lease liabilities	—	12,441
Other liabilities	—	2,158
Noncontrolling interests	—	33,732

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	Six Months Ended June 30,	
	2024	2023
Deconsolidation of VIEs		
Real estate investments, net	100,367	74,061
Accounts receivable, net	2,826	3,609
Operating lease - right of use assets	10,327	8,775
Prepaid and other assets	8,651	1,634
Due from related parties	3	2
Due to related parties	101	28
Notes payable, net	90,991	68,500
Notes payable - related parties	14,362	1,777
Accounts payable and accrued expenses	10,885	7,038
Operating lease liabilities	13,957	12,441
Other liabilities	1,236	1,928
Noncontrolling interests	54,367	21,957

Note 11 – Commitments and Contingencies

Commitments and Contingencies of the Company

Environmental Matters

In connection with the ownership and operation of real estate assets, the Company may potentially be liable for costs and damages related to environmental matters. The Company believes it is in material compliance with current laws and regulations and do not know of any existing environmental condition and has not been notified by any governmental authority of any non-compliance, liability or other claim, in each case, that could result in a material effect on our financial condition or results of operations.

Caliber Tax Advantaged Opportunity Fund LP

Caliber O-Zone Fund Manager, LLC (the “CTAF Fund Manager”) is a wholly-owned subsidiary of the Company and general partner and manager of Caliber Tax Advantaged Opportunity Fund LP (“CTAF”). In the event of a dissolution, winding-up, or termination, if the aggregate amount received by the CTAF limited partners does not equal or exceed an amount equal to a 6% IRR for the limited partners, the CTAF Fund Manager shall immediately contribute to CTAF funds in order to meet this minimum requirement for payment to the CTAF limited partners. As of June 30, 2024 and December 31, 2023, the Company estimated fair value of CTAF was less than the 6% IRR for the limited partners.

Caliber Tax Advantaged Opportunity Fund II LLC

Caliber O-Zone Fund II Manager, LLC (the “CTAF II Fund Manager”) is a wholly-owned subsidiary of the Company and general partner and manager of Caliber Tax Advantaged Opportunity Zone Fund II LLC (“CTAF II”). In the event of a dissolution, winding-up, or termination, if the aggregate amount received by the CTAF II investor members does not equal or exceed an amount equal to a 6% IRR for the investor members, the CTAF II Fund Manager shall immediately contribute to CTAF II funds in order to meet this minimum requirement for payment to the CTAF II investor members. As of June 30, 2024 and December 31, 2023, the Company estimated fair value of CTAF was less than the 6% IRR for the investor members.

Commitments and Contingencies of the Consolidated Funds

Franchise Agreements

The hospitality funds consolidated during the three and six months ended June 30, 2024 and 2023 are parties to franchise agreements where the fund is required to pay monthly fees, consisting of royalty, program and food and beverage fees. At June 30, 2024, the consolidated hospitality fund is a party to a franchise agreement that expires in November 2026. The consolidated funds recognized total franchise fees of $0.2 million and $2.6 million for the three and six months ended June 30, 2024, respectively, and $1.2 million, and $2.7 million for the three and six months ended June 30, 2023, respectively.

Note 12 – Net Income (Loss) Per Share

Basic earnings per common share is calculated by dividing net income (loss) attributable to common shareholders by the weighted average common shares outstanding during the period. Diluted earnings per share is calculated by dividing net income attributable to common shareholders by the weighted-average number of shares outstanding plus the dilutive impact of all potential dilutive common shares, consisting of stock options and warrants using the treasury stock method, and convertible debt and preferred stock using the if-converted method.

The Company considered the two-class method in calculating the basic and diluted earnings per share, however, it was determined that there was no impact to the calculation of basic and diluted net income (loss) per share attributable to common stockholders as Class A and Class B common stock share in the same earnings and profits, thus, having no impact on the calculation.

The Company has calculated the basic and diluted earnings per share during the three and six months ended June 30, 2024 and 2023 as follows (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net loss attributable to CaliberCos Inc.	$ (4,730)	$ (5,726)	$ (8,535)	$ (6,933)
Convertible debt interest	22	27	43	51
Net loss attributable to common shareholders of CaliberCos Inc.	$ (4,708)	$ (5,699)	$ (8,492)	$ (6,882)
Denominator:				
Weighted average shares outstanding - basic	21,811	19,612	21,677	18,901
Weighted average shares outstanding - diluted	21,811	19,612	21,677	18,901
Basic net loss per share attributable to common shareholders	$ (0.22)	$ (0.29)	$ (0.39)	$ (0.37)
Diluted net loss per share attributable to common shareholders	$ (0.22)	$ (0.29)	$ (0.39)	$ (0.37)

The number of antidilutive shares consisted of the potential exercise of stock options and potential conversion of convertible debt.The following table summarizes these potential exercises and conversions during the three and six months ended June 30, 2024 and 2023, which have been excluded from the computation of diluted earnings per share attributable to common shareholders (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Additional common shares, if stock options were exercised	2,307	1,967	2,280	1,967
Additional common shares, if convertible debt were converted	175	259	175	259
	2,482	2,226	2,455	2,226

Note 13 – Fair Value of Financial Instruments

Fair Value of Financial Instruments of the Company

Fair values of financial instruments held by the Company are estimated using available market information and established valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts the Company could realize on disposition of the financial instruments. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair value amounts.

Financial instruments that approximate fair value due to the short-term nature of the instruments consist of cash, restricted cash, accounts receivable, and accounts payable. The fair values of debt have been estimated based on current rates available for similar instruments with similar terms, maturities, and collateral. The fair value of the Company's fixed rate debt were measured with Level 2 inputs. The estimated fair value of the Company's real estate loan was determined by management based on a discounted future cash-flow model. As of June 30, 2024 the Company's real estate loan had a carrying value of $16.1 million and a fair value of $9.7 million. As of December 31, 2023 the Company's real estate loan had a carrying value of $16.2 million and a fair value of $9.5 million.

Fair Value of Financial Instruments of the Consolidated Funds

Fair values of financial instruments held by consolidated funds are estimated using available market information and established valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts the consolidated funds could realize on disposition of the financial instruments. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair value amounts.

Financial instruments that approximate fair value due to the short-term nature of the instruments consist of cash, restricted cash, accounts receivable, and accounts payable. The fair values of debt, advance key money, and interest rate caps have been estimated based on current rates available for similar instruments with similar terms, maturities, and collateral. The carrying values of the consolidated funds' variable rate debt and advance key money as of June 30, 2024 and December 31, 2023 approximated fair value. The fair value of the consolidated funds' fixed rate debt were measured with Level 2 inputs. The estimated fair values for the instruments below were determined by management based on a discounted future cash-flow model (in thousands).

	June 30, 2024		December 31, 2023	
Note Payable	Carrying Value	Fair Value	Carrying Value	Fair Value
Hampton Inn & Suites Hotel (1)	$ —	$ —	$ 5,939	$ 4,762
Southpointe Fundco, LLC	1,050	1,050	1,050	1,050
Tucson East, LLC (1)	—	—	11,901	11,067
West Frontier, LLC	4,776	3,735	4,636	3,795

(1) During the six months ended June 30, 2024, the Company deconsolidated Caliber Hospitality, LP and the Caliber Hospitality Trust, which included activity fromsix hospitality funds.

Note 14 – Derivative Instruments

Risk Management Objective of Using Derivatives

The consolidated funds utilize derivative instruments, including interest rate caps and swaps, to reduce interest rate risk associated with its borrowings. Our consolidated funds do not intend to utilize derivatives for purposes other than interest rate risk management.

Derivatives Designated as Hedging Instruments

As of June 30, 2024 and December 31, 2023, the Company did not have any derivatives designated as hedging instruments.

Derivatives Not Designated as Hedging Instruments

The consolidated funds have entered into interest rate caps and swaps. The following table summarizes the consolidated funds non-designated derivatives as of June 30, 2024 and December 31, 2023 (dollar amounts in thousands):

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Type of Derivative	June 30, 2024 Number of Instruments	June 30, 2024 Notional Amount	December 31, 2023 Number of Instruments	December 31, 2023 Notional Amount
Interest rate swap (1)	—	$ —	1	$ 18,418
Interest rate cap (2)	—	—	1	55,000
Total		$ —		$ 73,418

The following table presents the fair value of the consolidated funds' non-designated derivatives, as well as their classification on the consolidated balance sheets, as of June 30, 2024 and December 31, 2023 (in thousands):

Type of Derivative	Balance Sheet Location	June 30, 2024	December 31, 2023
Interest rate swap (1)	Consolidated funds - Prepaid and other assets	$ —	$ 1,206
Interest rate cap (2)	Consolidated funds - Prepaid and other assets	—	10
Total		$ —	$ 1,216

The following table presents the gain or loss recognized in consolidated funds - hospitality expenses in the consolidated statements of operations for three and six months ended June 30, 2024 and 2023 (in thousands):

		Three Months Ended June 30,		Six Months Ended June 30,	
Type of Derivative	Statement of Operations Location	2024	2023	2024	2023
Interest rate swap (1)	Consolidated funds - hospitality expenses	$ 152	$ 304	$ 346	$ (18)
Interest rate cap (2)	Consolidated funds - hospitality expenses	—	5	(35)	48
Total		$ 152	$ 309	$ 311	$ 30

(1) During the six months ended June 30, 2024, the interest rate swap was terminated.
(2) During the six months ended June 30, 2024, the Company deconsolidated Caliber Hospitality, LP and the Caliber Hospitality Trust, which included activity fromsix hospitality funds.

Note 15 – Subsequent Events

Management has evaluated events and transactions that occurred after June 30, 2024 through August 14, 2024, the date these consolidated financial statement were available to be issued. There were no material events or transactions in addition to those matters discussed in Note 6 – Notes Payable.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from these forward-looking statements as a result of certain factors. For a complete discussion of such risk factors, see the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2024. Capitalized terms used herein, but not otherwise defined, shall have the meaning ascribed to those terms in the "Part I - Financial Information," including the related notes to the consolidated financial statements contained therein.

Overview

Over the past 15 years, Caliber has grown into a leading diversified alternative asset management firm, managing more than $2.9 billion in assets under management ("AUM") and assets under development ("AUD"). Caliber's primary goal is to enhance the wealth of accredited investors seeking to make investments in middle-market assets. We strive to build wealth for our clients by creating, managing, and servicing middle-market investment funds, private syndications, and direct investments. Through our funds, we invest primarily in real estate, private equity, and debt facilities. We market and fundraise to direct channels and to wholesale channels.

We believe that we provide investors attractive risk-adjusted returns by offering a balance of (i) structured offerings and ease of ownership, (ii) a pipeline of investment opportunities, primarily projects that range in value between $5.0 million and $50.0 million, and (iii) an integrated execution and processing platform. Our investment strategy leverages the local market intelligence and real-time data we gain from our operations to evaluate current investments, generate proprietary transaction flow, and implement various asset management strategies.

As an alternative asset manager, we offer a full suite of support services and employ a vertically integrated approach to investment management. Our asset management activities are complemented with transaction and advisory services including development and construction management, acquisition and disposition expertise, and fund formation, which we believe differentiate us from other asset management firms. We earn the following fees from providing these services under our asset management platform:

- Fund set-up fees are a one-time fee for the initial formation, administration, and set-up of fund products we distribute and manage. These fees are recognized at the point in time when the performance under the contract is complete.

- Fund management fees are generally based on 1.0% to 1.5% of the unreturned capital contributions in a particular fund and include reimbursement for costs incurred on behalf of the fund, including an allocation of certain overhead costs. These customer contracts require the Company to provide management services, representing a performance obligation that the Company satisfies over time. With respect to the Caliber Hospitality Trust, the Company earns a fund management fee of 0.70% of the Caliber Hospitality Trust's enterprise value and is reimbursed for certain costs incurred on behalf of the Caliber Hospitality Trust.

- Financing fees are earned for services the Company performs in securing third-party financing on behalf of our private equity real estate funds. These fees are recognized at the point in time when the performance under the contract is complete, which is essentially upon closing of a loan. In addition, the Company earns fees for guaranteeing certain loans, representing a performance obligation that the Company satisfies over time.

- Real estate development revenues are generally based on 4.0% of the total expected costs of the development or 4.0% of the total expected costs of the construction project for services performed as the principal developer, which include managing and supervising third-party developers and general contractors with respect to the development of the properties owned by the funds. Prior to the commencement of construction, development fee revenue is recognized at a point in time as the related performance obligations are satisfied and the customer obtains control of the promised service, including negotiation, due diligence, entitlements, planning, and design activities. During the construction period, development fee revenue is recognized over time as the performance obligations are satisfied.

- Brokerage fees are earned at a point in time at fixed rates for services performed related to acquisitions, dispositions, leasing, and financing transactions.

- Performance allocations are an arrangement in which we are entitled to an allocation of investment returns, generated within the investment funds which we manage, based on a contractual formula. We typically receive 15.0% to 35.0%, of all cash distributions from (i) the operating cash flow of each fund, after payment to the related fund investors of any accumulated and unpaid priority preferred returns and repayment of preferred capital contributions; and (ii) the cash flow resulting from the sale or refinance of any real estate assets held by each fund, after payment to the related fund investors of any accumulated and unpaid priority preferred returns and repayment of initial preferred capital contributions. Our funds' preferred returns range from 6.0% to 12.0%, typically 6.0% for common equity or 10.0% to 12.0% for preferred equity, which does not participate in profits. Performance allocations are related to services which have been provided and are recognized when it is determined that they are no longer probable of significant reversal, which is generally satisfied when an underlying fund investment is realized or sold.

Historically, the Company's operations were organized into three reportable segments: fund management, development, and brokerage. During the year ended December 31, 2023, the Company reevaluated its reportable segments, considering (i) the evolution of the Company after closing its initial public offering and how the Company's chief operating decision maker ("CODM"), the Company's Chief Executive Officer, assesses performance and allocates resources, (ii) changes to the budgeting process and in key personnel driven by the Company's growth initiatives, and (iii) how management reports ongoing company performance to the Board of Directors. With the evolution and growth of the Company, the Company's CODM assesses performance and resource allocation on an aggregate basis under the Company's asset management platform, and no longer reviews operating results for development or brokerage activity separately. As such, management concluded that the Company operates through one operating segment.

The Company's CODM assesses revenue, operating expenses and key operating statistics to evaluate performance and allocate resources on a basis that eliminates the impact of the consolidated investment funds (intercompany eliminations required by U.S. GAAP) and noncontrolling interests. Management concluded that the consolidated investment funds do not meet the requirements in ASC 280, Segment Reporting, of operating segments, as the Company's CODM does not review the operating results of these investment funds for the purposes of allocating resources, assessing performance or determining whether additional investments or advances will be made to these funds. The investment funds are consolidated based on the requirement in ASC 810, Consolidation, as the Company was determined to be the primary beneficiary of each of these variable interest entities since it has the power to direct the activities of the entities and the right to absorb losses, generally in the form of guarantees of indebtedness that are significant to the individual investment funds.

Caliber was originally founded as Caliber Companies, LLC, an Arizona limited liability company, organized under the laws of Arizona, and commenced operations in January 2009. In November 2014, the Company was reorganized as a Nevada corporation and in June 2018, we reincorporated in the state of Delaware. On our website we make available, free of charge, information about the Company and its' investments. None of the information on our website is deemed to be part of this report.

Trends Affecting Our Business

Our business is driven by trends which affect the following:

1) **Capital formation:** any trend which increases or decreases investors' knowledge of alternative investments, desire to acquire them, access to acquire them, and knowledge and appreciation of Caliber as a potential provider, will affect our ability to attract and raise new capital. Capital formation also drives investment acquisitions, which contribute to Caliber's revenues.

2) **Investment acquisition:** any trend which increases or decreases the supply of middle-market real estate projects or loans, the accessibility of developments or development incentives, or enhances or detracts from Caliber's ability to access those projects will affect our ability to generate revenue. Coincidentally, investment acquisitions, or the rights to acquire an investment, drive capital formation – creating a flywheel effect for Caliber.

3) **Project execution:** any trend which increases or decreases the costs of execution on a real estate project, including materials pricing, labor pricing, access to materials, delays due to governmental action, and the general labor market, will affect Caliber's ability to generate revenues.

Our business depends in large part on our ability to raise capital for our funds from investors. Since our inception, we have continued to successfully raise capital into our funds with our total capital raised through June 30, 2024 of approximately $691.2 million. Our success at raising new capital into our funds is impacted by the extent to which new investors see alternative assets as a viable option for capital appreciation and/or income generation. Since our ability to raise new capital into our funds is dependent upon the availability and willingness of investors to direct their investment dollars into our products, our financial performance is sensitive in part to changes in overall economic conditions that affect investment behaviors. The demand from investors is dependent upon the type of asset, the type of return it will generate (current cash flow, long-term capital gains, or both) and the actual return earned by our fund investors relative to other comparable or substitute products. General economic factors and conditions, including the general interest rate environment and unemployment rates, may affect an investor's ability and desire to invest in real estate. For example, a significant interest rate increase could cause a projected rate of return to be insufficient after considering other risk exposures. Additionally, if weakness in the economy emerges and actual or expected default rates increase, investors in our funds may delay or reduce their investments; however, we believe our approach to investing and the capabilities that Caliber manages throughout the deal cycle will continue to offer an attractive value proposition to investors.

In June 2023, the United States of America's House of Representatives unanimously approved legislation that would increase the number of investors who can participate in private offerings of securities by expanding the accredited investor criteria. The Fair Investment Opportunities for Professional Experts Act would expand the definition of accredited investor to include people with certain licenses, education or professional experience. The Accredited Investor Definition Review Act would give the SEC discretion to determine the certifications, designations or credentials investors must possess to be accredited and directs the SEC to review the accredited investor definition every five years. We believe these government actions will increase the size of our potential investor base significantly, however we cannot yet assess the number of newly accredited investors that would have the ability or interest to invest in a Caliber fund.

While we have had historical successes, there can be no assurance that fundraising for our new and existing funds will experience similar success. If we were unable to raise such capital, we would be unable to deploy such capital into investments, which would materially reduce our revenues and cash flow and adversely affect our financial condition.

We remain confident about our ability to find, identify, and source new investment opportunities that meet the requirements and return profile of our investment funds despite headwinds associated with increased asset valuations, competition and increased overall cost of credit. We continue to identify strategic acquisitions on off-market terms and anticipate that this trend will continue. We are at a point in our investment cycle where some of our funds have begun to exit significant parts of their portfolios while other are approaching a potential harvesting phase. We have complemented these cycles with other newer funds that will maintain management fees while providing continued sources of activity.

In February 2023, we expanded our access to institutional capital by entering into an agreement with Skyway Capital Markets to serve as a managing broker-dealer for our primary investment products. The agreement designates Skyway to assist us to raise capital primarily from third party broker-dealers and registered investment advisors, many of which have an existing business relationship with Skyway. Skyway will assist us in our efforts to hire, train and manage a national wholesaling team, secure selling agreements, and provide appropriate due diligence to advisors distributing our funds. Our current managing broker-dealer will remain engaged with us to supervise and manage our existing private client sales team and to join Skyway as a selling group member.

Acquiring new assets includes being able to negotiate favorable loans on both a short and long-term basis. We strive to forecast and project our returns using assumptions about, among other things, the types of loans that we might expect the market to extend for a particular type of asset. This becomes more complex when the asset also requires construction financing. We may also need to refinance existing loans that are due to mature. Factors that affect these arrangements include the interest rate and economic environment, the estimated fair value of real property, and the profitability of the asset's historical operations. These capital market conditions may affect the renewal or replacement of our credit agreements, some of which have maturity dates occurring within the next 12 months. Obtaining such financing is not guaranteed and is largely dependent on market conditions and other factors.

The advancement of real estate investment-oriented technology, sometimes referred to as "proptech" offers Caliber the benefit of new and innovative technologies to better execute on capital formation strategies, investment acquisition strategies, and investment management strategies. In recent years, Caliber has added to its technology stack with systems that we believe lead the market in their specific ability to enhance execution on our projects. Several of these technologies seek to incorporate investments in artificial intelligence, which we believe will be a prevailing trend in helping Caliber to enhance its project execution going forward.

Regional conflicts and instability, such as those in Israel and Ukraine, can have significant impacts on global markets and economies and investor perception and tolerance for risk. These conflicts could lead to increased volatility in financial markets, disrupt supply chains, and change investor appetite for investments in alternative assets.

Business Environment

Global markets are experiencing significant volatility driven by concerns over inflation, rising interest rates, slowing economic growth and geopolitical uncertainty. The annual inflation rate in the United States increased to 9.1% in June 2022, the highest rate since November 1981, but decreased to 3.0% in June 2024. As a result, from January 1, 2022 through July 30, 2024, the Federal Reserve increased the federal funds rate by 525 basis points. The rising interest rates, coupled with periods of significant equity and credit market volatility may potentially make it more difficult for us to find attractive opportunities for our funds to exit and realize value from their existing investments. Historically, inflation has tended to favor new capital formation for Caliber's funds, as investors seek opportunities that can hedge against rising costs, such as real estate investments. In addition, the increase in interest rates has put pressure on owners of existing real estate to sell assets as their loans mature. Combined with a shrinking pool of buyers, the commercial and residential real estate markets in our favored geographies are moving away from a seller's market and closer to a buyer's market. It remains to be seen if a stressed or distressed market may emerge, similar to Caliber's early years of operations. In both a buyer's market and a stressed or distressed market, Caliber expects its business model to outperform, as our direct access to investor capital and our ability to invest in a variety of asset classes allows Caliber to move with the market and take advantage of potentially attractive prices. For project execution, inflation has increased the cost of nearly all building materials and labor types, increasing the cost of construction and renovation of our funds' assets.

Key Financial Measures and Indicators

Our key financial measures are discussed in the following pages. Additional information regarding these key financial measures and our other significant accounting policies can be found in Note 2 – Summary of Significant Accounting Policies in the notes to our accompanying consolidated financial statements included herein.

Total Revenue

We generate the majority of our revenue in the form of asset management fee revenues and performance allocations. Included within our consolidated results, are the related revenues of certain consolidated VIEs.

Total Expenses

Total expenses include operating costs, general and administrative, marketing and advertising and depreciation and amortization. Included within our consolidated results, are the related expenses of consolidated VIEs.

Other Income (Expenses)

Other income (expenses) include interest expense and interest income.

Results of Operations

Comparison of the Consolidated Results of Operations for the Three Months Ended June 30, 2024 and 2023

Our consolidated results of operations are impacted by the timing of consolidation, deconsolidation, and operating performance of our consolidated and previously consolidated funds. Periods presented may not be comparable due to the consolidation or deconsolidation certain funds. In particular, the Company deconsolidated Caliber Hospitality, LP, the Caliber Hospitality Trust, and their consolidated subsidiaries, and Elliot during the six months ended June 30, 2024. The following table and discussion provide insight into our consolidated results of operations for the three months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30,			
	2024	2023	$ Change	% Change
Revenues				
Asset management revenues	$ 3,226	$ 1,894	$ 1,332	70.3 %
Performance allocations	16	12	4	33.3 %
Consolidated funds – hospitality revenues	2,894	16,273	(13,379)	(82.2)%
Consolidated funds – other revenues	2,043	2,266	(223)	(9.8)%
Total revenues	8,179	20,445	(12,266)	(60.0)%
Expenses				
Operating costs	5,535	6,820	(1,285)	(18.8)%
General and administrative	2,079	1,426	653	45.8 %
Marketing and advertising	227	325	(98)	(30.2)%
Depreciation and amortization	144	137	7	5.1 %
Consolidated funds – hospitality expenses	3,312	20,749	(17,437)	(84.0)%
Consolidated funds – other expenses	1,358	1,949	(591)	(30.3)%
Total expenses	12,655	31,406	(18,751)	(59.7)%
Other income, net	318	546	(228)	(41.8)%
Interest income	157	96	61	63.5 %
Interest expense	(1,315)	(1,261)	(54)	4.3 %
Net loss before income taxes	(5,316)	(11,580)	6,264	(54.1)%
Benefit from income taxes	—	—	—	0.0 %
Net loss	(5,316)	(11,580)	6,264	(54.1)%
Net loss attributable to noncontrolling interests	(586)	(5,854)	5,268	(90.0)%
Net loss attributable to CaliberCos Inc.	$ (4,730)	$ (5,726)	$ 996	(17.4)%

For the three months ended June 30, 2024 and 2023, total revenues were $8.2 million and $20.4 million, respectively, representing a period-over-period decrease of 60.0%, which was primarily due to a decrease in consolidated fund revenues. This decrease was primarily due to the deconsolidation of Caliber Hospitality, LP and the Caliber Hospitality Trust in March 2024 and was partially offset by an increase in asset management revenue due to an increase in fund management revenues. See the Segment Analysis section below in which revenues are presented on a basis that deconsolidates our consolidated funds. As a result, segment revenues are different than those presented on a consolidated basis in accordance with U.S. GAAP basis because these fees are eliminated in consolidation when they are derived from a consolidated fund.

For the three months ended June 30, 2024 and 2023, total expenses were $12.7 million and $31.4 million, respectively, representing a period-over-period decrease of 59.7%. The increase was primarily due to an decrease in consolidated fund expenses which was primarily due to the deconsolidation of Caliber Hospitality, LP and Caliber Hospitality Trust in March 2024.

Comparison of the Unconsolidated Results of Operations for the Three Months Ended June 30, 2024 and 2023

The following table and discussion provide insight into our unconsolidated results of operations of the asset management platform for the three months ended June 30, 2024 and 2023 (in thousands). Unconsolidated revenues and expenses are presented on a basis that deconsolidates our consolidated funds (intercompany eliminations) and eliminates noncontrolling interest. As a result, unconsolidated revenues are different than those presented on a consolidated basis in accordance with U.S. GAAP because fee revenue is eliminated in consolidation when it is derived from a consolidated fund and due to the exclusion of the fund revenue recognized by the consolidated funds. Furthermore, unconsolidated expenses are also different than those presented on a consolidated U.S. GAAP basis due to the exclusion of fund expenses that are paid by the consolidated funds. See the Non-GAAP Measures section below for reconciliations of the unconsolidated results to the most comparable U.S. GAAP measure.

	Three Months Ended June 30,			
	2024	2023	$ Change	% Change
Revenues				
Asset management revenues	$ 4,179	$ 3,348	$ 831	24.8 %
Performance allocations	33	24	9	37.5 %
Total revenues	4,212	3,372	840	24.9 %
Expenses				
Operating costs	5,760	6,731	(971)	(14.4)%
General and administrative	2,091	1,398	693	49.6 %
Marketing and advertising	227	326	(99)	(30.4)%
Depreciation and amortization	119	92	27	29.3 %
Total expenses	8,197	8,547	(350)	(4.1)%
Other income, net	490	297	193	65.0 %
Interest income	170	497	(327)	(65.8)%
Interest expense	(1,315)	(1,260)	(55)	4.4 %
Net loss before income taxes	(4,640)	(5,641)	1,001	(17.7)%
Benefit from income taxes	—	—	—	0.0 %
Net loss	$ (4,640)	$ (5,641)	$ 1,001	(17.7)%

For the three months ended June 30, 2024 and 2023, total revenues were $4.2 million and $3.4 million, respectively, representing a period-over-period increase of 24.9%. The table below (in thousands) compares the revenues earned for providing services under the Company's asset management platform as described in the Revenue Recognition section of Note 2 – Summary of Significant Accounting Policies for the three months ended June 30, 2024 to the revenues earned for the same period in 2023.

	Three Months Ended June 30,			
	2024	2023	$ Change	% Change
Fund set-up fees	$ 665	$ 9	$ 656	7,288.9 %
Fund management fees	2,665	2,369	296	12.5 %
Financing fees	80	150	(70)	(46.7)%
Development and construction fees	328	657	(329)	(50.1)%
Brokerage fees	441	163	278	170.6 %
Total asset management	4,179	3,348	831	24.8 %
Performance allocations	33	24	9	37.5 %
Total unconsolidated revenue	$ 4,212	$ 3,372	$ 840	24.9 %

The increase in fund set-up fees is due to the recognition of revenue earned related to two new fund offerings during the three months ended June 30, 2024.

The increase in fund management fees is related to an increase of managed capital and fees earned from the Caliber Hospitality Trust related to the acquisition of one hotel property. Fund management fees were based on 1.0% to 1.5% of the unreturned capital contributions in each fund and a fund management fee of 0.7% of the Caliber Hospitality Trust's enterprise value.

The decrease in development and construction fees is primarily due to the completion of three development projects, offset by an increase in construction activities related to one development project.

For the three months ended June 30, 2024 and 2023, total expenses were $8.2 million and $8.5 million, respectively, representing a period-over-period decrease of 4.1%. The decrease was primarily due to a decrease in operating costs due to a decrease in stock compensation expense and a decrease in accrued bonuses, partially offset by an increase in general and administrative expenses due to increased legal and accounting fees.

Comparison of the Consolidated Results of Operations for the Six Months Ended June 30, 2024 and 2023

Our consolidated results of operations are impacted by the timing of consolidation, deconsolidation, and operating performance of our consolidated and previously consolidated funds. Periods presented may not be comparable due to the consolidation or deconsolidation certain funds. In particular, the Company deconsolidated Caliber Hospitality, LP, the Caliber Hospitality Trust, and their consolidated subsidiaries, and Elliot during the six months ended June 30, 2024. The following table and discussion provide insight into our consolidated results of operations for the six months ended June 30, 2024 and 2023 (in thousands):

	Six Months Ended June 30,			
	2024	2023	$ Change	% Change
Revenues				
Asset management revenues	$ 6,396	$ 3,930	$ 2,466	62.7 %
Performance allocations	182	2,438	(2,256)	(92.5)%
Consolidated funds – hospitality revenues	21,039	39,482	(18,443)	(46.7)%
Consolidated funds – other revenues	3,513	4,117	(604)	(14.7)%
Total revenues	31,130	49,967	(18,837)	(37.7)%
Expenses				
Operating costs	10,797	11,324	(527)	(4.7)%
General and administrative	4,019	3,242	777	24.0 %
Marketing and advertising	333	678	(345)	(50.9)%
Depreciation and amortization	290	269	21	7.8 %
Consolidated funds – hospitality expenses	20,094	41,032	(20,938)	(51.0)%
Consolidated funds – other expenses	4,430	3,874	556	14.4 %
Total expenses	39,963	60,419	(20,456)	(33.9)%
Other income, net	590	1,065	(475)	44.6 %
Interest income	274	194	80	41.2 %
Interest expense	(2,609)	(2,092)	(517)	24.7 %
Net loss before income taxes	(10,578)	(11,285)	707	(6.3)%
Benefit from income taxes	—	—	—	0.0 %
Net loss	(10,578)	(11,285)	707	(6.3)%
Net loss attributable to noncontrolling interests	(2,043)	(4,352)	2,309	(53.1)%
Net loss attributable to CaliberCos Inc.	$ (8,535)	$ (6,933)	$ (1,602)	23.1 %

For the six months ended June 30, 2024 and 2023, total revenues were $31.1 million and $50.0 million, respectively, representing a period-over-period decrease of 37.7%, which was primarily due to a decrease in consolidated fund revenues. This decrease was primarily due to the deconsolidation of Caliber Hospitality, LP and the Caliber Hospitality Trust in March 2024. See the Segment Analysis section below in which revenues are presented on a basis that deconsolidates our consolidated funds. As a result, segment revenues are different than those presented on a consolidated basis in accordance with U.S. GAAP basis because these fees are eliminated in consolidation when they are derived from a consolidated fund.

For the six months ended June 30, 2024 and 2023, total expenses were $40.0 million and $60.4 million, respectively, representing a period-over-period decrease of 33.9%. The increase was primarily due to an decrease in consolidated fund expenses which was primarily due to the deconsolidation of Caliber Hospitality, LP and Caliber Hospitality Trust in March 2024.

Comparison of the Unconsolidated Results of Operations for the Six Months Ended June 30, 2024 and 2023

The following table and discussion provide insight into our unconsolidated results of operations of the asset management platform for the six months ended June 30, 2024 and 2023 (in thousands).

	Six Months Ended June 30,			
	2024	**2023**	**$ Change**	**% Change**
Revenues				
Asset management revenues	$ 8,734	$ 7,273	$ 1,461	20.1 %
Performance allocations	204	2,450	(2,246)	(91.7)%
Total revenues	8,938	9,723	(785)	(8.1)%
Expenses				
Operating costs	11,244	11,188	56	0.5 %
General and administrative	4,040	3,008	1,032	34.3 %
Marketing and advertising	333	679	(346)	(51.0)%
Depreciation and amortization	302	124	178	143.5 %
Total expenses	15,919	14,999	920	6.1 %
Other income, net	942	145	797	549.7 %
Interest income	455	749	(294)	(39.3)%
Interest expense	(2,610)	(2,092)	(518)	24.8 %
Net loss before income taxes	(8,194)	(6,474)	(1,720)	26.6 %
Benefit from income taxes	—	—	—	0.0 %
Net loss	$ (8,194)	$ (6,474)	$ (1,720)	26.6 %

For the six months ended June 30, 2024 and 2023, total revenues were $8.9 million and $9.7 million, respectively, representing a period-over-period decrease of 8.1%. The table below (in thousands) compares the revenues earned for providing services under the Company's asset management platform as described in the Revenue Recognition section of Note 2 – Summary of Significant Accounting Policies for the six months ended June 30, 2024 to the revenues earned for the same period in 2023.

	Six Months Ended June 30,			
	2024	**2023**	**$ Change**	**% Change**
Fund set-up fees	$ 671	$ 72	$ 599	831.9 %
Fund management fees	5,228	4,679	549	11.7 %
Financing fees	152	477	(325)	(68.1)%
Development and construction fees	1,982	1,612	370	23.0 %
Brokerage fees	701	433	268	61.9 %
Total asset management	8,734	7,273	1,461	20.1 %
Performance allocations	204	2,450	(2,246)	(91.7)%
Total unconsolidated revenue	$ 8,938	$ 9,723	$ (785)	(8.1)%

The increase in fund set-up fees is due to the recognition of revenue earned related to two new fund offerings during the six months ended June 30, 2024.

The increase in fund management fees is related to an increase of managed capital and fees earned from the Caliber Hospitality Trust related to the acquisition of one hotel property. Fund management fees were based on 1.0% to 1.5% of the unreturned capital contributions in each fund and a fund management fee of 0.7% of the Caliber Hospitality Trust's enterprise value.

The decrease in performance allocations is is due to the carried interest earned related to the contribution of the hospitality assets to Caliber Hospitality, LP in March 2023.

For the six months ended June 30, 2024 and 2023, total expenses were $15.9 million and $15.0 million, respectively, representing a period-over-period increase of 6.1%. The increase was primarily due to an increase in general and administrative expenses related to software expense, legal and accounting fees and investor and public relations expenses.

Other income, net was $0.9 million for the six months ended June 30, 2024, as compared to $0.1 million for the six months ended June 30, 2023. The increase is primarily due to an increase in rental and reimbursement revenue from space leased at the Company's corporate headquarters.

For the six months ended June 30, 2024 and 2023, interest expense was $2.6 million and $2.1 million, respectively. The increase was primarily due to the increase in the weighted average corporate notes outstanding during the six months ended June 30, 2024, as compared to the same period in 2023.

Investment Valuations

The investments that are held by our funds are generally considered to be illiquid and have no readily ascertainable market value. We value these investments based on our estimate of their fair value as of the date of determination. We estimate the fair value of our fund's investments based on several inputs built within forecasting models. The models generally rely on discounted cash flow analysis and other techniques and may include independently sourced market parameters. The material estimates and assumptions used in these models include the timing and expected amounts of cash flows, income and expenses for the property, the appropriateness of discount rates used, overall capitalization rate, and, in some cases, the ability to execute, estimated proceeds and timing of expected sales and financings. Most of our assets utilize the income approach to value the property. Where appropriate, management may obtain additional supporting evidence of values from methods generally utilized in the real estate investment industry, such as appraisal reports and broker price opinion reports.

With respect to the underlying factors that led to the change in fair value in the current year, we identify assets that are undervalued and/or underperforming as part of our acquisition strategy. Such assets generally undergo some form of repositioning soon after our acquisition to help drive increased appreciation and operating performance. Once the repositioning is complete, we focus on increasing the asset's net operating income, thereby further increasing the value of the asset. By making these below-market acquisitions, adding value through development activities, and increasing free cash flow with proper management all represent a material component to our core business model.

A unique feature of Caliber's funds is the discretion given to Caliber's management team to decide when to sell assets and when to hold them. We believe this discretion allows Caliber to avoid selling properties that, while their business plan may have matured, the market will not pay an attractive price in the current environment. Avoiding selling at a time of disruption, such as all of 2020, is critical to preserving the value of our assets, our carried interest, our ongoing revenues, and our clients' capital. While this is management's expectation, there can be no assurance these outcomes will occur.

Assets Under Management

AUM refers to the assets we manage or sponsor. We monitor two types of information regarding our AUM:

i. Managed Capital – we define this as the total capital we fundraise from our customers as investments in our funds. It also includes fundraising into our corporate note program, the proceeds of which were used, in part, to invest in or loan to our funds. We use this information to monitor, among other things, the amount of 'preferred return' that would be paid at the time of a distribution and the potential to earn a performance fee over and above the preferred return at the time of the distribution. Our fund management fees are based on a percentage of managed capital or a percentage of assets under management, and monitoring the change and composition of managed capital provides relevant data points for Caliber management to further calculate and predict future earnings.

ii. Fair Value ("FV") AUM – we define this as the aggregate fair value of the real estate assets we manage and from which we derive management fees, performance revenues and other fees and expense reimbursements. We estimate the value of these assets quarterly to help make sale and hold decisions and to evaluate whether an existing asset would benefit from refinancing or recapitalization. This also gives us insight into the value of our carried interest at any point in time. We also utilize FV AUM to predict the percentage of our portfolio which may need development services in a given year, fund management services (such as refinance), and brokerage services. As we control the decision to hire for these services, our service income is generally predictable based upon our current portfolio AUM and our expectations for AUM growth in the year forecasted. As of June 30, 2024, we had total FV AUM of approximately $773.2 million.

Although we believe we are utilizing generally accepted methodologies for our calculation of Managed Capital and FV AUM, it may differ from our competitors, thereby making these metrics non-comparable to our competitors.

Managed Capital

The table below summarizes the activity of the managed capital for the six months ended June 30, 2024 (in thousands):

	Managed Capital
Balance as of December 31, 2023	$ 437,625
Originations	19,099
Redemptions	(2,819)
Balance as of March 31, 2024	$ 453,905
Originations	18,936
Redemptions	(3,041)
Balance as of June 30, 2024	$ 469,800

The following table summarizes managed capital for our investment fund portfolios as of June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023
Real Estate		
Hospitality	$ 43,660	$ 43,660
Caliber Hospitality Trust(1)	95,817	70,747
Residential	89,713	74,224
Commercial	161,697	155,004
Total Real Estate(2)	390,887	343,635
Credit(3)	70,972	84,588
Other(4)	7,941	9,402
Total	$ 469,800	$ 437,625

(1) The Company earns a fund management fee of 0.70% of the Caliber Hospitality Trust's enterprise value and is reimbursed for certain costs incurred on behalf of the Caliber Hospitality Trust.
(2) Beginning during the year ended December 31, 2023, the Company includes capital raised from investors in CaliberCos Inc. through corporate note issuances that was further invested in our funds in Managed Capital. As of June 30, 2024 and December 31, 2023, the Company had invested $18.8 million and $18.3 million, respectively, in our funds.
(3) Credit managed capital represents loans made to Caliber's investment funds by the Company and our diversified funds. As of June 30, 2024 and December 31, 2023, the Company had loaned $1.1 million and $8.5 million to our funds.
(4) Other managed capital represents undeployed capital held in our diversified funds.

Managed capital for the Caliber Hospitality Trust increased by $25.1 million during the six months ended June 30, 2024, primarily representing: the issuance of $9.6 million of Caliber Hospitality, LP operating partnership units in exchange for the contribution of a hotel from L.T.D. on March 7, 2024 (the first of nine committed hotels from L.T.D.'s portfolio) and $15.5 million of investments in Caliber Hospitality Trusts's non-voting preferred stock.

Managed capital for our residential investment funds increased by $15.5 million during the six months ended June 30, 2024, representing: (i) $6.6 million in capital raised into our residential assets offset by $0.9 million of redemptions, and (ii) $9.8 million contributed by our diversified funds.

Managed capital for our commercial investment funds increased $6.7 million during the six months ended June 30, 2024, representing: (i) $6.4 million in capital raised into our commercial assets, offset by $2.4 million of redemptions to support one commercial ground-up build and acquisition in Arizona and two commercial ground-up builds and acquisitions in Colorado and (ii) $5.0 million contributed by our diversified funds offset by $2.5 million return of capital to support seven commercial ground-up builds and acquisitions in Arizona. The scope of investments included tenant improvements, land development, and acquiring existing operating commercial properties.

During the six months ended June 30, 2024, our diversified funds deployed $10.9 million into our various real estate investments, which was offset by $17.1 million of repayments of outstanding notes receivable. The Company deployed $0.1 million directly into real estate investments in the form of notes receivable, which was offset by $7.5 million of repayments of outstanding notes receivable.

As of June 30, 2024, we held $7.9 million of other managed capital, which included a $3.2 million private equity investment in a local start-up business and $4.7 million of undeployed cash and pursuit costs, compared to $9.4 million of other managed capital, which included a $3.2 million private equity investment in a local start-up business and $6.2 million of undeployed cash and pursuit costs held as of December 31, 2023.

FV AUM

Our FV AUM increased primarily due to the L.T.D. hotel contribution into the Caliber Hospitality Trust. The table below details the activities that had an impact on our FV AUM, during the six months ended June 30, 2024 (in thousands).

Balances as of December 31, 2023	$	741,190
CHT contribution		29,900
Construction and net market appreciation		10,971
Assets sold[(1)]		(12,771)
Credit[(2)]		(781)
Other[(3)]		(1,771)
Balances as of March 31, 2024		766,738
Assets acquired[(4)]		14,000
Construction and net market appreciation		27,994
Assets sold or disposed[(1)]		(22,994)
Credit[(2)]		(12,835)
Other[(3)]		310
Balances as of June 30, 2023	$	773,213

The following table summarizes FV AUM of our investment fund portfolios as of June 30, 2024 and December 31, 2023 (in thousands):

		June 30, 2024		December 31, 2023
Real Estate				
Hospitality	$	68,000	$	67,200
Caliber Hospitality Trust		234,300		201,600
Residential		140,700		138,000
Commercial		251,300		240,400
Total Real Estate		694,300		647,200
Credit[(3)]		70,972		84,588
Other[(4)]		7,941		9,402
Total	$	773,213	$	741,190

(1) Assets sold during the six months ended June 30, 2024 include a commercial asset, lot sales related to two development assets in Colorado, and one home from our residential fund.

(2) Credit FV AUM represents loans made to Caliber's investment funds by our diversified credit fund.

(3) Other FV AUM represents undeployed capital held in our diversified funds.
(4) Assets acquired during the six months ended June 30, 2024 include land for one commercial asset in Colorado.

Assets Under Development

We have a number of development, redevelopment, construction, and entitlement projects that are underway or are in the planning stages, which we define as AUD. This category includes projects to be built on undeveloped land and projects to be built and constructed on undeveloped lands, which are not yet owned by our funds. Completing these development activities may ultimately result in income-producing assets, assets we may sell to third parties, or both. As of June 30, 2024, we are actively developing 1,940 multifamily units, 1,942 single family units, 2.6 million square feet of commercial and industrial, and 0.8 million square feet of office and retail. If all of these projects are brought to completion, the total cost capitalized to these projects, which represents total current estimated costs to complete the development and construction of such projects by us or a third party, is $2.1 billion, which we expect would be funded through a combination of undeployed fund cash, third-party equity, project sales, tax credit financing and similar incentives, and secured debt financing. We are under no obligation to complete these projects and may dispose of any such assets at any time. There can be no assurance that AUD will ultimately be developed or constructed because of the nature of the cost of the approval and development process and market demand for a particular use. In addition, the mix of residential and commercial assets under development may change prior to final development. The development of these assets will require significant additional financing or other sources of funding, which may not be available.

Non-GAAP Measures

We use non-GAAP financial measures to evaluate operating performance, identify trends, formulate financial projections, make strategic decisions, and for other discretionary purposes. We believe that these measures enhance the understanding of ongoing operations and comparability of current results to prior periods and may be useful for investors to analyze our financial performance because they provides investors a view of the performance attributable to CaliberCos Inc. When analyzing our operating performance, investors should use these measures in addition to, and not as an alternative for, their most directly comparable financial measure calculated and presented in accordance with U.S. GAAP. Our presentation of non-GAAP measures may not be comparable to similarly identified measures of other companies because not all companies use the same calculations. These measures may also differ from the amounts calculated under similarly titled definitions in our debt instruments, which amounts are further adjusted to reflect certain other cash and non-cash charges and are used by us to determine compliance with financial covenants therein and our ability to engage in certain activities, such as incurring additional debt and making certain restricted payments.

Fee-Related Earnings and Related Components

Fee-Related Earnings is a supplemental non-GAAP performance measure used to assess our ability to generate profits from fee-based revenues, focusing on whether our core revenue streams, are sufficient to cover our core operating expenses. Fee-Related Earnings represents the Company's net income (loss) before income taxes adjusted to exclude depreciation and amortization, stock-based compensation, interest expense and extraordinary or non-recurring revenue and expenses, including performance allocation revenue and gain (loss) on extinguishment of debt, public registration direct costs related to aborted or delayed offerings and our Reg A+ offering, the share repurchase costs related to the Company's Buyback Program, litigation settlements, and expenses recorded to earnings relating to investment deals which were abandoned or closed. Fee-Related Earnings is presented on a basis that deconsolidates our consolidated funds (intercompany eliminations) and eliminates noncontrolling interest. Eliminating the impact of consolidated funds and noncontrolling interest provides investors a view of the performance attributable to CaliberCos Inc. and is consistent with performance models and analysis used by management.

Distributable Earnings

Distributable Earnings is a supplemental non-GAAP performance measure equal to Fee-Related Earnings plus performance allocation revenue and less interest expenses and provision for income taxes. We believe that Distributable Earnings can be useful as a supplemental performance measure to our GAAP results assessing the amount of earnings available for distribution.

Caliber Adjusted EBITDA

Caliber Adjusted EBITDA represents the Company's Distributable Earnings adjusted for interest expense, the share repurchase costs related to the Company's Buyback Program, other income (expense), and provision for income taxes on a basis that deconsolidates our consolidated funds (intercompany eliminations) and eliminates noncontrolling interest. Eliminating the impact of consolidated funds and noncontrolling interest provides investors a view of the performance attributable to CaliberCos Inc. and is consistent with performance models and analysis used by management.

Consolidated Adjusted EBITDA

Consolidated Adjusted EBITDA represents the Company's and the consolidated funds' earnings before net interest expense, income taxes, depreciation and amortization, further adjusted to exclude stock-based compensation, transaction fees, expenses and other public registration direct costs related to aborted or delayed offerings and our Reg A+ offering, the share repurchase costs related to the Company's Buyback Program, litigation settlements, expenses recorded to earnings relating to investment deals which were abandoned or closed, any other non-cash expenses or losses, as further adjusted for extraordinary or non-recurring items.

The following table presents a reconciliation of net (loss) income attributable to CaliberCos Inc. to Fee-Related Earnings, Distributable Earnings, Caliber Adjusted EBITDA, and Consolidated Adjusted EBITDA for the three and six months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Net loss attributable to CaliberCos Inc.	$ (4,730)	$ (5,726)	$ (8,535)	$ (6,933)
Net loss attributable to noncontrolling interests	(586)	(5,854)	(2,043)	(4,352)
Net loss	(5,316)	(11,580)	(10,578)	(11,285)
Provision for income taxes	—	—	—	—
Net loss before income taxes	(5,316)	(11,580)	(10,578)	(11,285)
Depreciation and amortization	119	137	302	269
Consolidated funds' impact on fee-related earnings	491	5,781	1,852	5,176
Stock-based compensation	584	1,922	984	2,624
Severance	171	—	178	13
Performance allocations	(16)	(12)	(182)	(2,438)
Other income, net	(318)	(546)	(590)	(1,065)
Interest expense, net	1,145	763	2,155	1,343
Fee-Related Earnings	(3,140)	(3,535)	(5,879)	(5,363)
Performance allocations	16	12	182	2,438
Interest expense, net	(1,145)	(763)	(2,155)	(1,343)
Provision for income taxes	—	—	—	—
Distributable Earnings	(4,269)	(4,286)	(7,852)	(4,268)
Interest expense	1,315	1,261	2,609	2,092
Share buy-back	—	—	—	183
Other income, net	318	546	590	1,065
Consolidated funds' impact on Caliber Adjusted EBITDA	185	152	533	(365)
Caliber Adjusted EBITDA	(2,451)	(2,327)	(4,120)	(1,293)
Consolidated funds' EBITDA Adjustments	1,485	1,070	5,341	8,121
Consolidated Adjusted EBITDA	$ (966)	$ (1,257)	$ 1,221	$ 6,828

The following tables present a reconciliation of unconsolidated revenues, expenses and net income to the most comparable GAAP measure for the three and six months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30, 2024		
	Unconsolidated	Impact of Consolidated Funds	Consolidated
Revenues			
Asset management	$ 4,179	$ (953)	$ 3,226
Performance allocations	33	(17)	16
Consolidated funds – hospitality revenue	—	2,894	2,894
Consolidated funds – other revenue	—	2,043	2,043
Total revenues	4,212	3,967	8,179
Expenses			
Operating costs	5,760	(225)	$ 5,535
General and administrative	2,091	(12)	2,079
Marketing and advertising	227	—	227
Depreciation and amortization	119	25	144
Consolidated funds – hospitality expenses	—	3,312	3,312
Consolidated funds – other expenses	—	1,358	1,358
Total expenses	8,197	4,458	12,655
Other income (loss), net	490	(172)	$ 318
Interest income	170	(13)	157
Interest expense	(1,315)	—	(1,315)
Net loss before income taxes	(4,640)	(676)	(5,316)
Provision for income taxes	—	—	—
Net loss	(4,640)	(676)	(5,316)
Net loss attributable to noncontrolling interests	—	(586)	(586)
Net loss attributable to CaliberCos Inc.	$ (4,640)	$ (90)	$ (4,730)

	Six Months Ended June 30, 2024		
	Unconsolidated	Impact of Consolidated Funds	Consolidated
Revenues			
Asset management	$ 8,734	$ (2,338)	$ 6,396
Performance allocations	204	(22)	182
Consolidated funds – hospitality revenue	—	21,039	21,039
Consolidated funds – other revenue	—	3,513	3,513
Total revenues	8,938	22,192	31,130
Expenses			
Operating costs	11,244	(447)	$ 10,797
General and administrative	4,040	(21)	4,019
Marketing and advertising	333	—	333
Depreciation and amortization	302	(12)	290
Consolidated funds – hospitality expenses	—	20,094	20,094
Consolidated funds – other expenses	—	4,430	4,430
Total expenses	15,919	24,044	39,963
Other income (loss), net	942	(352)	$ 590
Interest income	455	(181)	274
Interest expense	(2,610)	1	(2,609)
Net loss before income taxes	(8,194)	(2,384)	(10,578)
Provision for income taxes	—	—	—
Net loss	(8,194)	(2,384)	(10,578)
Net loss attributable to noncontrolling interests	—	(2,043)	(2,043)
Net loss attributable to CaliberCos Inc.	$ (8,194)	$ (341)	$ (8,535)

	Three Months Ended June 30, 2023		
	Unconsolidated	Impact of Consolidated Funds	Consolidated
Revenues			
Asset management	$ 3,348	$ (1,454)	$ 1,894
Performance allocations	24	(12)	12
Consolidated funds – hospitality revenue	—	16,273	16,273
Consolidated funds – other revenue	—	2,266	2,266
Total revenues	3,372	17,073	20,445
Expenses			
Operating costs	6,731	89	6,820
General and administrative	1,398	28	1,426
Marketing and advertising	326	(1)	325
Depreciation and amortization	92	45	137
Consolidated funds – hospitality expenses	—	20,749	20,749
Consolidated funds – other expenses	—	1,949	1,949
Total expenses	8,547	22,859	31,406
Other income, net	297	249	546
Interest income	497	(401)	96
Interest expense	(1,260)	(1)	(1,261)
Net loss before income taxes	(5,641)	(5,939)	(11,580)
Provision for income taxes	—	—	—
Net loss	(5,641)	(5,939)	(11,580)
Net loss attributable to noncontrolling interests	—	(5,854)	(5,854)
Net loss attributable to CaliberCos Inc.	$ (5,641)	$ (85)	$ (5,726)

	Six Months Ended June 30, 2023		
	Unconsolidated	Impact of Consolidated Funds	Consolidated
Revenues			
Asset management	$ 7,273	$ (3,343)	$ 3,930
Performance allocations	2,450	(12)	2,438
Consolidated funds – hospitality revenue	—	39,482	39,482
Consolidated funds – other revenue	—	4,117	4,117
Total revenues	9,723	40,244	49,967
Expenses			
Operating costs	11,188	136	11,324
General and administrative	3,008	234	3,242
Marketing and advertising	679	(1)	678
Depreciation and amortization	124	145	269
Consolidated funds – hospitality expenses	—	41,032	41,032
Consolidated funds – other expenses	—	3,874	3,874
Total expenses	14,999	45,420	60,419
Other income, net	145	920	1,065
Interest income	749	(555)	194
Interest expense	(2,092)	—	(2,092)
Net loss before income taxes	(6,474)	(4,811)	(11,285)
Provision for income taxes	—	—	—
Net loss	(6,474)	(4,811)	(11,285)
Net loss attributable to noncontrolling interests	—	(4,352)	(4,352)
Net loss attributable to CaliberCos Inc.	$ (6,474)	$ (459)	$ (6,933)

Liquidity and Capital Resources

At June 30, 2024, the Company had a portfolio of corporate notes, whose composition and characteristics are similar to those reported in prior fiscal periods. At June 30, 2024, the portfolio consists of 213 unsecured notes with an aggregate principal balance of $33.6 million, of which $31.2 million mature within the 12-month period subsequent to August 14, 2024. Each note generally has a 12-month term with an option to extend for an additional 12-month term.

Because the Company incurred operating losses and negative cash flow from operations for the six months ended June 30, 2024, and could experience additional future operating losses and negative cash flow in the near term, combined with the fact that the Company does not have sufficient cash on hand to satisfy the total of the notes that mature within the next 12 months, these conditions and events raise substantial doubt about the Company’s ability to continue as a going concern. In response to these conditions, management considered the impact of these near-term maturities on the Company.

Since the note program began, these notes have demonstrated a high rate of extension of their terms. Subsequent to the issuance of its 2023 10-K, the Company has continued its discussions with various lenders in pursuit of extending or refinancing its unsecured loans. Through June 30, 2024, the rate of extension of the current notes is consistent with or greater than prior reported fiscal periods. Management plans to continue seeking and granting extensions on an ongoing basis consistent with prior reported fiscal periods.

Additionally, management evaluated the impact a default of one or many of these notes might have on the Company. As these notes are unsecured, the terms in the agreements do not afford the note holder avenues of recourse in a default that could or would impact the Company adversely in the normal course of business, as the terms lack provisions for rights or claims against the Company’s assets, nor is there a scenario where a default could force liquidation of the Company. Management believes that even in the event of default of one or many of these notes, the Company would be able to negotiate a waiver of the default either through an extension of the maturity or principal repayment schedule.

In addition, management has implemented various plans to address operating losses and near-term maturities or demands for repayment of its notes. Consistent with reported actions taken in prior fiscal periods, management plans to continue to i) negotiate extensions of such loans or refinance such debt, ii) obtain new financing, iii) reduce operating costs, iv) collect all or part of its $14.8 million in receivables, v) collect all or part of its $18.8 million investments from its managed funds, vi) increase capital raise through continued expansion of fundraising channels, vii) sell or accept investment into its corporate headquarters, viii) place debt on unencumbered assets, and/or ix) generate planned cash from operations.

In the execution of our aforementioned plans, during the six months ended June 30, 2024, we collected $7.3 million of notes receivable and $2.2 million of accounts receivable. The Company also executed a reduction in force of approximately 10% of its employees in May 2024, with an expected annual saving of compensation and benefits expenses of $4.0 million. The Company has also executed on cost reduction plans with estimated annual savings of $2.5 million.

After consideration of the implemented and planned actions, in particular continuing to renew maturing unsecured corporate notes, there are no assurances that management's actions will alleviate substantial doubt about the company's ability to continue as a going concern beyond one year from the date that the condensed consolidated financial statements are issued.

Each of our funds and the related assets that are acquired or own equity interest in those funds are established as separate legal entities with limited liability. Therefore, the cash flows generated by these entities, whether through operations or financing, are unavailable for general corporate purposes, except as payment to the Company for services performed by the Company.

We have historically financed our operations primarily through a combination of operating cash flows, private offerings of our equity securities, and secured and unsecured debt. In addition, due to the consolidation of CFIF III, we recognize a revolving line of credit with a maximum borrowing amount of $4.5 million.

We hold our excess unrestricted cash in bank accounts with several high-quality financial institutions.

Corporate Debt

As of June 30, 2024, we have issued and outstanding unsecured promissory notes of $33.6 million with an average outstanding principal balance of $0.2 million, a weighted average interest rate of 11.38%, and maturity dates ranging from January 2024 to April 2026. The purpose of this financing program is to provide the Company with flexible, short-term capital to be used to grow its assets under management and assist funds in a fast-moving acquisition or investment, as well as general corporate purposes. Additionally, the program provides customers of Caliber's funds access to a short-term lending opportunity. Management actively manages each relationship to determine if the respective customer would like to redeem upon maturity or extend for an additional period of time. Management has historically been successful at extending these note programs and, as a result, continues to expect similar outcomes. This outstanding debt resulted in $1.0 million and $2.1 million of interest expense for the three and six months ended June 30, 2024, respectively, and $1.0 million and $1.7 million of interest expense for the three and six months ended June 30, 2023, respectively.

Cash Flows Analysis

The section below discusses in more detail the Company's primary sources and uses of cash and primary drivers of cash flows within the Company's consolidated statements of cash flows (in thousands).

	Six Months Ended June 30,		
	2024	**2023**	**$ Change**
Net cash provided by (used in):			
Operating activities	$ (125)	$ (3,459)	$ 3,334
Investing activities	(15,508)	(42,920)	27,412
Financing activities	2,548	51,857	(49,309)
Net change in cash and cash equivalents	**$ (13,085)**	**$ 5,478**	**$ (18,563)**

The assets of our consolidated funds, on a gross basis, can be substantially larger than the assets of our core business and, accordingly could have a substantial effect on the accompanying statements of cash flows. The table below summarizes our consolidated statements of cash flow by activity attributable to the Company and to our consolidated funds (in thousands).

	Six Months Ended June 30,		
	2024	2023	$ Change
Net cash used in the Company's operating activities	$ (3,868)	$ (1,101)	$ (2,767)
Net cash provided by (used in) the consolidated funds' operating activities	3,743	(2,358)	6,101
Net cash used in the Company's operating activities	**(125)**	**(3,459)**	**3,334**
Net cash provided by (used in) the Company's investing activities	5,458	(20,189)	25,647
Net cash used in the consolidated funds' investing activities	(20,966)	(22,731)	1,765
Net cash used in the Company's investing activities	**(15,508)**	**(42,920)**	**27,412**
Net cash (used in) provided by the Company's financing activities	(3,657)	43,026	(46,683)
Net cash provided by the consolidated funds' financing activities	6,205	8,831	(2,626)
Net cash provided by the Company's financing activities	**2,548**	**51,857**	**(49,309)**
Net change in cash and cash equivalents	**$ (13,085)**	**$ 5,478**	**$ (18,563)**

Operating Activities

Our net cash flows from operating activities are generally comprised of asset management revenues and performance allocations, less cash used for operating expenses, including interest paid on our debt obligations. Net cash flows used in operating activities of the Company increased during the six months ended June 30, 2024 as compared to the same period in 2023. The increase primarily related to increased interest payments related to the Company’s corporate notes during the six months ended June 30, 2024 as compared to the same period in 2023. Net cash flows provided by operating activities of the consolidated funds increased from the six months ended June 30, 2024, as compared to net cash flows used in operating activities of the consolidated funds during the same period in 2023. The increase was primarily due to increased interest payments related to the consolidated funds notes payable and the consolidation and deconsolidation of VIEs.

Investing Activities

Net cash flows provided by investing activities of the Company increased during the six months ended June 30, 2024 as compared to the net cash flows used in investing activities of the Company for the same period in 2023. The increase primarily relates to an decrease in the acquisition of real estate assets. The decrease in net cash flows used in investing activities of the consolidated funds during the six months ended June 30, 2024 as compared to the same period in 2023 is primarily due to the consolidation and deconsolidation of VIEs, offset by a decrease in the acquisition of and investment in real estate assets and an increase in the net proceeds from notes receivable - related parties.

Financing Activities

Net cash flows used in financing activities of the Company increased during the six months ended June 30, 2024 as compared to the net cash flows provided by financing activities of the Company for the same period in 2023. The increase was primarily due to an decrease of $41.9 million of proceeds on notes payable. The decrease in net cash flows provided by financing activities of the consolidated funds during the six months ended June 30, 2024 as compared to the same period in 2023 is primarily due to a decrease in contributions from noncontrolling interest holders of $2.6 million during the six months ended June 30, 2024 as compared to the same period in 2023.

Critical Accounting Estimates

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. These estimates are made and evaluated on an ongoing basis using information that is currently available as well as various other assumptions believed to be reasonable under the circumstances. Actual results could differ from those estimates, perhaps in adverse ways, and those estimates could be different under different assumptions or conditions.

Accounting Estimates of the Company

We believe the following critical accounting policies affect the Company's more significant estimates and judgements used in the preparation of our consolidated financial statements.

Revenue Recognition

In accordance with the Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* ("ASC 606"), management applies the five-step framework in determining the timing and amount of revenue to recognize. This framework requires an entity to: (i) identify the contract(s) with customers, (ii) identify the performance obligations within the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations within the contract, and (v) recognize revenue when or as the entity satisfies a performance obligation.

Revenues from contracts with customers includes fixed fee arrangements with related party affiliates to provide certain associated activities which are ancillary to and generally add value to the assets we manage, such as set-up and fund formation services associated with marketing, soliciting, and selling member interests in the affiliated limited partnerships, brokerage services, construction and development management services, loan placement and guarantees. The recognition and measurement of revenue is based on the assessment of individual contract terms. For performance obligations satisfied at a point in time, there are no significant judgments made in evaluating when the customer obtains control of the promised service.

For performance obligations satisfied over time, significant judgment is required to determine how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on appropriate measurement of the Company's progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events. Transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Variable consideration is included in the estimated transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur or when the uncertainty associated with the variable consideration is resolved. The Company's estimates of variable consideration and determination of whether to include estimated amounts in transaction price are based largely on an assessment of its anticipated performance and all information that is reasonably available to the Company. Revenues are recognized when control of the promised services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

The following describes revenue recognition for the fees the Company earns from providing services under its asset management platform:

Fund set-up fees are a one-time fee for the initial formation, administration, and set-up of the private equity real estate fund. These fees are recognized at the point in time when the performance under the contract is complete and are included in asset management revenues in the accompanying consolidated statements of operations. Fund set-up fees replaced fund formation fees that are earned at a point in time at a fixed rate based on the amount of capital raised into certain managed funds.

Fund management fees are generally based on 1.0% to 1.5% of the unreturned capital contributions in a particular fund and include reimbursement for costs incurred on behalf of the fund, including an allocation of certain overhead costs. These customer contracts require the Company to provide management services, representing a performance obligation that the Company satisfies over time. With respect to the Caliber Hospitality Trust, the Company earns a fund management fee of 0.7% of the Caliber Hospitality Trust's enterprise value and is reimbursed for certain costs incurred on behalf of the Caliber Hospitality Trust. These revenues are included in asset management revenues in the accompanying consolidated statements of operations.

Financing fees are earned for services the Company performs in securing third-party financing on behalf of our private equity real estate funds. These fees are recognized at the point in time when the performance under the contract is complete, which is essentially upon closing of a loan. In addition, the Company earns fees for guaranteeing certain loans, representing a performance obligation that the Company satisfies over time. These revenues are included in asset management revenues in the accompanying consolidated statements of operations.

Development and construction revenues from contracts with customers include fixed fee arrangements with related party affiliates to provide real estate development services as their principal developer, which include managing and supervising third-party developers and general contractors with respect to the development of the properties owned by the funds. Revenues are generally based on 4.0% of the total expected costs of the development or 4.0% of the total expected costs of the construction project. Prior to the commencement of construction, development fee revenue is recognized at a point in time as the related performance obligations are satisfied and the customer obtains control of the promised service, including negotiation, due diligence, entitlements, planning, and design activities. During the construction period, development fee revenue is recognized over time as the performance obligations are satisfied. These revenues are included in asset management revenues in the accompanying consolidated statements of operations.

Brokerage fees are earned at a point in time at fixed rates for services performed related to acquisitions, dispositions, leasing, and financing transaction, and are included in asset management revenues in the accompanying consolidated statements of operations.

Performance allocations are an arrangement in which we are entitled to an allocation of investment returns, generated within the investment funds which we manage, based on a contractual formula. We typically receive 15.0% to 35.0% of all cash distributions from (i) the operating cash flow of each fund, after payment to the related fund investors of any accumulated and unpaid priority preferred returns and repayment of preferred capital contributions; and (ii) the cash flow resulting from the sale or refinance of any real estate assets held by each fund, after payment to the related fund investors of any accumulated and unpaid priority preferred returns and repayment of initial preferred capital contributions. Our funds' preferred returns range from 6.0% to 12.0%, typically 6.0% for common equity or 10.0% to 12.0% for preferred equity, which does not participate in profits. Performance allocations are related to services which have been provided and are recognized when it is determined that they are no longer probable of significant reversal, which is generally satisfied when an underlying fund investment is realized or sold. These revenues are included in performance allocations in the accompanying consolidated statements of operations.

Income Taxes

The Company accounts for income taxes under the asset and liability method in accordance with ASC 740,*Accounting for Income Taxes*. Deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax basis of assets and liabilities and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured by applying enacted tax rates and laws and are released in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are provided against deferred tax assets when it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized.

A valuation allowance is required to reduce the balance of a deferred tax asset if it is determined that it is more-likely-than-not that all or some portion of the deferred tax asset will not be realized due to the lack of sufficient taxable income or other limitation on the Company's ability to utilize the loss carryforward.

We recognize the impact of an income tax position, if that position is more-likely-than-not of being sustained on audit, based on the technical merits of the position. Related interest and penalties are classified as income taxes in the financial statements.

Accounting Estimates of Consolidated Funds

We believe the following critical accounting policies affect the consolidated funds' more significant estimates and judgements used in the preparation of our consolidated financial statements.

Consolidated Fund Revenues

In accordance with ASC 606, our consolidated funds apply the five-step framework in determining the timing and amount of revenue to recognize. This framework requires an entity to: (i) identify the contract(s) with customers, (ii) identify the performance obligations within the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations within the contract, and (v) recognize revenue when or as the entity satisfies a performance obligation. Our consolidated funds' revenues primarily consist of hospitality revenues, rental income and interest income.

<u>Consolidated funds – hospitality revenue</u>

Hospitality revenues are comprised of charges for room rentals, food and beverage sales, and other hotel operating activities. Revenues are recognized as earned, which is defined as the date upon which a guest occupies a room or utilizes the hotel's services. Revenues are recorded net of sales tax.

Our consolidated funds have performance obligations to provide accommodations and other ancillary services to hotel guests. As compensation for such goods and services, the consolidated funds are typically entitled to a fixed nightly fee for an agreed upon period and additional fixed fees for any ancillary services purchased. These fees are generally payable at the time the hotel guest checks out of the hotel. The consolidated funds generally satisfy the performance obligations over time and recognize the revenue from room sales and from other ancillary guest services on a daily basis, as the rooms are occupied, and the services have been rendered.

For food and beverage, revenue is recognized upon transfer of promised products or services to customers in an amount that reflects the consideration the consolidated funds received in exchange for those services, which is generally when payment is tendered at the time of sale.

The consolidated funds receive deposits for events and rooms. Such deposits are deferred and included in other liabilities on the accompanying consolidated balance sheets. The deposits are credited to consolidated funds – hospitality revenue when the specific event takes place.

Consolidated funds – other revenue

Consolidated funds – other revenue primarily consists of rental revenue of $0.5 million and $0.9 million for the three and six months ended June 30, 2024, respectively, and $1.4 million and $2.3 million for the three and six months ended June 30, 2023, respectively. Rental revenue includes the revenues generated primarily by the rental operations of the residential (multi-family and single-family) and commercial properties of our consolidated funds.

Consolidated Fund Expenses

Consolidated fund expenses consist primarily of costs, expenses and fees that are incurred by, or arise out of the operation and activities of or otherwise related to, our consolidated funds, including, without limitation, operating costs, depreciation and amortization, interest expense on debt held by our consolidated funds, gain on extinguishment of debt, gain on derivative instruments, insurance expenses, professional fees and other costs associated with administering and supporting those funds.

Fair Value of Financial Instruments

The fair value of financial instruments is disclosed in accordance with ASC 825,*Financial Instruments*. The fair value of our financial instruments is estimated using available market information and established valuation methodologies. The estimates of fair value are not necessarily indicative of the amounts the consolidated funds could realize on disposition of the financial instruments. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair value amounts.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

The market risk associated with financial instruments and derivative financial instruments is the risk of loss from adverse changes in market prices or interest rates. Our market risk arises primarily from interest rate risk relating to variable-rate borrowings. To meet our short and long-term liquidity requirements, we borrow funds at a combination of fixed and variable rates. Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flows and to manage our overall borrowing costs. To achieve these objectives, from time to time, we may enter into interest rate hedge contracts such as swaps, caps, collars, treasury locks, options and forwards in order to mitigate our interest rate risk with respect to various debt instruments. We would not hold or issue these derivative contracts for trading or speculative purposes.

Interest Rate Risk

As of June 30, 2024, our debt included fixed-rate debt with a fair value and carrying value of $53.7 million and $61.1 million, respectively. Changes in market interest rates on our fixed rate debt impact the fair value of the debt, but they have no impact on interest incurred or cash flow. For instance, if interest rates rise 100 basis points, and the fixed rate debt balance remains constant, we expect the fair value of our debt to decrease, the same way the price of a bond declines as interest rates rise.

As of June 30, 2024, our debt included variable-rate debt with a fair value and carrying value of $25.4 million. The sensitivity analysis related to our variable-rate debt assumes an immediate 100 basis point move in interest rates from their June 30, 2024 levels, with all other variables held constant. A 100 basis point increase or decrease in variable interest rates on our variable-rate debt would increase or decrease our interest expense by $0.3 million annually.

Credit Risk

Substantially all of the Company's revenues are generated from the management, ownership and/or operations of real estate assets located in Alaska, Arizona, Colorado, and Texas. The Company mitigates the associated risk by:

- diversifying our investments in real estate assets across multiple asset types, including hospitality, commercial, single-family, multi-family, and self-storage properties;
- diversifying our investments in real estate assets across multiple geographic locations including different markets and sub-markets in which our real estate assets are located;
- diversifying our investments in real estate assets across assets at differing points of stabilization, and in varying states of cash flow optimization; and
- maintaining financing relationships with a diversified mix of lenders (differing size and type), including large national banks, local community banks, private equity lenders, and insurance companies.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 ("the Exchange Act")) that are designed to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, we recognize that no controls and procedures, no matter how well designed and operated, can provide absolute assurance of achieving the desired control objectives.

In accordance with Rules 13a-15(b) and 15d-15(b) of the Exchange Act, management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures as of June 30, 2024 and determined that the disclosure controls and procedures were effective at a reasonable assurance level as of that date.

Changes in Internal Control Over Financial Reporting

No change occurred in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d -15(f) of the Exchange Act) during the three months ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are, from time to time, party to various claims and legal proceedings arising out of our ordinary course of business, but we do not believe that any of these claims or proceedings will have a material effect on our business, consolidated financial condition or results of operations.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in the Risk Factors section in the Company's annual report on Form 10-K filed with the SEC on April 15, 2023.

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

Recent Sales of Unregistered Securities

During the three months ended June 30, 2024, the Company issued 163,000 shares of Class A common stock with an aggregate fair value of approximately $0.1 million issued under a consulting agreement. The issuance of shares of Class A common stock were deemed to be exempt from registration under the Securities Act of 1933, as amended (the "Securities Act") in reliance upon Section 4(a)(2) of the Securities Act. A legend restricting the sale, transfer, or other disposition of the shares of restricted Class A common stock other than in compliance with the Securities Act was placed on the shares of restricted Class A common stock issued in the foregoing transaction.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibit Index

Exhibit Number	Description
3.1	Third Amended and Restated Certificate of Incorporation of CaliberCos Inc. (incorporated by reference to Exhibit 3.1 of CaliberCos Inc.'s Form 8-K filed with the SEC on May 19, 2023
3.2	Amended and Restated Bylaws of CaliberCos Inc. (incorporated by reference to Exhibit 3.2 of CaliberCos Inc.'s Form 8-K filed with the SEC on May 19, 2023)
4.1	Description of Securities (incorporated by reference to Exhibit 4.1 of CaliberCos Inc.'s Form 10-K filed with the SEC on April 15, 2024)
4.2	Form of Class A common stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1/A, filed with the SEC on October 28, 2022 (File No. 333-267657))
4.3	Amended and Restated Stockholders' Agreement dated March 22, 2023, by and among the Company, John C. Loeffler, Jennifer Schrader and Donnie Schrader (incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-1/A, filed with the SEC on March 22, 2023 (File No. 333-267657))
4.3.1	Stock Purchase Agreement dated September 21, 2018, by and among the Company and Donnie Schrader (incorporated by reference to Exhibit 3.2 of CaliberCos Inc.'s offering statement on Form 1-A (File No.024-11016), filed with the SEC on June 13, 2019)
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a)
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a)
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350
101.INS*	Inline XBRL Instance
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation
101.LAB*	Inline XBRL Taxonomy Extension Labels
101.PRE*	Inline XBRL Taxonomy Extension Presentation
104	Cover Page Interactive Data File (embedded within the Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

\+ Indicates management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized, in Scottsdale, Arizona, on August 14, 2024.

CALIBERCOS INC.

By:	/s/ John C. Loeffler, II
Name:	John C. Loeffler, II
Title:	Chairman and Chief Executive Officer

As required under the Securities Act of 1933, this Quarterly Report on Form 10-Q has been signed below by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ John C. Loeffler, II John C. Loeffler, II	Chairman and Chief Executive Officer *(Principal Executive Officer)*	August 14, 2024
/s/ Jade Leung Jade Leung	Chief Financial Officer (*Principal Accounting Officer*)	August 14, 2024
/s/ Jennifer Schrader Jennifer Schrader	President and Vice-Chairperson	August 14, 2024

EXHIBIT 31.1

**Certification of Principal Executive Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, John C. Loeffler, II, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CaliberCos Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2024

By: */s/ John C. Loeffler, II*
John C. Loeffler, II
Chairman and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

Certification of Principal Executive Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Jade Leung, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CaliberCos Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2024

By: */s/ Jade Leung*
Jade Leung
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION 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 Quarterly Report of CaliberCos Inc. (the “Company”) on Form 10-Q, for the fiscal quarter ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John C. Loeffler, II, Chief Executive Officer of CaliberCos Inc., certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date:	August 14, 2024	By:	*/s/ John C. Loeffler, II*
			John C. Loeffler, II
			Chairman and Chief Executive Officer
			(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION 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 Quarterly Report of CaliberCos Inc. (the “Company”) on Form 10-Q, for the fiscal quarter ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jade Leung, Chief Financial Officer of CaliberCos Inc., certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: August 14, 2024

By: */s/ Jade Leung*
Jade Leung
Chief Financial Officer
(Principal Financial Officer)