

## **NEWS RELEASE**

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## **American Realty Investors, Inc. reports Earnings for Q2 2021**

DALLAS (August 11, 2021) -- American Realty Investors, Inc. (NYSE:ARL) is reporting its results of operations for the quarter ended June 30, 2021. For the three months ended June 30, 2021, we reported a net loss attributable to common shares of \$27.3 million or \$1.69 per diluted share, compared to \$2.3 million or \$0.14 per diluted share for the same period in 2020.

### **Financial Highlights**

- We collected approximately 96% of our rents for the three months ended June 30, 2021, comprised of approximately 96% from multifamily tenants and approximately 97% from office tenants.
- Total occupancy was 91% at June 30, 2021, which includes 95% at our multifamily properties and 73% at our commercial properties.
- During the quarter, we successfully appealed the previous Clapper decision, and as result, the court vacated the previous \$59.0 million judgement against us, and determined that Clapper would take nothing.
- On July 13, 2021, we received the arbitration verdict in connection with our dispute on the measurement of the Earn Out Obligation in connection with the formation of the VAA joint venture. As a result, we are required to pay approximately \$39.6 million to Macquarie to satisfy the Earn Out Obligation, which represents a \$29.6 million increase over the amount we had previously reserved.

### **Financial Results**

Rental revenues decreased \$1.4 million from \$11.6 million for the three months ended June 30, 2021 to \$10.2 million for the three months ended 2020. The decrease in rental revenue is primarily due to a decrease in revenue from our commercial properties due to a decline in occupancy.

Net operating loss was \$8.8 million for three months ended June 30, 2021, compared to operating income of \$1.5 million for the same period in 2020. The \$10.3 million decrease is primarily due to an increase in legal fees associated with the Clapper litigation and the VAA Earn Out Arbitration.

Net loss attributable to common shares increased \$25.0 million from \$2.3 million for the three months ended June 30, 2020 to \$27.3 million for the three months ended June 30, 2021. The increase in net loss is primarily attributed to the \$29.6 million increase in the earn out obligation.

**About American Realty Investors, Inc.**

American Realty Investors, Inc., a Dallas-based real estate investment company, holds a diverse portfolio of equity real estate located across the U.S., including office buildings, apartments, shopping centers, and developed and undeveloped land. The Company invests in real estate through direct ownership, leases and partnerships and invests in mortgage loans on real estate. The Company also holds mortgage receivables. The Company's primary asset and source of its operating results is its investment in Transcontinental Realty Investors, Inc. (NYSE:TCI). For more information, visit the Company's website at [www.americanrealtyinvest.com](http://www.americanrealtyinvest.com).

**AMERICAN REALTY INVESTORS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Dollars in thousands, except per share amounts)

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>				
Rental revenues	\$ 10,194	\$ 11,565	\$ 20,555	\$ 23,007
Other income	909	3,176	2,376	4,864
Total revenue	<u>11,103</u>	<u>14,741</u>	<u>22,931</u>	<u>27,871</u>
<b>Expenses:</b>				
Property operating expenses	5,058	5,810	10,890	12,119
Depreciation and amortization	3,211	3,418	6,538	6,812
General and administrative	5,866	1,669	9,101	5,961
Advisory fee to related party	5,739	2,353	8,175	4,726
Total operating expenses	<u>19,874</u>	<u>13,250</u>	<u>34,704</u>	<u>29,618</u>
Net operating (loss) income	(8,771)	1,491	(11,773)	(1,747)
Interest income	5,616	5,284	11,260	11,038
Interest expense	(7,681)	(9,071)	(15,419)	(18,673)
(Loss) gain on foreign currency transactions	(4,793)	(5,599)	2,824	2,244
Equity in income (loss) from unconsolidated joint ventures	4,572	(719)	7,908	(979)
(Loss) gain on sale or write-down of assets, net	(24,445)	5,339	(7,047)	9,477
Income tax provision	1,841	(49)	1,801	(296)
Net (loss) income	<u>(33,661)</u>	<u>(3,324)</u>	<u>(10,446)</u>	<u>1,064</u>
Net income (loss) attributable to noncontrolling interest	6,333	1,018	1,186	(424)
Net (loss) income attributable to common shares	<u>\$ (27,328)</u>	<u>\$ (2,306)</u>	<u>\$ (9,260)</u>	<u>\$ 640</u>
<b>Earnings per share - basic</b>				
Basic and diluted	<u>\$ (1.69)</u>	<u>\$ (0.14)</u>	<u>\$ (0.57)</u>	<u>\$ 0.04</u>
<b>Weighted average common shares used in computing earnings per share</b>				
Basic and diluted	<u>16,152,043</u>	<u>15,997,076</u>	<u>16,152,043</u>	<u>15,997,076</u>