

NEWS RELEASE

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American Realty Investors, Inc. reports Earnings for Q3 2023

DALLAS (November 9, 2023) -- American Realty Investors, Inc. (NYSE:ARL) is reporting its results of operations for the three months ended September 30, 2023. For the three months ended September 30, 2023, we reported net income attributable to common shares of \$3.0 million or \$0.18 per diluted share, compared to net income attributable to common shares of \$302.3 million or \$18.72 per diluted share for the same period in 2022.

Financial Highlights

- Total occupancy was 79% at September 30, 2023, which includes 96% at our multifamily properties and 49% at our commercial properties.
- On August 28, 2023, we paid off the \$1.2 million loan on Athens.
- On November 6, 2023, we obtained a \$25.4 million construction loan to build a 216 unit multifamily property in McKinney, Texas.

Financial Results

Rental revenues increased \$4.3 million from \$7.6 million for the three months ended September 30, 2022 to \$11.8 million for the three months ended September 30, 2023. The increase in rental revenue is primarily due to \$5.0 million increase at our multifamily properties offset in part by a decrease of \$0.8 million from the commercial properties. The increase in revenue from the multifamily properties is primarily due to the acquisition of the VAA Holdback Portfolio in 2022.

Net operating loss decreased \$1.1 million from \$3.2 million for three months ended September 30, 2022 to \$2.1 million for the three months ended September 30, 2023. The decrease in net operating loss is primarily due to a decrease in legal costs.

Net income attributable to common shares decreased \$299.3 million from \$302.3 million for the three months ended September 30, 2022 to \$3.0 million for the three months ended September 30, 2023. The decrease in net income is primarily attributed to our share of the gain from the sale of the VAA Sale Portfolio, net of income tax effect in 2022.

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.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Revenues:				
Rental revenues	\$ 11,838	\$ 7,570	\$ 34,236	\$ 22,310
Other income	688	749	2,217	1,925
Total revenue	<u>12,526</u>	<u>8,319</u>	<u>36,453</u>	<u>24,235</u>
Expenses:				
Property operating expenses	7,443	4,701	20,580	12,541
Depreciation and amortization	3,313	2,193	9,615	6,840
General and administrative	1,579	3,042	8,424	7,956
Advisory fee to related party	2,295	1,571	6,883	7,614
Total operating expenses	<u>14,630</u>	<u>11,507</u>	<u>45,502</u>	<u>34,951</u>
Net operating loss	(2,104)	(3,188)	(9,049)	(10,716)
Interest income	9,008	7,035	25,201	19,937
Interest expense	(1,954)	(4,044)	(7,574)	(13,301)
Gain on foreign currency transactions	—	1,533	993	19,437
Loss on early extinguishment of debt	—	(1,166)	(1,710)	(2,805)
Equity in income from unconsolidated joint ventures	234	464,143	2,946	471,385
(Loss) gain on sale or write-down of assets, net	(32)	1,539	156	16,580
Income tax provision	(1,127)	(81,548)	(2,416)	(81,616)
Net income	4,025	384,304	8,547	418,901
Net income attributable to noncontrolling interest	(1,037)	(82,015)	(2,456)	(88,986)
Net income attributable to common shares	<u>\$ 2,988</u>	<u>\$ 302,289</u>	<u>\$ 6,091</u>	<u>\$ 329,915</u>
Earnings per share - basic				
Basic and diluted	<u>\$ 0.18</u>	<u>\$ 18.72</u>	<u>\$ 0.38</u>	<u>\$ 20.43</u>
Weighted average common shares used in computing earnings per share				
Basic and diluted	<u>16,152,043</u>	<u>16,152,043</u>	<u>16,152,043</u>	<u>16,152,043</u>