

NEWS RELEASE***FOR IMMEDIATE RELEASE*****Contact:**
American Realty Investors, Inc.
Investor Relations
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DALLAS (March 20, 2025) -- American Realty Investors, Inc. (NYSE:ARL) is reporting its results of operations for the three months ended December 31, 2024. For the three months ended December 31, 2024, we reported net loss attributable to common shares of \$0.2 million or \$0.01 per diluted share, compared to net loss attributable to common shares of \$2.1 million or \$0.13 per diluted share for the same period in 2023.

Financial Highlights

- Total occupancy was 81% at December 31, 2024, which includes 94% at our multifamily properties and 53% at our commercial properties.
- On October 18, 2024, we completed a 45,000 square foot lease at Stanford Center. This is the first new lease at the property following our major renovation of the property. The new lease provides a 14% increase in occupancy to the property and a 20% increase in rent per square foot over recent expired leases at the property. The lease is expected to commence in April 2025.
- On October 21, 2024, we obtained a \$27.5 million construction loan to finance the development of a 234 unit multifamily property in Dallas, Texas ("Mountain Creek") that is expected to be completed in 2026 for a total cost of approximately \$49.8 million. The construction loan on Mountain Creek bears interest at SOFR plus 3.45% and matures on October 20, 2026.
- On October 31, 2024, we paid \$23.4 million to resolve all claims litigation with David Clapper and related entities related (collectively, the "Clapper") that had been ongoing since 1999. The matter originally involved a transaction in 1998 in which we were to acquire eight multifamily properties from the Clapper. As a result of the settlement, we accrued a loss on real estate transactions of \$23.4 million during the three and nine months ended December 31, 2024.
- On December 13, 2024, we sold 30 single family lots from our holdings in Windmill Farms for \$1.4 million, resulting in a gain on sale of \$1.1 million.

Financial Results

Rental revenues decreased \$1.6 million from \$12.8 million for the three months ended December 31, 2023 to \$11.2 million for the three months ended December 31, 2024. The decrease in rental revenue is primarily due to a decrease in occupancy at our commercial properties.

Net operating loss decreased \$0.4 million from \$2.2 million for the three months ended December 31, 2023 to \$1.8 million for the three months ended December 31, 2024. Our decrease in net operating loss was due to a \$2.4 million decrease in operating expenses offset in part by a \$2.0 million decrease in revenues. The decrease in operating expenses is primarily due to a decrease in depreciation for the three months ended December 31, 2024.

Net loss attributable to common shares decreased \$2.0 million from \$2.1 million for the three months ended December 31, 2023 to \$0.2 million for the three months ended December 31, 2024. The decrease in net loss is primarily attributed to a decrease in loss on real estate transactions for the three months ended December 31, 2024.

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		Twelve Months Ended	
	December 31,		December 31,	
	2024	2023	2024	2023
Revenues:				
Rental revenues	\$ 11,222	\$ 12,787	\$ 44,763	\$ 47,023
Other income	817	1,260	2,555	3,477
Total revenue	<u>12,039</u>	<u>14,047</u>	<u>47,318</u>	<u>50,500</u>
Expenses:				
Property operating expenses	6,816	7,316	27,063	27,896
Depreciation and amortization	2,847	4,031	12,276	13,646
General and administrative	1,845	1,587	6,395	10,011
Advisory fee to related party	2,315	3,304	8,225	10,187
Total operating expenses	<u>13,823</u>	<u>16,238</u>	<u>53,959</u>	<u>61,740</u>
Net operating loss	(1,784)	(2,191)	(6,641)	(11,240)
Interest income	3,940	1,646	19,973	26,847
Interest expense	(1,880)	(1,928)	(7,838)	(9,502)
Gain on foreign currency transactions	-	-	-	993
Loss on early extinguishment of debt	-	-	-	(1,710)
Equity in income from unconsolidated joint venture	42	296	1,449	3,242
Loss on real estate transactions	(589)	(2,079)	(23,989)	(1,923)
Income tax provision	55	960	3,607	(1,456)
Net (loss) income	<u>(216)</u>	<u>(3,296)</u>	<u>(13,439)</u>	<u>5,251</u>
Net income (loss) attributable to noncontrolling interest	55	1,173	(1,264)	(1,283)
Net (loss) income attributable to common shares	<u>\$ (161)</u>	<u>\$ (2,123)</u>	<u>\$ (14,703)</u>	<u>\$ 3,968</u>
Earnings per share				
Basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.13)</u>	<u>\$ (0.91)</u>	<u>\$ 0.25</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>