

## NEWS RELEASE

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### **Transcontinental Realty Investors, Inc. reports Earnings for Q2 2023**

DALLAS (August 10, 2023) -- Transcontinental Realty Investors, Inc. (NYSE:TCI) is reporting its results of operations for the quarter ended June 30, 2023. For the three months ended June 30, 2023, we reported net income attributable to common shares of \$0.5 million or \$0.06 per diluted share, compared to a net income of \$16.5 million or \$1.91 per diluted share for the same period in 2022.

#### **Financial Highlights**

- Total occupancy was 81% at June 30, 2023, which includes 93% at our multifamily properties and 59% at our commercial properties.
- On January 31, 2023, we paid off our \$67.5 million Series C bonds from cash received from the sale of the VAA Sale Portfolio.
- On May 4, 2023, we paid off the remaining \$42.9 million balances of our Series A and Series B Bonds. In connection with the repayment of the bonds, our wholly-owned subsidiary, Southern Properties Capital Ltd. withdrew from the Tel Aviv Stock Exchange (“TASE”).

#### **Financial Results**

Rental revenues increased \$4.1 million from \$7.3 million for the three months ended June 30, 2022 to \$11.4 million for the three months ended June 30, 2023. The increase in rental revenue is primarily due to \$4.7 million increase at our multifamily properties offset in part by a decrease of \$0.6 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 increased \$0.7 million from \$2.8 million for three months ended June 30, 2022 to \$3.5 million for the three months ended June 30, 2023. The increase in net operating loss is primarily due to an increase in legal costs offset in part by an increase in operating profit from the multifamily portfolio.

Net income attributable to the Company decreased \$15.9 million from \$16.5 million for the three months ended June 30, 2022 to \$0.5 million for the three months ended June 30, 2023. The decrease in net income is primarily attributed to the \$14.1 million decrease in gain on foreign currency transactions, which is attributed to our repayment of our bonds payable and exit from the TASE in 2023.

#### **About Transcontinental Realty Investors, Inc.**

Transcontinental 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.

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

|  | <b>Three Months Ended</b> |                  | <b>Six Months Ended</b> |                  |
|--|---------------------------|------------------|-------------------------|------------------|
|  | <b>June 30,</b>           |                  | <b>June 30,</b>         |                  |
|  | <b>2023</b>               | <b>2022</b>      | <b>2023</b>             | <b>2022</b>      |
| <b>Revenues:</b>   |                           |                  |                         |                  |
| Rental revenues  | \$ 11,389                 | \$ 7,259         | \$ 22,398               | \$ 14,740        |
| Other income   | 850                       | 511              | 1,529                   | 817              |
| Total revenue  | <u>12,239</u>             | <u>7,770</u>     | <u>23,927</u>           | <u>15,557</u>    |
| <b>Expenses:</b>   |                           |                  |                         |                  |
| Property operating expenses  | 7,031                     | 3,812            | 13,137                  | 7,840            |
| Depreciation and amortization  | 3,200                     | 2,298            | 6,302                   | 4,647            |
| General and administrative   | 3,521                     | 2,061            | 6,404                   | 4,592            |
| Advisory fee to related party  | 2,000                     | 2,446            | 4,170                   | 5,451            |
| Total operating expenses   | <u>15,752</u>             | <u>10,617</u>    | <u>30,013</u>           | <u>22,530</u>    |
| Net operating loss   | (3,513)                   | (2,847)          | (6,086)                 | (6,973)          |
| Interest income  | 8,494                     | 4,387            | 17,322                  | 9,783            |
| Interest expense   | (2,426)                   | (4,541)          | (5,513)                 | (9,150)          |
| Gain on foreign currency transactions                                      | 22                        | 14,132           | 993                     | 17,904           |
| Loss on early extinguishment of debt                                       | (1,710)                   | —                | (1,710)                 | (1,639)          |
| Equity in income from unconsolidated joint venture                         | 25                        | 1,637            | 713                     | 6,343            |
| Gain on sale or write down of assets, net                                  | 188                       | 3,893            | 188                     | 15,041           |
| Income tax provision   | (204)                     | (40)             | (1,316)                 | (68)             |
| Net income   | 876                       | 16,621           | 4,591                   | 31,241           |
| Net income attributable to noncontrolling interest                         | (346)                     | (160)            | (544)                   | (278)            |
| Net income attributable to the Company                                     | <u>\$ 530</u>             | <u>\$ 16,461</u> | <u>\$ 4,047</u>         | <u>\$ 30,963</u> |
| <b>Earnings per share</b>  |                           |                  |                         |                  |
| Basic and diluted  | <u>\$ 0.06</u>            | <u>\$ 1.91</u>   | <u>\$ 0.47</u>          | <u>\$ 3.58</u>   |
| <b>Weighted average common shares used in computing earnings per share</b> |                           |                  |                         |                  |
| Basic and diluted  | <u>8,639,316</u>          | <u>8,639,316</u> | <u>8,639,316</u>        | <u>8,639,316</u> |