

NEWS RELEASE

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Transcontinental Realty Investors, Inc. Reports First Quarter 2010 Results

DALLAS (May 17, 2010) -- Transcontinental Realty Investors, Inc. (NYSE: TCI), a Dallas-based real estate investment company, today reported results of operations for the first quarter ended March 31, 2010. TCI announced today that the Company reported a net loss applicable to common shares of (\$10.5 million) or (\$1.30) per share, as compared to a net loss applicable to common shares of (\$11.0) million or (\$1.36) per share for the same period ended 2009.

Rental and other property revenues were \$37.0 million for the three months ended March 31, 2010. This represents an increase of \$1.2 million, as compared to the prior period revenues of \$35.8 million. The change, by segment, is an increase in the apartment portfolio of \$0.8 million, an increase in the other portfolio of \$1.0, offset by decreases in the commercial portfolio of \$0.5 million and the land portfolio of \$0.1 million.

Property operating expenses were \$20.2 million for the three months ended March 31, 2010. This represents a decrease of \$2.2 million, as compared to the prior period operating expenses of \$22.4 million. This change, by segment, is a decrease in the apartment portfolio of \$2.4 million, offset by increases in the commercial and land portfolios of \$0.1 million and \$0.1 million, respectively.

Other income was \$0.7 million for the three months ended March 31, 2010, as compared to \$3.1 million in the prior period. This represents a decrease of \$2.4 million, which is mainly due to \$2.3 million of gain recorded, in the prior period, on the disposition of our investment in a Korean REIT.

Mortgage and loan interest expense was \$16.8 million for the three months ended March 31, 2010. This represented an increase of \$0.8 million, as compared to the prior period expense of \$16.0 million. This change, by segment, is an increase in the apartment portfolio of \$0.4 million, an increase in the commercial portfolio of \$0.4 million, and an increase in the other portfolio of \$0.4 million, offset by a decrease in the land portfolio of \$0.4 million.

Net income from discontinued operations was \$0.2 million for the period ended March 31, 2010. For the same period ended 2009, there was a net loss of \$0.2 million from discontinued operations. Discontinued operations include properties sold in 2010 that were held in 2009 and properties held for sale as of March 31, 2010. In 2010, we had one apartment complex held for sale (Baywalk), and two apartment complexes that we sold subsequent to March 31, 2010 (Foxwood and Longfellow Arms). In 2009, we sold one apartment complex (Bridges on Kinsey), and three commercial properties (5000 Space Center, 5360 Tulane and Cullman Shopping Center).

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 equity ownership and partnerships nationwide. For more information, visit the Company's website at www.transconrealty-invest.com.

TRANSCONTINENTAL REALTY INVESTORS, INC.
CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2010	December 31, 2009
	(dollars in thousands, except share and par value amounts)	
Assets		
Real estate, at cost	\$ 1,504,875	\$ 1,520,043
Real estate held for sale at cost, net of depreciation	25,826	5,147
Real estate subject to sales contracts at cost, net of depreciation	59,048	59,048
Less accumulated depreciation	(143,092)	(137,054)
Total real estate	1,446,657	1,447,184
Notes and interest receivable		
Performing	48,308	48,051
Less allowance for estimated losses	(2,804)	(2,804)
Total notes and interest receivable	45,504	45,247
Cash and cash equivalents	1,368	5,665
Investments in unconsolidated subsidiaries and investees	8,714	9,358
Other assets	83,712	100,833
Total assets	\$ 1,585,955	\$ 1,608,287
Liabilities and Shareholders' Equity		
Liabilities:		
Notes and interest payable	\$ 1,104,809	\$ 1,121,737
Notes related to assets held-for-sale	24,603	5,002
Notes related to subject to sales contracts	61,886	61,886
Affiliate payables	47,420	50,163
Deferred revenue (from sales to related parties)	60,678	60,678
Accounts payable and other liabilities	51,509	63,405
	1,350,905	1,362,871
Commitments and contingencies:		
Shareholders' equity:		
Preferred Stock, Series C: \$.01 par value, authorized 10,000,000 shares, issued and outstanding 30,000 shares in 2010 and 2009 respectively (liquidation preference \$100 per share). Series	1	1
D: \$.01 par value, authorized, issued and outstanding 100,000 shares in 2010 and 2009		
Common Stock, \$.01 par value, authorized 10,000,000 shares; issued and outstanding 8,113,669 for 2010 and 2009	81	81
Paid-in capital	261,853	262,118
Retained earnings	(44,997)	(34,718)
Total Transcontinental Realty Investors, Inc. shareholders' equity	216,938	227,482
Non-controlling interest	18,112	17,934
Total equity	235,050	245,416
Total liabilities and equity	\$ 1,585,955	\$ 1,608,287