

## NEWS RELEASE

**FOR IMMEDIATE RELEASE**

**Contact:**  
**Income Opportunity Realty Investors, Inc.**  
**Investor Relations**  
**(800) 400-6407**  
**investor.relations@primeasset.com**

### **Income Opportunity Realty Investors, Inc. Reports Fourth Quarter 2008 Results**

DALLAS (March 31, 2009) Income Opportunity Realty Investors, Inc. (AMEX:IOT), a Dallas-based real estate investment company, today reported results of operations for the year ended December 31, 2008. IOT announced today that the company reported net income applicable to common shares of \$26.7 million or \$6.41 per diluted earnings per share which includes income from discontinued operations net of minority interest of \$14.1 million as compared to net loss applicable to common shares of (\$0.7 million) or (\$0.18) per diluted earnings per share which includes net loss from discontinued operations of (\$0.2 million) for the same period ended 2007.

In addition, IOT's results of operations for the three months ended December 31, 2008 were a net income applicable to common shares of \$479,000 or \$0.12 per diluted earnings per shares as compared to a net loss applicable to common shares of (\$18,000) or (\$0.01) per diluted earnings per share as compared for the same period ended 2007.

#### ***Results of the year ended December 31, 2008 as compared to the same period ended 2007;***

Interest income decreased \$1.7 million as compared to prior year. The decrease is due to no longer accruing interest income on our notes receivables from Unified Housing Foundation, an affiliated entity.

Mortgage loan interest expense decreased \$1.2 million primarily due to paying off the mortgages on the six Midland/Odessa properties that were sold in January of this year.

Earnings from unconsolidated subsidiaries and investees decreased \$0.5 million due to writing off the majority of the value of our investment in Nakash Income Associates.

Income from involuntary conversion of \$7.4 million is due to insurance proceeds received from the tornado damage incurred on the Falcon Point apartments.

Net income due to affiliate of \$1.0 million was due to the overall positive income in the current year, not applicable in prior year.

Income from discontinued operations was \$14.1 million in 2008. Our discontinued operations consist of seven apartment complexes. Included in discontinued operations for 2008 is a gain on sale of \$29.8 million, net of minority interest and before taxes.

#### ***Results of the year ended December 31, 2007 as compared to the same period ended 2006;***

General and administrative expense increased \$0.3 million in 2007 as compared to 2006. The increase was attributable to an overall increase in costs and additional repairs and maintenance incurred during the year.

Advisory fees increased \$0.5 million in 2007 as compared to 2006 as our base assets increase in 2007.

Interest income increased \$1.3 million in 2007 as compared to 2006. This increase is due to the additional interest income accrued on the transfer of \$9.4 million to the advisor.

Mortgage and loan interest increased by \$0.4 million in 2007 as compared to 2006 due to the additional interest expense associated with the mortgage on the purchase of Falcon Point in 2006.

Net loss from discontinued operations was (\$0.2 million) in 2007. Discontinued operations relates to seven apartment complexes sold subsequent to the year ended December 31, 2007.

Income Opportunity Realty Investors, Inc., a Dallas-based real estate investment company, holds a portfolio of equity real estate in Texas, including office buildings, and undeveloped land. For more information, go to IOT's website at [www.incomeopp-realty.com](http://www.incomeopp-realty.com).

**INCOME OPPORTUNITY REALTY INVESTORS, INC.**  
**CONSOLIDATED BALANCE SHEETS**

	December 31, 2008	December 31, 2007
	<b>(dollars in thousands, except share and par value amounts)</b>	
<b>Assets</b>		
Real estate, at cost	\$ 39,255	\$ 43,027
Real estate held for sale at cost, net of depreciation	-	17,032
Less accumulated depreciation	(2,313)	(2,456)
Total real estate	36,942	57,603
Notes and interest receivable	41,432	27,441
Less allowance for doubtful accounts	(1,826)	-
Total notes and interest receivable	39,606	27,441
Cash and cash equivalents	52	267
Investments in unconsolidated subsidiaries and investees	74	532
Receivables from affiliates	38,203	27,802
Other assets	676	2,662
Total assets	\$ 115,553	\$ 116,307
<b>Liabilities and Shareholders' Equity</b>		
Liabilities:		
Notes and interest payable	\$42,319	\$44,354
Notes related to assets held-for-sale	-	25,152
Accounts payable and other liabilities	2,460	2,057
	44,779	71,563
Commitments and contingencies:		
Minority interest	-	677
Shareholders' equity:		
Common Stock, \$.01 par value, authorized 10,000,000 shares; issued 4,173,675 shares in 2008 and 2007	42	42
Treasury stock at cost	(39)	(37)
Paid-in capital	61,955	61,955
Retained earnings	8,816	(17,893)
Total shareholders' equity	70,774	44,067
Total liabilities and shareholders' equity	\$ 115,553	\$ 116,307

**INCOME OPPORTUNITY REALTY INVESTORS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

For the Years Ended December 31,

2008                      2007                      2006  
(dollars in thousands, except share and per share amounts)

**Revenues:**

Rental and other property revenues	\$	1,291	\$	1,329	\$	1,316
------------------------------------	----	-------	----	-------	----	-------

**Expenses:**

Property operating expenses		962		743		844
Depreciation and amortization		206		230		218
General and administrative		606		756		461
Advisory fee to affiliate		895		1,034		496
Total operating expenses		<u>2,669</u>		<u>2,763</u>		<u>2,019</u>

Operating loss		(1,378)		(1,434)		(703)
----------------	--	---------	--	---------	--	-------

**Other income (expense):**

Interest income		2,993		4,716		3,395
Mortgage and loan interest		(2,410)		(3,640)		(3,248)
Earnings from unconsolidated subsidiaries and investees		(458)		17		(33)
Involuntary conversion		7,356		-		-
Net income to affiliate		(1,011)		-		(9)
Total other income		<u>6,470</u>		<u>1,093</u>		<u>105</u>

Income (loss) before gain on land sales, minority interest, and taxes		5,092		(341)		(598)
---	--	-------	--	-------	--	-------

Gain on land sales		-		-		-
--------------------	--	---	--	---	--	---

Minority interest		-		(72)		(92)
-------------------	--	---	--	------	--	------

Income (loss) from continuing operations before income tax benefit		5,092		(413)		(690)
--	--	-------	--	-------	--	-------

Income tax benefit (expense)		<u>7,566</u>		<u>(113)</u>		<u>302</u>
------------------------------	--	--------------	--	--------------	--	------------

Net income (loss) from continuing operations		<u>12,658</u>		<u>(526)</u>		<u>(388)</u>
--	--	---------------	--	--------------	--	--------------

Income (loss) from discontinued operations, net of minority interest before income tax expense		21,617		(322)		862
--	--	--------	--	-------	--	-----

Income tax benefit (expense)		<u>(7,566)</u>		<u>113</u>		<u>(302)</u>
------------------------------	--	----------------	--	------------	--	--------------

Net income (loss) from discontinuing operations, net of minority interest		<u>14,051</u>		<u>(209)</u>		<u>560</u>
---	--	---------------	--	--------------	--	------------

Net income (loss) applicable to common shares	\$	<u>26,709</u>	\$	<u>(735)</u>	\$	<u>172</u>
---	----	---------------	----	--------------	----	------------

**Earnings per share - basic**

Income (loss) from continuing operations	\$	3.04	\$	(0.13)	\$	(0.09)
--	----	------	----	--------	----	--------

Discontinued operations		<u>3.37</u>		<u>(0.05)</u>		<u>0.13</u>
-------------------------	--	-------------	--	---------------	--	-------------

Net income (loss) applicable to common shares	\$	<u>6.41</u>	\$	<u>(0.18)</u>	\$	<u>0.04</u>
---	----	-------------	----	---------------	----	-------------

**Earnings per share - diluted**

Income (loss) from continuing operations	\$	3.04	\$	(0.13)	\$	(0.09)
--	----	------	----	--------	----	--------

Discontinued operations		<u>3.37</u>		<u>(0.05)</u>		<u>0.13</u>
-------------------------	--	-------------	--	---------------	--	-------------

Net income (loss) applicable to common shares	\$	<u>6.41</u>	\$	<u>(0.18)</u>	\$	<u>0.04</u>
---	----	-------------	----	---------------	----	-------------

Weighted average common share used in computing earnings per share		4,168,264		4,168,414		4,173,675
--	--	-----------	--	-----------	--	-----------

Weighted average common share used in computing diluted earnings per share		4,168,264		4,168,414		4,173,675
--	--	-----------	--	-----------	--	-----------