

Nontraded REIT Industry Review: Third Quarter 2012



Paladin Realty Income Properties, Inc.

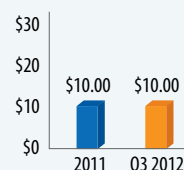
Total Assets.....	\$219.7 Million
Real Estate Assets	\$204.7 Million
Cash	\$9.5 Million
Securities	\$0.0 Million
Other	\$5.5 million



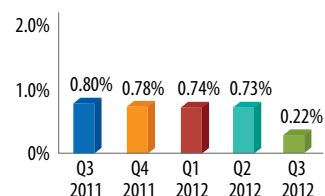
Initial Offering Date:February 25, 2005
 Offering Close Date:July 16, 2012
 Current Price per Share:\$10.00
 Reinvestment Price per Share:NA
 Cumulative Capital Raised during Offering (including DRP).....\$82.6 Million

Cash to Total Assets Ratio:4.3%
 Asset Type:Diversified
 Number of Properties:14
 Square Feet / Units / Rooms / Acres:.... 75,518 sq ft & 2,953 Units
 Percent Leased:Not Reported
 LifeStage.....Maturing
 Investment StyleCore

Historical Price



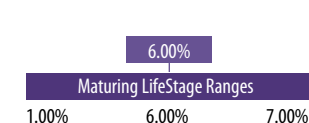
Redemptions



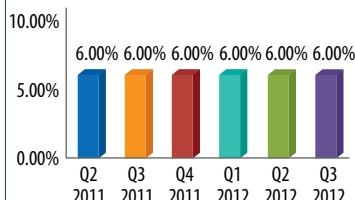
*Includes reinvested distributions (in millions)

Current Distribution

Current Distribution Yield: ... 6.00%



Historical Distribution

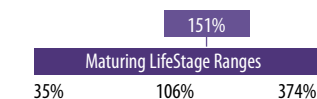


Contact Information

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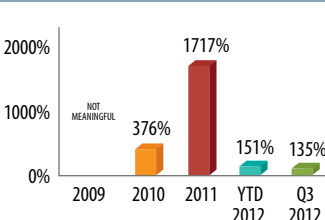
Year to Date FFO Payout Ratio

FFO Payout Ratio:
 YTD Distributions/YTD FFO: 151%



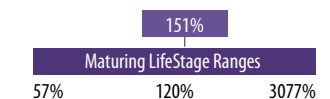
YTD Distributions Paid:... \$3,360,778
 YTD FFO: \$2,219,592

Historical FFO Payout Ratio



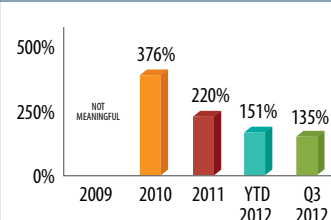
Year to Date MFFO Payout Ratio

MFFO Payout Ratio:
 YTD Distributions/YTD MFFO:151%

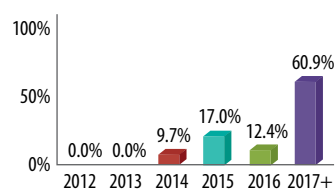


YTD Distributions Paid:.. \$3,360,778
 YTD MFFO: \$2,219,592
 *Company reported MFFO – see notes

Historical MFFO Payout Ratio

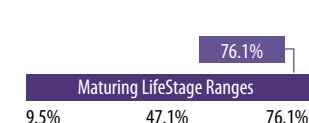


Debt Repayment Schedule



Current Debt Ratio

Debt to Total Assets Ratio: ... 76.1%



Debt Breakdown

Total: \$167.2 Million
 Fixed: \$167.2 Million
 Variable: \$0 Million
 Avg. Wtd. Rate: 5.68%
 Term: <1 – 10 yrs

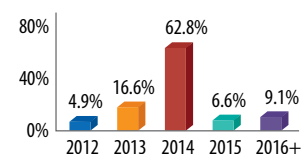
Interest Coverage Ratio

YTD Interest Coverage Ratio: 1.5



Adjusted EBITDA: \$11,317,000
 Interest Expense: \$7,589,000

Lease Expirations



*As of March 31, 2012, for office properties only

Trends and Items of Note

- The REIT was moved from the Stabilizing LifeStage to the Maturing LifeStage for the 3Q 2012 report.
- The REIT made no acquisitions or dispositions in 3Q 2012.
- On July 16, 2012, the Company terminated the Second Follow-On Offering. As of September 30, 2012, the REIT had received proceeds of \$82.6 million in the Initial, First and Second Follow-On Offerings. Since the amounts paid to redeem shares come exclusively from the distribution reinvestment plan and no shares will be available for issuance pursuant to that plan after July 16, 2012, the share redemption program also terminated as of July 16, 2012.
- The current distribution yield of 6.00% which the REIT has maintained is at the median for Maturing LifeStage REITs. The REIT's debt to total assets ratio of 76.1% was well above the median of 47.2% for this LifeStage.
- The interest coverage ratio steadied at 1.5 as of Q3 2012 compared to 1.3 as of year-end 2011.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- See additional notes on page 100 for information regarding the source of distributions.