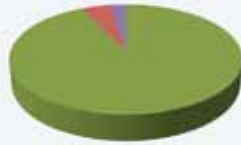


Nontraded REIT Industry Review: Second Quarter 2012



Paladin Realty Income Properties, Inc.

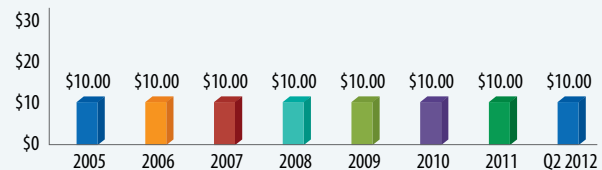
Total Assets.....	\$220.9 Million
Real Estate Assets	\$204.9 Million
Cash	\$10.4 Million
Securities	\$0.0 Million
Other	\$5.6 million



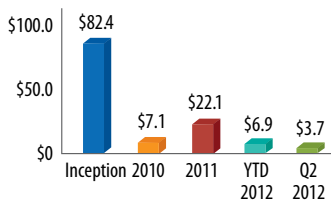
Initial Offering Date:	February 25, 2005
Number of Months Fundraising:	88
Anticipated Offering Close Date:	July 16, 2012
Current Price per Share:	\$10.00
Reinvestment Price per Share:	\$9.50

Cash to Total Assets Ratio:	4.7%
Asset Type:	Diversified
Number of Properties:	14
Square Feet / Units / Rooms / Acres:.....	75,518 sq ft & 2,953 Units
Percent Leased:	Not Reported
LifeStage.....	Stabilizing
Investment Style	Core

Historical Price



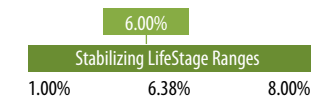
Gross Dollars Raised*



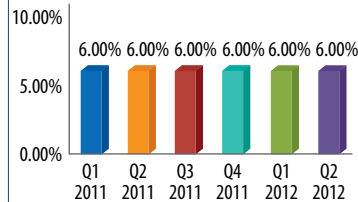
*Includes reinvested distributions (in millions)

Current Distribution

Current Distribution Yield: ... 6.00%



Historical Distribution

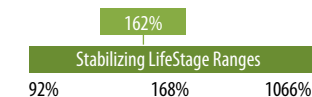


Contact Information

www.PaladinREIT.com
Paladin Realty Advisors
10880 Wilshire Boulevard,
Suite 1400
Los Angeles, CA 90024
866-725-7348

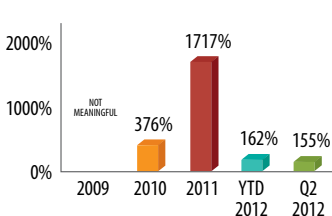
Year to Date FFO Payout Ratio

FFO Payout Ratio:
 YTD Distributions/YTD FFO: 162%



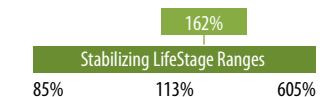
YTD Distributions Paid:... \$2,199,052
 YTD FFO: \$1,360,813

Historical FFO Payout Ratio



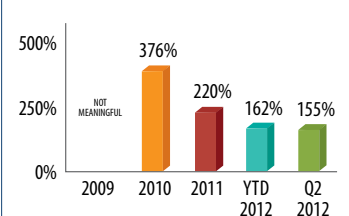
Year to Date MFFO Payout Ratio

MFFO Payout Ratio:
 YTD Distributions/YTD MFFO:162%

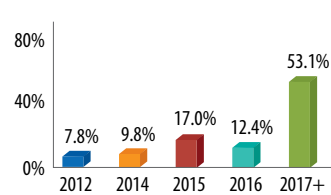


YTD Distributions Paid:.. \$2,199,052
 YTD MFFO: \$1,360,813
 *Company reported MFFO – see notes

Historical MFFO Payout Ratio



Debt Maturity



Current Debt Ratio

Debt to Total Assets Ratio: ... 75.8%



Debt Breakdown

Total: \$167.5 Million
 Fixed: \$167.5 Million
 Variable: \$0 Million
 Avg. Wtd. Rate: 5.68%
 Term: <1 – 10 yrs

Interest Coverage Ratio

YTD Interest Coverage Ratio: 1.5



Adjusted EBITDA: \$7,137,287
 Interest Expense: \$4,850,755

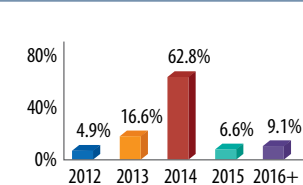
Redemptions

Ratio of Shares Redeemed to Wtd.
 Avg. Shares Outstanding: 1.48%



Redemptions Year to Date:.. 109,877
 Wtd. Avg. Shares
 Outstanding:..... 7,436,466

Lease Expirations*



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

Trends and Items of Note

- On July 16, 2012, the Company terminated the Second Follow-On Offering. The Company withdrew from registration all of the shares of Common Stock covered by the Second Follow-On Registration Statement which were not sold.
- The board of directors has made the decision that it is in the best interests of its shareholders to terminate offering shares of common stock, including the distribution reinvestment plan, as of July 16, 2012. 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 will also terminate as of July 16, 2012.
- The REIT's debt to total assets ratio of 75.8% was well above the median of 38.9% for Stabilizing LifeStage REITs.
- The interest coverage ratio increased to 1.5x as of Q2 2012 compared to 1.3x 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 77 for information regarding the source of distributions.