

Owens Realty Mortgage, Inc.
Consolidated Balance Sheets as Recast ⁽¹⁾
June 30, 2013 and December 31, 2012
(UNAUDITED)

	June 30, 2013	December 31, 2012
<u>ASSETS</u>		
Cash and cash equivalents	\$ 22,904,272	\$ 21,131,505
Restricted cash	3,981,204	6,264,110
Loans, net of allowance for losses of \$5,604,716 in 2013 and \$24,417,897 in 2012	52,422,497	45,844,365
Interest and other receivables	1,642,382	3,485,061
Other assets, net of accumulated depreciation and amortization of \$929,723 in 2013 and \$877,589 in 2012	1,038,877	1,126,723
Investment in limited liability company	2,141,403	2,141,777
Real estate held for sale	5,925,595	56,173,094
Real estate held for investment, net of accumulated depreciation of \$8,569,753 in 2013 and \$6,518,160 in 2012	122,119,949	71,600,255
Total Assets	\$ 212,176,179	\$ 207,766,890
<u>LIABILITIES AND EQUITY</u>		
LIABILITIES:		
Dividends payable	\$ —	1,234,352
Due to Manager	286,203	298,349
Accounts payable and accrued liabilities	2,845,023	4,012,650
Deferred gains	3,671,458	1,327,406
Notes payable	14,301,611	13,384,902
Total Liabilities	21,104,295	20,257,659
Commitments and Contingencies (Note 13)		
EQUITY:		
Stockholders' equity:		
Preferred stock, \$.01 par value per share, 5,000,000 shares authorized, no shares issued and outstanding at June 30, 2013 and December 31, 2012	—	—
Common stock, \$.01 par value per share, 50,000,000 shares authorized, 11,198,119 shares issued and outstanding at June 30, 2013 and December 31, 2012, respectively	111,981	111,981
Additional paid-in capital	182,437,522	182,985,281
Retained earnings (accumulated deficit)	2,553,589	(3,637,331)
Total stockholders' equity	185,103,092	179,459,931
Noncontrolling interests	5,968,792	8,049,300
Total Equity	191,071,884	187,509,231
Total Liabilities and Equity	\$ 212,176,179	\$ 207,766,890

(1) As recast to reflect the balances of Owens Mortgage Investment Fund, LP combined with the balances of Owens Realty Mortgage, Inc. beginning January 1, 2012, as required under the accounting guidelines for a transfer of an entity under common control.

Note: The foregoing audited and unaudited Consolidated Balance Sheets are excerpts from our Consolidated Financial Statements and do not include the Notes, which are an integral part thereof. The foregoing financial information should be read in conjunction with the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 and the Annual Report on Form 10-K for the fiscal year ended December 31, 2012, which were filed with the Securities and Exchange Commission.

Owens Realty Mortgage, Inc.
Consolidated Statements of Operations as Recast ⁽¹⁾
For the Three and Six Months Ended June 30, 2013 and 2012
(UNAUDITED)

	<u>For the Three Months Ended</u>		<u>For the Six Months Ended</u>	
	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Revenues:				
Interest income on loans	\$ 723,733	\$ 535,688	\$ 1,610,962	\$ 1,149,809
Gain on foreclosure of loan	—	—	952,357	—
Rental and other income from real estate properties	2,796,949	3,360,223	5,520,366	6,677,604
Income from investment in limited liability company	38,624	39,877	79,626	78,173
Other income	729	1,581	1,522	3,594
Total revenues	<u>3,560,035</u>	<u>3,937,369</u>	<u>8,164,833</u>	<u>7,909,180</u>
Expenses:				
Management fees to Manager	451,828	454,770	891,601	895,877
Servicing fees to Manager	37,963	41,161	81,418	82,142
General and administrative expense	424,757	294,493	697,865	777,902
Rental and other expenses on real estate properties	2,125,036	2,630,208	4,331,856	5,160,176
Depreciation and amortization	1,004,338	721,203	1,402,356	1,474,222
Interest expense	128,353	130,434	255,835	261,375
Environmental remediation expense	—	100,000	—	100,000
(Reversal of) provision for loan losses	(6,699,271)	236,823	(6,956,484)	(152,391)
Impairment losses on real estate properties	—	418,480	—	418,480
Total expenses	<u>(2,526,996)</u>	<u>5,027,572</u>	<u>704,447</u>	<u>9,017,783</u>
Operating income (loss)	6,087,031	(1,090,203)	7,460,386	(1,108,603)
Gain (loss) on sales of real estate, net	2,429,872	(11,617)	2,460,209	793,312
Net income (loss) and comprehensive income (loss)	8,516,903	(1,101,820)	9,920,595	(315,291)
Less: Net (income) loss attributable to non-controlling interests	(2,085,886)	67,579	(2,059,646)	(556,437)
Net income (loss) and comprehensive income (loss) attributable to common stockholders	<u>\$ 6,431,017</u>	<u>\$ (1,034,241)</u>	<u>\$ 7,860,949</u>	<u>\$ (871,728)</u>
Net income (loss) per common share:				
Basic and diluted earnings (loss) per common share	<u>\$ 0.57</u>	<u>\$ (0.09)</u>	<u>\$ 0.70</u>	<u>\$ (0.08)</u>
Basic and diluted weighted average number of common shares outstanding	<u>11,198,119</u>	<u>11,198,119</u>	<u>11,198,119</u>	<u>11,198,119</u>
Dividends declared per share of common stock	<u>\$ 0.15</u>	<u>\$ 0.01</u>	<u>\$ 0.15</u>	<u>\$ 0.03</u>

(1) As recast to reflect the balances of Owens Mortgage Investment Fund, LP combined with the balances of Owens Realty Mortgage, Inc. beginning January 1, 2012, as required under the accounting guidelines for a transfer of an entity under common control.

Note: The foregoing unaudited Consolidated Statements of Operations are excerpts from our unaudited Consolidated Financial Statements and do not include the Notes, which are considered an integral part thereof. The foregoing unaudited financial information should be read in conjunction with the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, which was filed with the Securities and Exchange Commission.

Owens Realty Mortgage, Inc.
Consolidated Statements of Cash Flows as Recast ⁽¹⁾
For the Six Months Ended June 30, 2013 and 2012
(UNAUDITED)

	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 9,920,595	\$ (315,291)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Gain on sales of real estate, net	(2,460,209)	(793,312)
Gain on foreclosure of loan	(952,357)	—
Income from investment in limited liability company	(79,626)	(78,173)
Reversal of provision for loan losses	(6,956,484)	(152,391)
Impairment losses on real estate properties	—	418,480
Depreciation and amortization	1,402,355	1,474,222
Changes in operating assets and liabilities:		
Interest and other receivables	506,847	(478,982)
Other assets	46,933	55,213
Accounts payable and accrued liabilities	(1,827,627)	(72,152)
Due to Manager	<u>(12,146)</u>	<u>16,510</u>
Net cash (used in) provided by operating activities	<u>(411,719)</u>	<u>74,124</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Principal collected on loans	997,092	5,581,894
Investment in loans	(2,645,672)	—
Investment in real estate properties	(1,542,289)	(1,489,302)
Net proceeds from disposition of real estate properties	10,699,255	295,838
Purchases of vehicles and equipment	(11,221)	(18,070)
Transfer from restricted to unrestricted cash	2,282,906	—
Maturities of certificates of deposit	—	994,143
Purchases of certificates of deposit	—	(996,000)
Distribution received from investment in limited liability company	<u>80,000</u>	<u>65,000</u>
Net cash provided by investing activities	<u>9,860,071</u>	<u>4,433,503</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on note payable	(83,291)	(77,752)
Distributions to noncontrolling interests	(4,140,154)	(8,662)
Purchase of member's interest in consolidated LLC	—	(7,200,000)
Offering costs incurred and paid	(527,785)	(414,917)
Distributions to stockholders for fractional shares	(19,974)	—
Dividends paid	<u>(2,904,381)</u>	<u>(357,961)</u>
Net cash used in financing activities	<u>(7,675,585)</u>	<u>(8,059,292)</u>
Net increase (decrease) in cash and cash equivalents	1,772,767	(3,551,665)
Cash and cash equivalents at beginning of period	<u>21,131,505</u>	<u>16,201,121</u>
Cash and cash equivalents at end of period	<u>\$ 22,904,272</u>	<u>\$ 12,649,456</u>
<u>Supplemental Disclosures of Cash Flow Information</u>		
Cash paid during the period for interest (including amounts capitalized)	<u>\$ 340,107</u>	<u>\$ 263,146</u>

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