



# Investor Presentation

June 2015



# Forward-Looking Statements and Other Disclaimers

## IMPORTANT NOTICE:

This presentation contains forward-looking statements, within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995 (the "Reform Act"). All such forward-looking statements are intended to be subject to the safe harbor and other protections provided by the Reform Act and applicable securities laws. The forward-looking statements included in this presentation reflect Owens Realty Mortgage, Inc.'s ("ORM's") current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause ORM's actual results to differ significantly from those expressed in any forward-looking statement and, consequently, readers should not rely on these forward-looking statements as predictions of future events. Statements regarding the following subjects, among others, may be forward-looking: ORM's business and investment strategy; projected dividend yields; ORM's projected expenses and operating results; ORM's projected capital expenditures and construction related expenses; economic, demographic, lending or real estate developments in ORM's markets; early terminations of or non-renewal of leases by ORM's tenants; ORM's ability to obtain financing arrangements; general volatility of the markets in which ORM participates; construction progress and completion dates, permit, entitlement, zoning and other property related approvals, expected real estate planning and policies of city, county, state, and other regional municipalities, including zoning, land annexation, and building and development approvals, expected listing and sale dates, occupancy rates and dates, and marketability of ORM's real estate assets; ORM's ability to qualify and maintain ORM's qualification as a REIT; market trends in ORM's industry, including interest rates, real estate values, vacancy and absorption rates, lease rates, land, residential and commercial property statistics, regional population and income growth, or the general economy; and statements about ORM's current expectations, plans, strategies, prospects, beliefs, targets, assumptions, and forecasts. Words such as "expect," "target," "assume," "estimate," "project," "budget," "forecast," "anticipate," "intend," "approximate," "plan," "may," "will," "could," "should," "believe," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements.

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## DISCLAIMERS:

### Pro Forma Dividend Yield

The projected dividend yield in this presentation is meant to provide an estimated dividend yield range, for informational purposes only and is not a forecast of expected results. The pro forma dividend represents annualized distributions of \$1.70 to \$1.95 per share, based on an average annualized loan investment rate of 8.50%, less projected 5.50% weighted average cost of capital, divided by a hypothetical stock price of \$20.00 per share.

## MARKET STATISTICS

Ticker (NYSE MKT)	ORM
Shares Outstanding <sup>1</sup>	10,768,001
Market Capitalization <sup>1</sup>	\$149M
Recent Share Price <sup>1</sup>	\$13.80
Book Value per Common Share <sup>2</sup>	\$17.18
Quarterly Dividend per Share <sup>3</sup>	\$0.07
Total Assets <sup>2</sup>	\$247M

(1) As of June 5, 2015

(2) As of quarter ending March 31, 2015, total net of allowance for loan losses and net of accumulated depreciation and amortization.

(3) Q1 2015 dividend per common share

# Company Overview

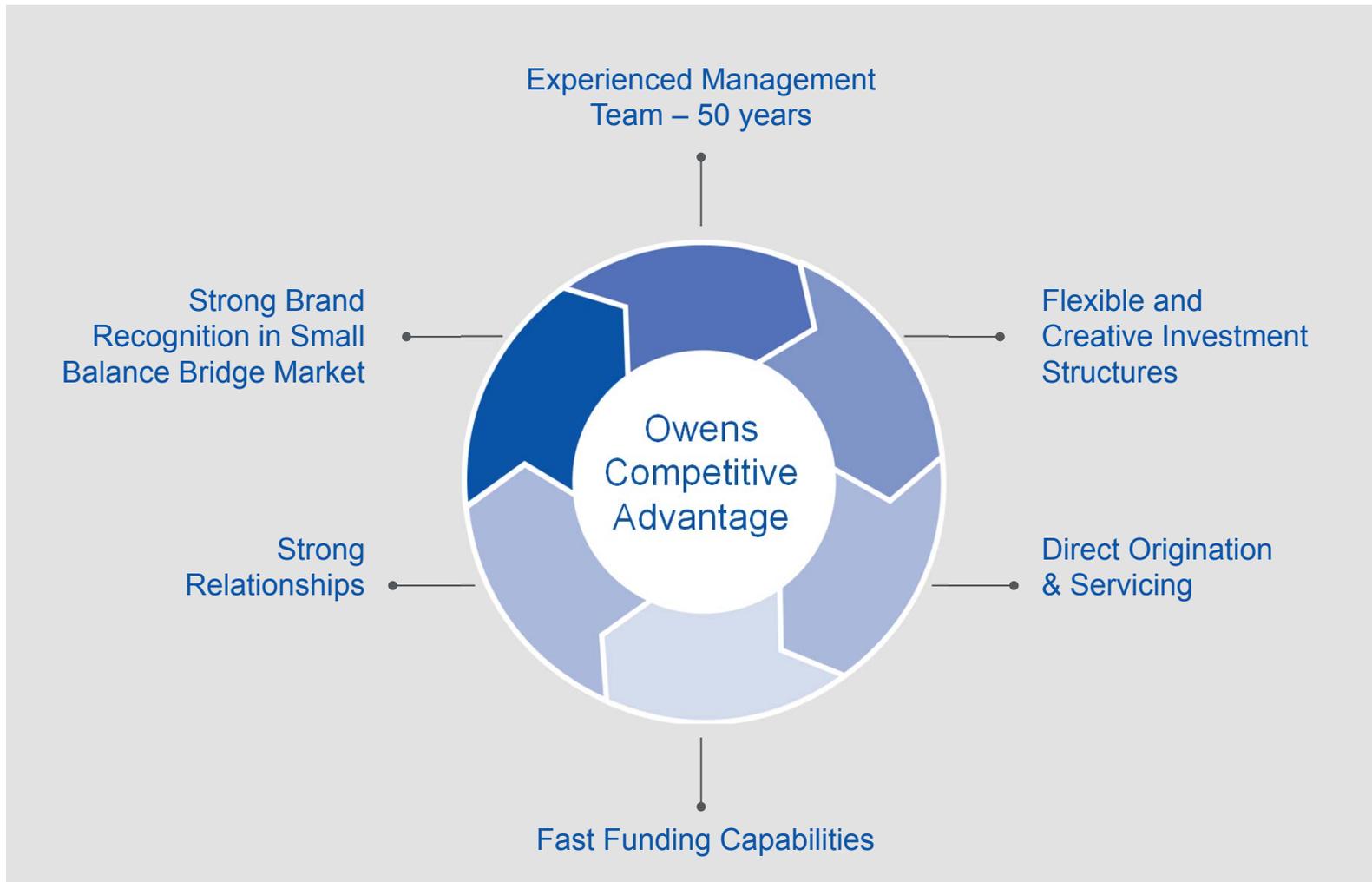
- Owens Realty Mortgage, Inc. is a specialty finance company organized as a REIT that focuses on the origination, investment and management of small-balance and middle-market commercial real estate loans.
- We provide customized, short-term acquisition and transition capital to commercial real estate investors that require speed and flexibility.
- During recession, beginning in 2009, foreclosed on 50%+ of loan portfolio, LP redemptions and lending activity suspended. During recovery have repositioned and improved real estate assets, maximizing potential market value.
- In May 2013, ORM completed a reorganization into a publicly-traded REIT. Its predecessor, Owens Mortgage Investment Fund, a California LP, was formed in 1983 and became a SEC registered public filer in 1988.
- We are managed by Owens Financial Group, Inc., a specialized commercial real estate management company that has originated, serviced and managed alternative commercial real estate investments since 1951.
- Focused on converting real estate assets to new commercial real estate loans.
- Seasoned executive team and long-standing origination relationships.

# The Opportunity

- ▶ **Unlock embedded NAV gains potential in real estate portfolio**
  - Objectives to convert real estate assets into cash,
  - Grow loan portfolio, and
  - Deliver consistent, attractive risk-adjusted yield to stockholders
  
- ▶ **Growth in demand for commercial real estate and restricted ability of banks to lend has created favorable market conditions**
  - CRE fundamentals improving
  - Wall of CRE loan maturities from 2003-2007
  - Increased demand for transitional capital
  - Increased demand for speed
  - Regulatory environment limiting the lending capacity of banks and other traditional capital sources
  
- ▶ **Investment Opportunity**
  - ORM trading at discount to book value and NAV
  - Balance sheet transition beginning in June 2015
  - Committed to growing dividends

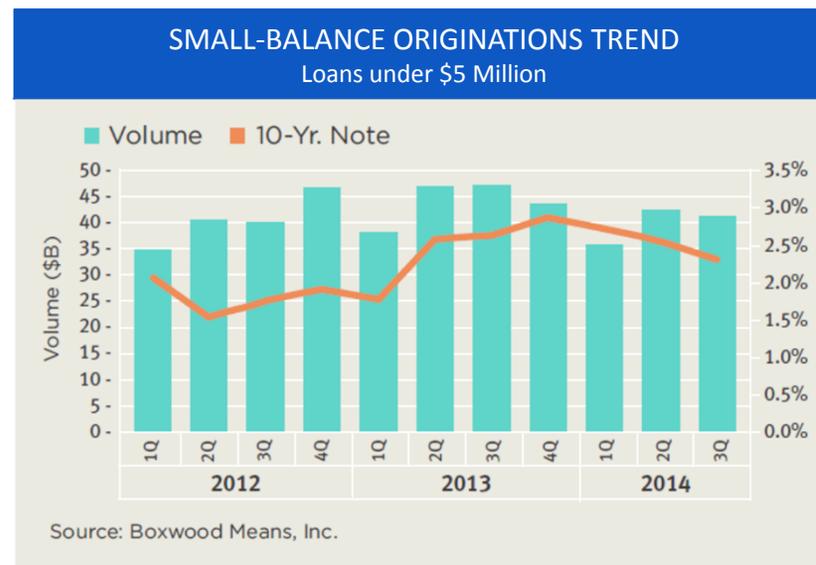
# Transaction Platform

Experience and business model a competitive advantage



# Small Balance Commercial (SBC) Market

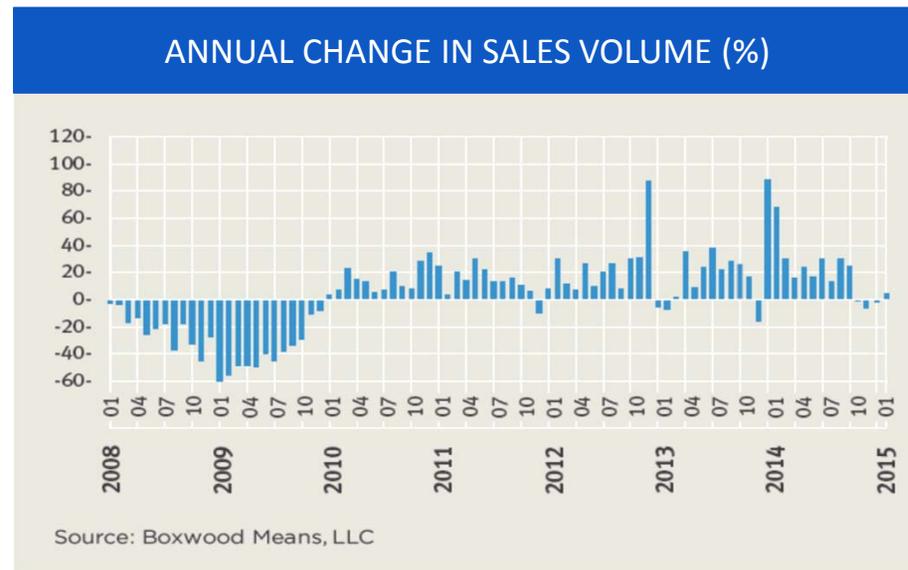
- Owens competes primarily in the Small Balance Commercial Lending market (\$500K - \$10M) but also lends in the Middle-Market (\$10M - \$50M)
- Although catching attention, market is still under-served and funding gap exists for SBC and Middle Market
- Higher yields asymmetrical with risk vs. middle and large market CRE lending



Source: Boxwood Means, Inc., April 2015

# Small Balance Commercial (SBC) Market

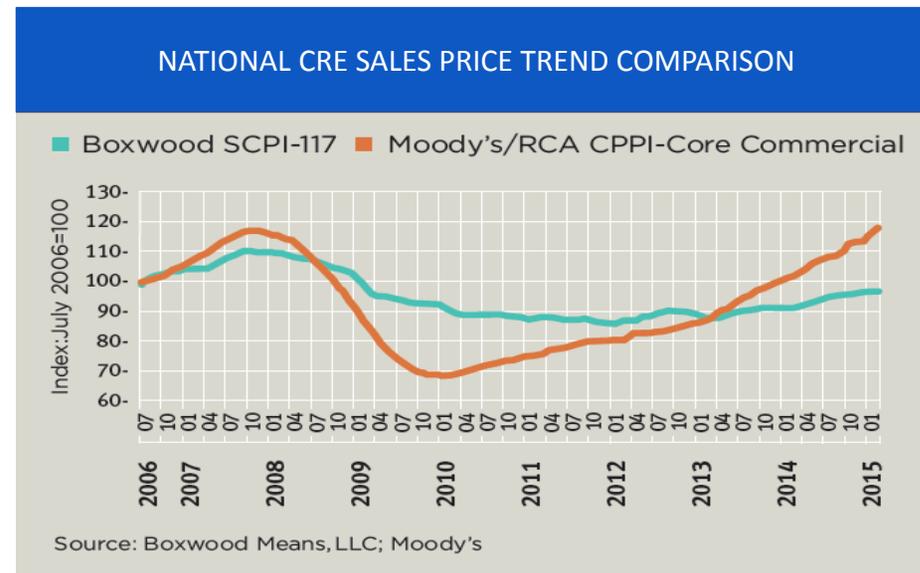
- Fragmented and inefficient market opportunity to be exploited
  - The top 15 lenders command only 19% total production in 2014
  - No dominant national lenders with large market shares
- Strong demand from credit-worthy sponsors
  - Small balance commercial (SBC) loan originations (under \$5M in value) topped \$165B in 2014
  - Property sales continue at an accelerated space
- National SBC market mimics overall CRE market fundamentals



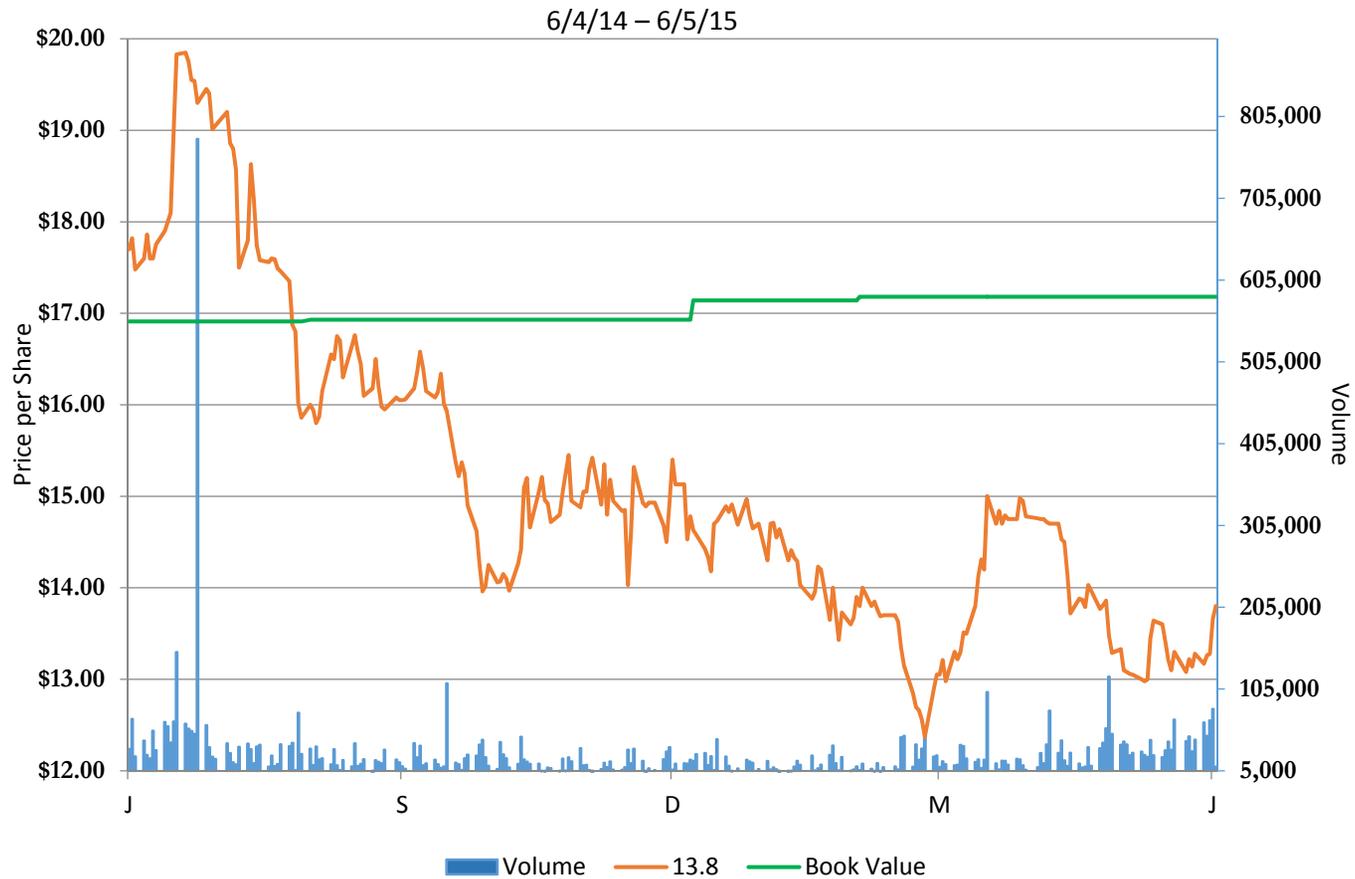
# Commercial Real Estate (CRE) Market



- CRE prices are recovering from recessionary lows – macro fundamentals and lack of new supply
- Limited lending capacity of banks in CRE market creating opportunities for alternative lenders
  - Caused by increased bank regulation and over-leveraged balance sheets
- A significant proportion of CRE loans originated from 2003-2007 are maturing every year, creating opportunities for new originations
  - \$1.5T estimated loans maturing through 2018



# Trailing 12-Month Stock Price



# Investment Profile

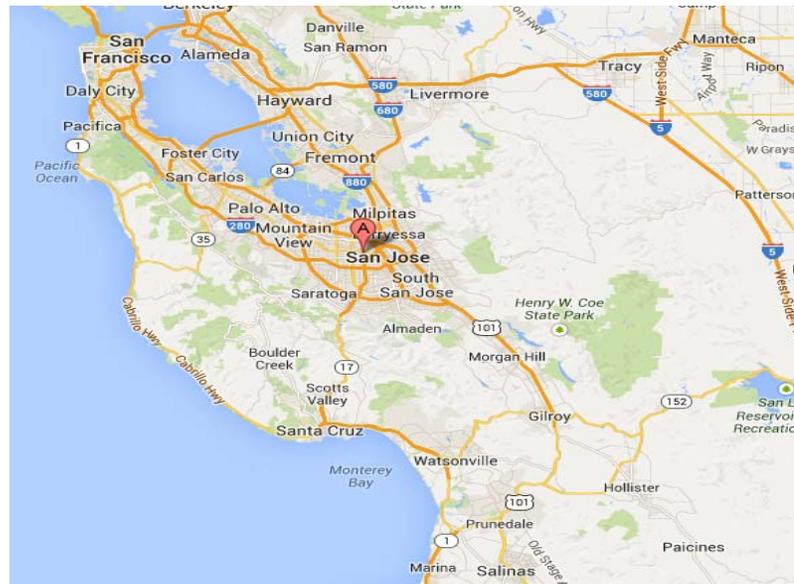
## INVESTMENT STRATEGY

Loan Size	\$500K - \$20M
Security:	Primarily first deed position
Property Type	All commercial types
Geography	USA (focus Western US)
Loan-to-Value	60% – 75%
Term	1 – 3 years
Rates	7% - 10% (fixed and floating rates)
Amortization	Typically Interest only

# Sample Transaction:

University Plaza, Santa Clara CA

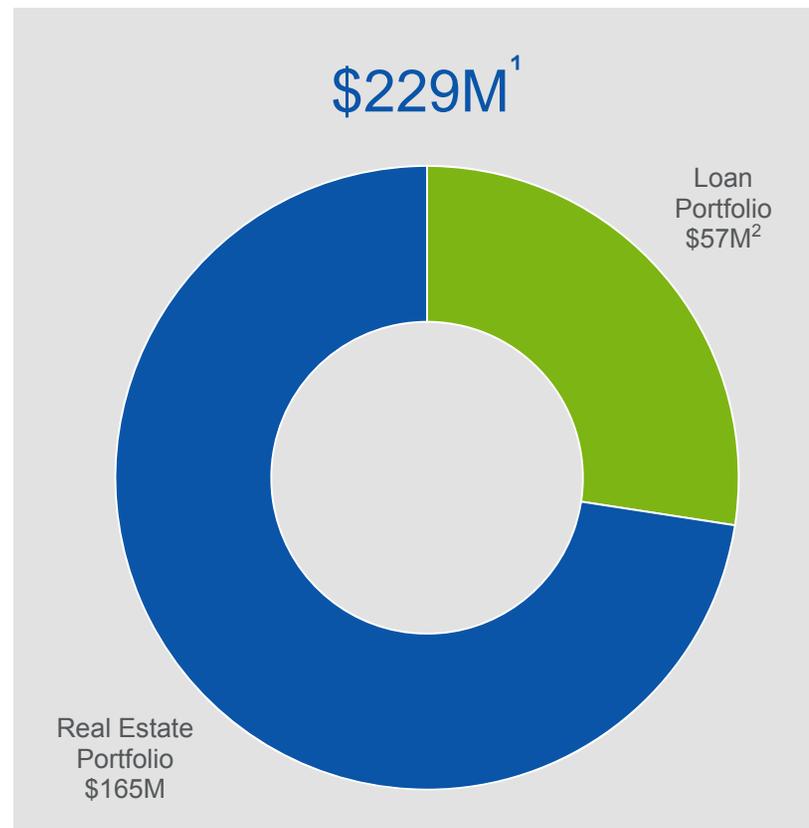
- \$5.85M first position trust deed
- 8.0% interest only loan
- 2-year term
- 73% LTV
- 51,978 SF Retail over Office
- Acquisition bridge financing required
- 3 week close
- Strong sponsor, direct origination through relationship



# Total Investment Portfolio

## Portfolio Overview

- Declining economy and reductions in real estate values from 2007 to 2011 resulted in higher foreclosure rates
- Targeting sale of significant portion of real estate holdings starting in 2015



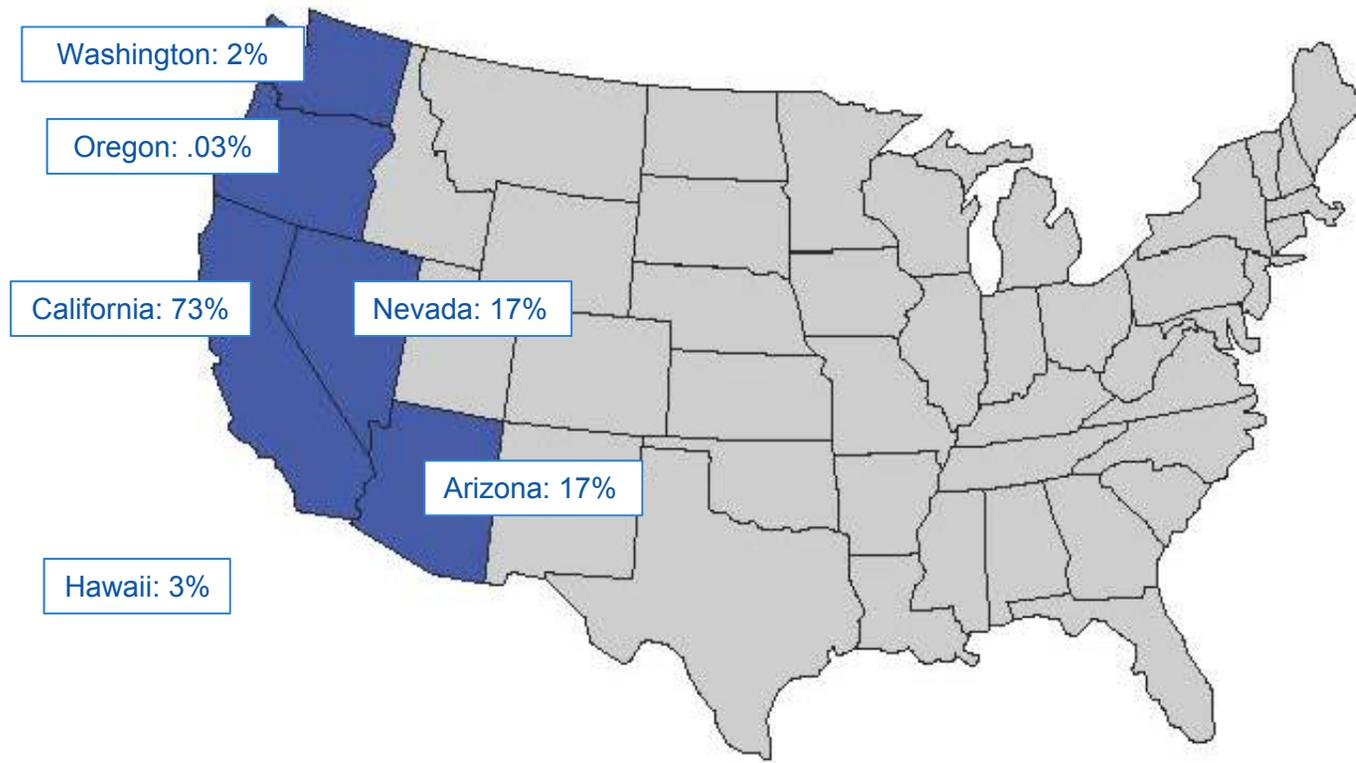
(1) As of quarter ended March 31, 2015

(2) Includes equity method investment in LLC holding 1850 De La Cruz

# Loan Portfolio \$57M<sup>1</sup>



## GEOGRAPHY



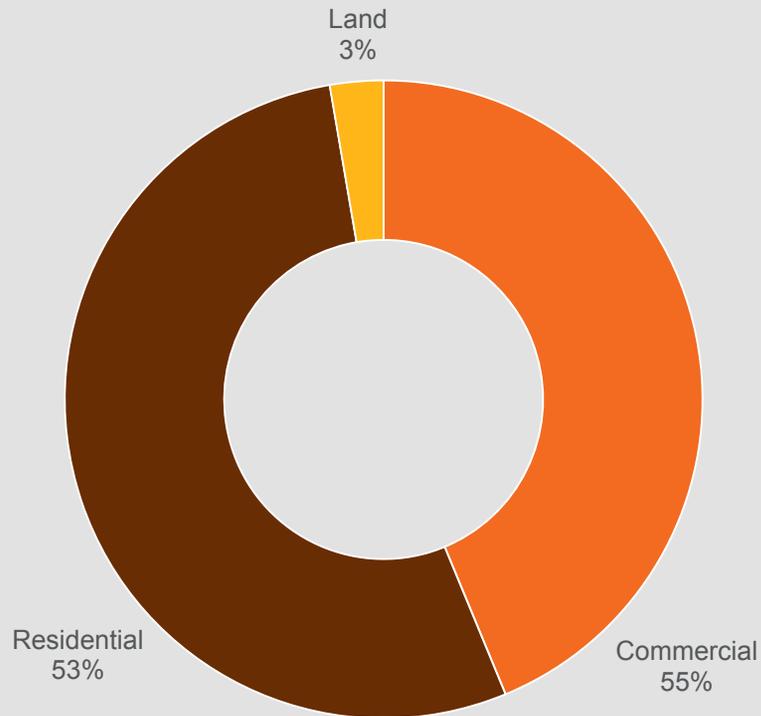
Diversified portfolio, with main focus in Western U.S.

(1) As of quarter ended March 31, 2015

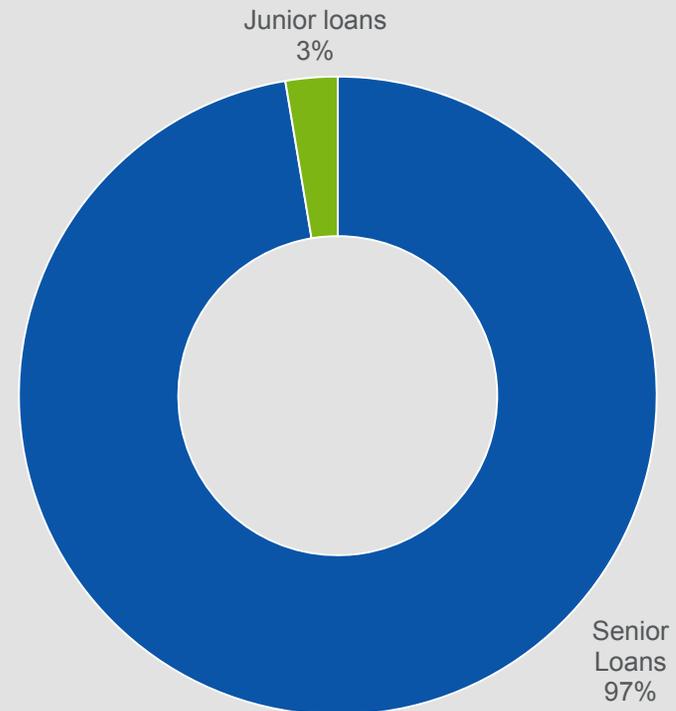
# Loan Portfolio \$57M<sup>1</sup>



## Property Type



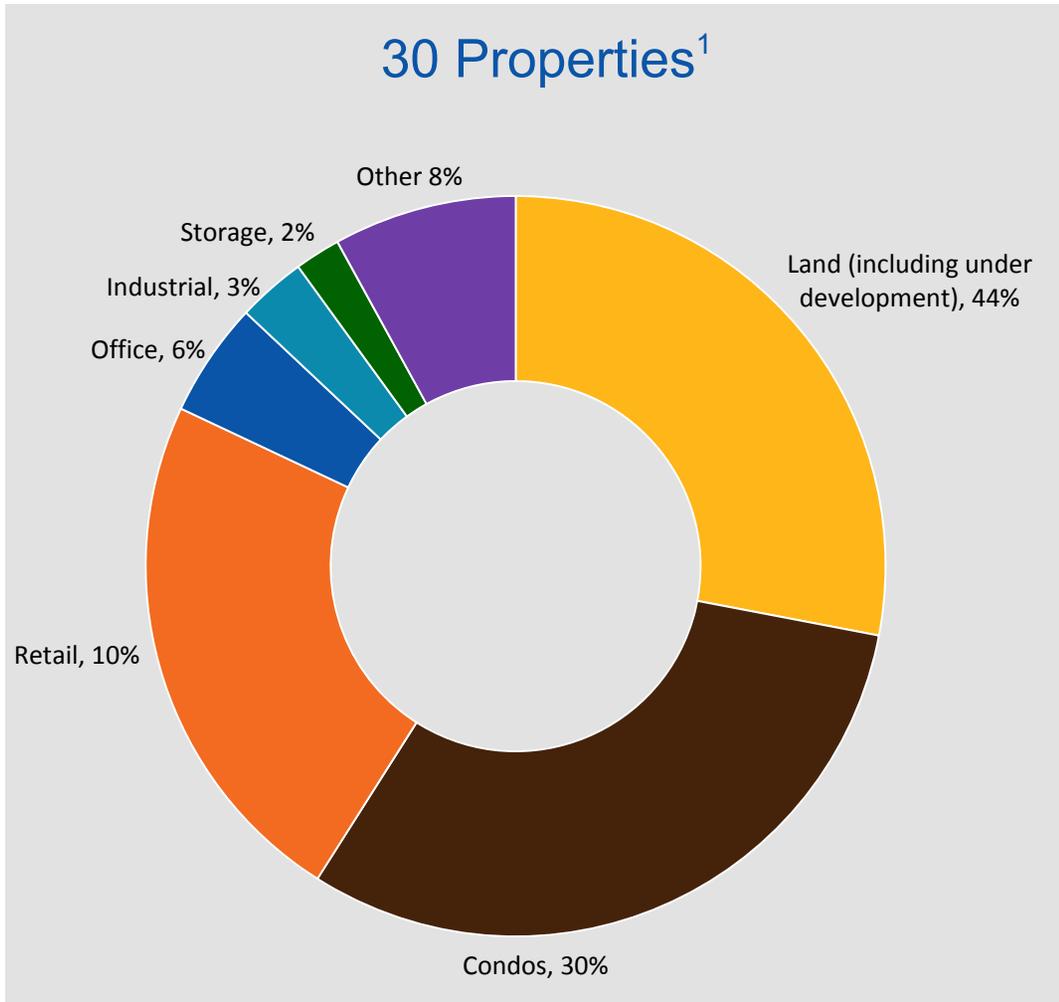
## Position



(1) As of quarter ended March 31, 2015

(2) The junior loans in our portfolio at March 31, 2015 are junior to existing senior loans held by us and are secured by the same collateral.

# Real Estate Portfolio



(1) Total properties does not include book value of equity investment in 1850 De La Cruz, LLC  
(2) As of quarter ended March 31, 2015

# Chateau at Lake Tahoe

Commercial Retail and Residential Project<sup>1</sup>

Book Value: \$54.2 million

Tax Basis: \$65.8 million

Financing: \$13.8 million

- ▶ 11.5 acre resort property, prime location at Stateline within close proximity to the Heavenly Valley ski resort gondola, and Harvey's and Harrah's casinos, and the new Hard Rock Hotel & Casino.
- ▶ Project entitled for 477 hospitality/residential units and 58,000 SF of retail.
- ▶ Prior to foreclosure approx. \$100+ million and many years invested in the acquisition, entitlement process and initial foundation infrastructure.
- ▶ Transitional property – construction substantially complete of approx. 30,255 RSF of commercial retail space
- ▶ Currently listed for sale

South Lake Tahoe, CA



(1) As of quarter ended March 31, 2015

# Treasures On The Bay

## Condo Conversion Complex<sup>1</sup>

Book Value: \$38 million

Tax Basis: \$37 million

Financing: \$14,480,000<sup>2</sup>

- ▶ Fractured condo conversion; apartment complex built between 1962 and 1966, consists of three, 10-story residential towers with 498 total units located on Treasure Island in Biscayne Bay in between Miami Beach and downtown Miami. ORM owns 329 units totaling approx. 328,792 of RSF.
- ▶ Pointe Tower: located on the southern point of Treasure Island, own 154 units (of 178) totaling approx. 162,740 RSF. Floor plans (Units) - 1/1 (100) and 2/2 (54) with avg. 970 RSF per unit. Renovated 2005-2007
- ▶ South Tower: middle building, own 15 units (of 160) totaling approx. 18,052 RSF. Floor plans (Units) - 1/1 (1), 2/1 (1), 2/2 (3), and 3/2 (10) units with avg. 1,200 RSF per unit. Renovated 2005-2007
- ▶ North Tower: northernmost building, own all 160 units totaling approx. 148,000 RSF. Floor plans (Units) - 1/1 (93), 2/1 (9), 2/2 (48), and 3/2 (10) with avg. 923 RSF per unit. Extensive renovation project commenced in July 2014; estimate total cap ex of \$22 million and anticipate completion in Q4 2015.

North Bay Village, FL



(1) As of quarter ended March 31, 2015

(2) Consists of a loan of up to \$13 million secured by the Pointe tower, closed on November 17, 2014, and construction financing secured, subject to certain post-closing conditions, by TOTB, North, LLC of up to \$21.3 million for the redevelopment of the north tower. \$1,580,000 outstanding loan balance as of March 31, 2015.

# University Square

Retail Shopping Center<sup>1</sup>

Book Value: \$11.5 million

Tax Basis: \$10.6 million

Financing: \$9.8 million

- ▶ 23.14 acre grocery-anchored community shopping center located at the northeast corner of US Highway 34 and 11<sup>th</sup> Ave, within ½ mile of University of Northern Colorado
- ▶ 242,000 RSF 4-building, Class C property built between 1971 and 2003 consists of 39 retail units, anchored by long-term lease with 47,000 RSF grocery store, King Soopers.
- ▶ Currently in contract for \$20,500,000; expected closing June 2015

Greeley, CO



(1) As of quarter ended March 31, 2015

# Strategy

Back to Basics Execution → Simplifying Balance Sheet and Increasing Income

Liquidate Real Estate Assets

Grow Loan Portfolio

Lower Cost of Capital and  
Create Value Through Prudent  
Use of Leverage

Consistently Deliver Attractive  
Dividend Yields

- Improving CRE market conditions
- Increasing demand for transitional assets
- Complete improvement/redevelopment projects
- Leverage management domain experience, brand identity, and origination platform
- Focus on new investment originations
- Reduce non-performing loans
- Improve balance sheet ratios
- Lower cost and improved capital terms
- Prudent leverage of up to 1x stockholder's equity, providing opportunity to deliver attractive returns
- Committed to increasing dividends as income increases
- Average yield 1989 – 2007 ~ 8.40%<sup>1</sup>
- Pro forma dividend yield ~ 8.50% - 9.50%<sup>2</sup>

(1) Based upon annual income distributions to investors from 1989 through 2007 divided by year end book capital and averaged over applicable period. The average dividend from 2008 through 2012 was 2.70%

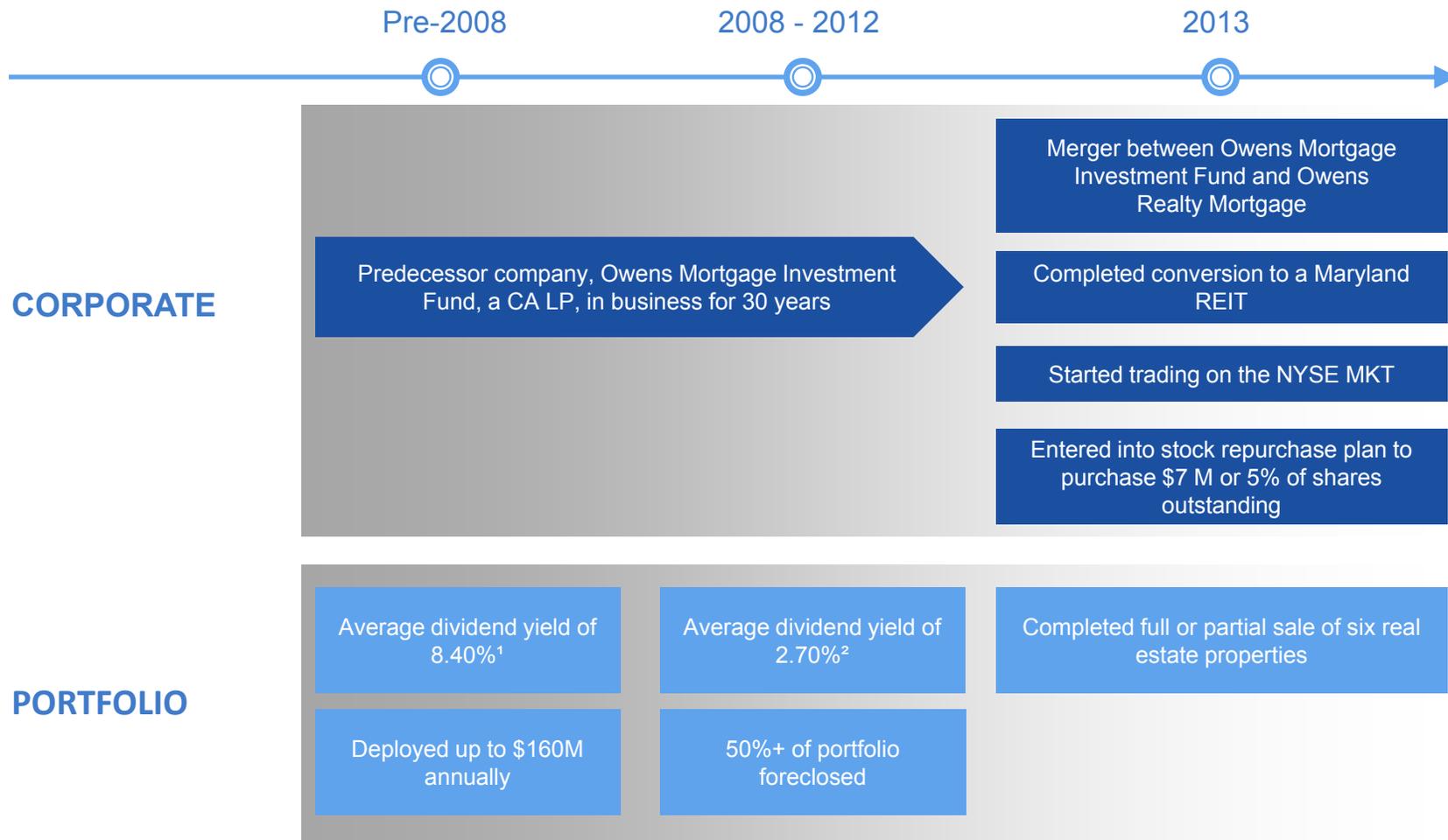
(2) Constitutes forward-looking information. Actual future dividend yields could vary significantly from the pro forma projection presented. See Forward-Looking Statements and Other Disclaimers disclosure on page 1

# Investment Highlights

- Growth in demand for commercial real estate and restricted ability of banks to lend has created favorable market conditions
- Predecessor company had been in business over 30 years with a strong track record
- Experienced management with in-depth knowledge of target geographies and longstanding deal flow relationships
- Embedded gains in physical asset portfolio
- Poised to ramp up commercial lending activities
- Improved balance sheet provides opportunity to increase leverage on attractive terms
- Committed to increasing dividends as income increases

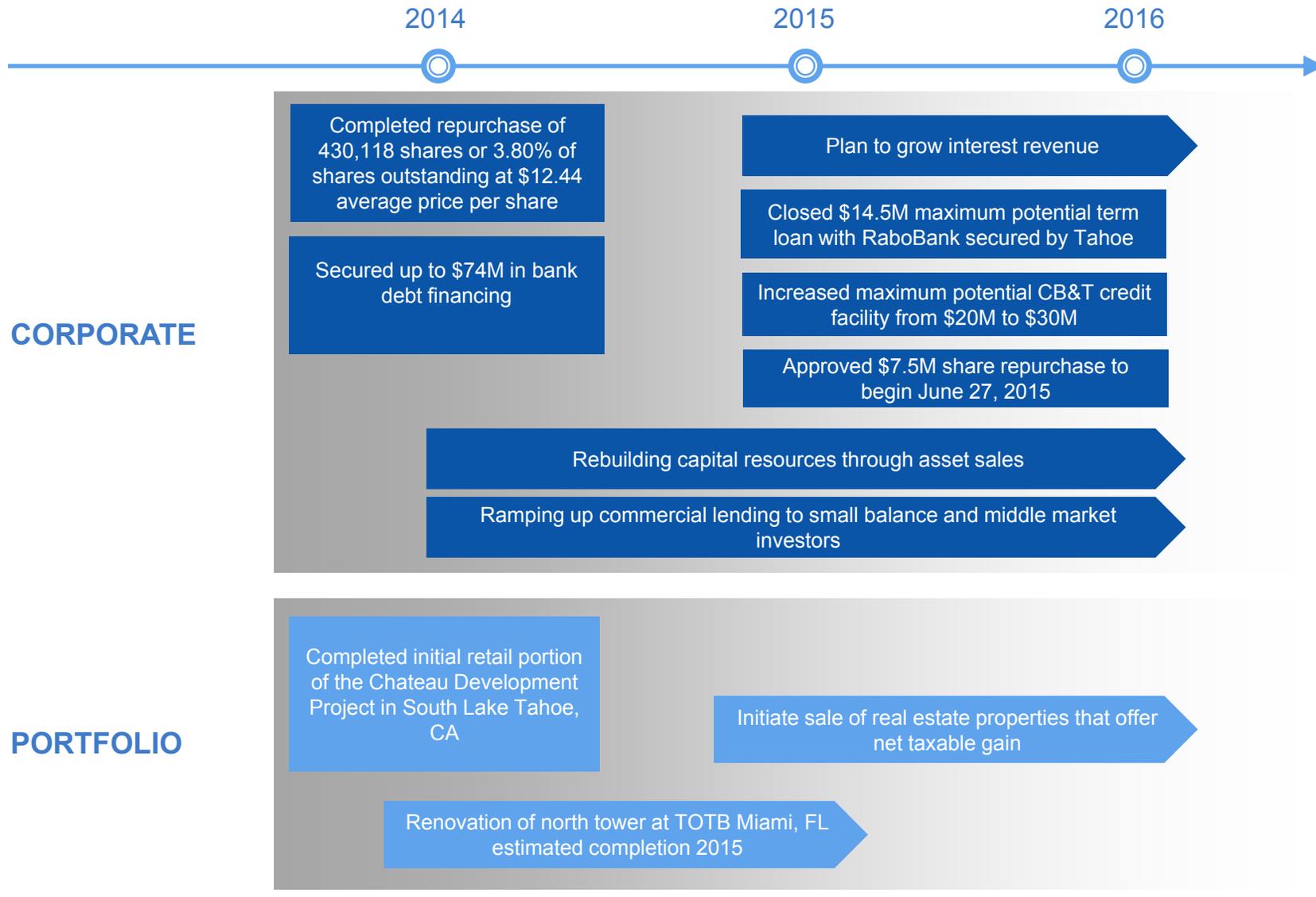
# Appendix

# Timeline



(1) Based upon annual income distributions to investors from 1989 through 2007 divided by year end book capital and averaged over applicable period.  
 (2) Based upon annual income distributions to investors from 2008 through 2012 divided by year end book capital and averaged over applicable period.

# Timeline



# Financing

- California Bank & Trust
  - Secured in February 2014<sup>1</sup>
  - Revolving line of credit of up to \$30M
  - Two year term
  - CB&T prime rate + 25bp
- Opus Bank
  - Secured in April 2014
  - Revolving line of credit of up to \$20M
  - Two year draw period; Repayment due in 2017
  - 6 month LIBOR + 400bp (4.50% floor)
- Bank of the Ozarks
  - Secured in June 2014
  - Construction loan of up to approximately \$21.3M (Miami)
  - Three year term
  - 3 month LIBOR + 400bp (4.50% floor)
- Bank of the Ozarks
  - Secured in November 2014
  - Term loan of up to approximately \$13.0M (Miami)
  - Three year term
  - 3 month LIBOR + 400bp (4.25% floor)
- RaboBank
  - Secured in December 2014
  - Term loan of up to approximately \$14.5M (Lake Tahoe)
  - Six year term
  - 3.47% for 3 years then reset for additional 3 year term at comparable market rate

(1) On April 16, 2015 the maximum potential borrowings increased from \$20m to \$30M and added First Bank as additional lender.



# Real Estate Portfolio Summary

As of March 31, 2015

Properties	Property Type	Location	Book Value	Tax Basis	2014 NOI	YTD 2015 NOI	Property Listing Date
<b>Land</b>							
Chateau at Lake Tahoe - Development	Residential/Hospitality Land	South Lake Tahoe, CA	\$30,899,642	\$40,812,301	\$0	\$0	Held for Sale
Saddle Ridge Parcel	Unimproved Land	Gypsum, CO	\$4,704,000	\$18,347,808	(\$187,816)	(\$69,298)	Held for Sale
Baldwin Ranch Lots	Finished Residential Lots	Auburn, CA	\$3,878,544	\$17,619,040	(\$108,293)	(\$26,148)	Q1 2017
Oakley Parcel	Unimproved Residential Land	Oakley, CA	\$2,334,773	\$2,334,773	(\$14,271)	(\$5,275)	Q1 2017
Piercy Road Parcel	Unimproved Industrial Land	San Jose, CA	\$1,958,400	\$3,025,992	(\$122,031)	(\$30,339)	Held for Sale
Brighton Village Lots	Unimproved Residential Land	Coolidge, AZ	\$1,017,600	\$2,085,801	\$6,120	\$11,183	Q1 2017
Chowchilla Parcel	Unimproved Residential Land	Chowchilla, CA	\$726,580	\$5,918,515	(\$16,679)	(\$3,665)	Q1 2018
Art on R Parcel	Unimproved Residential Land	Olivehurst, CA	\$403,200	\$1,204,386	(\$7,026)	(\$1,803)	Q1 2018
The Rivers Lot	Finished Residential Lot	West Sacramento, CA	\$58,560	\$313,318	(\$7,708)	(\$1,467)	Q1 2017
DarkHorse Parcel	Unimproved Residential Land	Auburn, CA	\$103,198	\$0	\$955	(\$531)	Q1 2018
Coeur d' Alene Lots	Unimproved Residential Land	Coeur d'Alene, ID	\$316,800	\$2,282,781	(\$13,532)	(\$3,849)	Q1 2018
<b>Total Land</b>	<b>11</b>		<b>\$46,401,298</b>	<b>\$93,944,715</b>	<b>(\$470,281)</b>	<b>(\$131,192)</b>	
<b>Residential</b>							
Treasures on the Bay <sup>1</sup>	Condos	Miami, FL	\$37,642,275	\$36,833,662	\$1,137,406	\$312,770	Q3-Q4 2015
Solstice at Arcadia	Condos	Phoenix, AZ	\$6,852,989	\$14,634,407	\$400,050	\$149,258	Held for Sale
The Pointe at Lake Steilacoom	Condos	Lakewood, WA	\$4,328,471	\$6,197,229	\$282,709	\$50,860	Q1 2016
Broadway & Commerce	Condos/Office/Retail	Tacoma, WA	\$2,396,570	\$3,449,858	\$99,789	\$20,168	Q1 2016
The Shores	Single Family Residence	Lincoln City, OR	\$93,647	\$95,854	(\$10,311)	(\$1,180)	Q1 2017
<b>Total Residential</b>	<b>5</b>		<b>\$51,313,952</b>	<b>\$61,211,010</b>	<b>\$1,909,643</b>	<b>\$531,876</b>	
<b>Commercial</b>							
Chateau at Lake Tahoe - Retail	Retail	South Lake Tahoe, CA	\$23,286,401	\$25,025,888	\$169,426	\$239,747	TBD
Auburn Valley Golf Course (TRS)	Golf Course	Auburn, CA	\$2,025,083	\$2,167,416	\$20,817	(\$31,214)	Held for Sale
Wolfe Road	Industrial	Sunnyvale, CA	\$3,005,471	\$3,158,082	\$485,952	\$119,257	Held for Sale
Paso Robles Industrial Complex	Light Industrial	Paso Robles, CA	\$1,446,605	\$1,460,623	\$233,346	\$71,646	Q1 2017
Piper Point Marina	Marina	Bethel Island, CA	\$1,139,907	\$1,140,910	(\$36,584)	(\$13,657)	Q1 2017
Brannan Island Marina	Marina	Isleton, CA	\$2,446,287	\$2,446,291	\$28,054	(\$134)	Q1 2016
The Last Resort & Marina	Marina	Oakley, CA	\$236,500	\$625,823	(\$10,177)	(\$6,053)	Q1 2017
Harbor Shores Medical Plaza II	Office	Gilbert, AZ	\$4,716,159	\$9,011,475	\$116,065	\$16,548	Held for Sale
Pico Ranch Complex	Office	Roseville, CA	\$3,652,749	\$7,406,162	\$124,403	\$46,247	Q1 2017
Melody Hills Business Park	Office	Roseville, CA	\$723,113	\$731,220	\$45,193	\$13,000	Q1 2017
University Square <sup>2</sup>	Retail	Greeley, CO	\$11,548,053	\$10,592,206	\$1,183,209	\$273,212	Pending Sale
K Street	Retail/Office	Sacramento, CA	\$3,890,968	\$3,890,958	(\$97,341)	(\$26,843)	Held for Sale
Outback Storage	Self-Storage	Stockton, CA	\$3,823,911	\$5,154,348	\$407,156	\$120,871	Q1 2016
The Oaks Assisted Living Facility	Assisted Living	Bensalem, PA	\$4,999,210	\$4,991,258	n/a	\$86,129	Q2 2016
San Jose Retail Buildings	Retail	San Jose, CA	n/a	n/a	n/a	n/a	Sold
<b>Total Commercial</b>	<b>14</b>		<b>\$66,940,416</b>	<b>\$77,802,659</b>	<b>\$2,669,519</b>	<b>\$908,756</b>	
<b>Total</b>	<b>30</b>		<b>\$164,655,665</b>	<b>\$232,958,385</b>	<b>\$4,108,881</b>	<b>\$1,309,440</b>	
1850 De La Cruz (investment in LLC) <sup>3</sup>	Industrial Building/Land	Santa Clara, CA	\$2,185,642	\$2,919,833	\$170,000	\$43,061	Q1 2016
<b>Total inc. 1850 De La Cruz</b>	<b>31</b>		<b>\$166,841,307</b>	<b>\$235,878,218</b>	<b>\$4,278,881</b>	<b>\$1,352,501</b>	

1. ORM owns 80.74% of TOTB Miami, LLC and currently receives allocation of profits and losses at this percentage. TOTB North, LLC, a wholly-owned subsidiary of TOTB Miami, LLC, was formed for the purpose of obtaining construction financing and owns the north tower at Treasures on the Bay.  
2. Property held in 720 University, LLC. ORM receives 65% of the profits and losses after a priority return on partner contributions, allocated at the rate of 10% per annum.  
3. ORM owns a 50% interest in 1850 De La Cruz, LLC which is accounted for under the equity method.