



SHOPOFF PROPERTIES TRUST

Frequently Asked Questions

Q: What is a real estate investment trust, or REIT?

A: In general, a REIT is a company that:

- Combines the capital of many investors to acquire or provide financing for real estate;
- Pays annual dividends to investors of at least 90% of its taxable income;
- Avoids the "double taxation" treatment of income that would normally result from investments in a corporation because a REIT is generally not subject to federal corporate income taxes on net income that it distributes, provided certain income tax requirements are satisfied; and
- Allows individual investors to invest in a large-scale real estate portfolio.

Q: What is Shopoff Properties Trust, Inc.?

A: Shopoff Properties Trust, Inc., is a Maryland corporation formed on November 16, 2006. Our primary focus will be to acquire undeveloped real estate assets for which we will obtain entitlements, and hold such assets as long-term investments for eventual sale. Shopoff Properties Trust has not yet qualified as a REIT for federal income tax purposes, but intends to do so in 2008.

Q: What is Shopoff Advisors, L.P.?

A: Shopoff Advisors, L.P. is a Delaware Limited Partnership formed on November 17, 2006. Shopoff Advisors is an affiliate of our sponsor, The Shopoff Group. Shopoff Advisors is our advisor and, as such, makes investment recommendations and manages the day-to-day operations of Shopoff Properties Trust, subject to oversight by our Board of Directors. Shopoff Advisors will also provide marketing, sales and client services on our behalf.

**Our Mission:
Creating Wealth Through
Real Estate Investing**



This is neither a solicitation to buy nor an offer to sell to any person in any jurisdiction where the offer or sale is not permitted by state law. The offering is made only by the prospectus. This sales and advertising literature must be read in conjunction with the prospectus in order to understand fully all of the implications and risks of the offering of securities to which it relates. A copy of the prospectus must be made available to you in connection with this offering.

Minnesota offers and sales may be made only to accredited investors pursuant to sec. 80a.46 (13) (b) of the Minnesota Securities Act and to "institutional investors" as defined by sec. 80a.46 (13) (a) and related sections, rules and releases promulgated thereunder.

Q: How is this offering being made?

A: Shopoff Properties Trust, Inc. is offering the first 2,000,000 shares of our common stock at a price of \$9.50 per share. Once 2,000,000 shares have been sold, the offering price will increase to \$10.00 per share until the remaining 18,100,000 shares of common stock are sold or the offering is terminated, whichever occurs first. This offering is being made through our broker-dealer on a "best efforts" basis.

Q: How does a "best efforts" offering work?

A: The broker-dealer participating in the offering is only required to use its best efforts to sell the shares and has no firm commitment or obligation to purchase any shares.

Q: How long will this offering last?

A: The offering will last no longer than two years after the effective date of the prospectus. We reserve the right to terminate this offering at any time.

Q: May I buy shares through my IRA, SEP, or other tax-deferred account?

A: Yes, all tax-deferred accounts are eligible to invest in Shopoff Properties Trust. In addition, the REIT structure avoids unrelated business taxable income (UBTI). The 10-year time horizon may make Shopoff Properties Trust an attractive option for investors with tax-deferred accounts.

Q: Who can buy shares?

A: Generally, you can buy shares pursuant to the prospectus provided that you have either: (1) a net worth of at least \$250,000 (excluding your home, home furnishings or personal automobiles), or (2) a net worth of at least \$70,000 and an annual gross income of at least \$70,000.

Some states may have established suitability standards that are less rigorous than those set by Shopoff Properties Trust, Inc. We reserve the right to sell to investors in those states provided they meet their state's suitability standards, even if those standards are below those set by Shopoff Properties Trust, Inc.

Conversely, some of the states in which we intend to sell have established suitability standards for individual investors and subsequent transferees that are more rigorous than those set by Shopoff Properties Trust, Inc. We must adhere to those higher state standards when selling to investors in such states.

Q: Is there a minimum investment required?

A: Yes. Generally, you must initially purchase at least 2,000 shares, which equals a minimum investment of at least \$19,000 if the shares are purchased at \$9.50 per share, or \$20,000 if the shares are purchased at \$10.00 per share. The minimum investment may be different in certain states. Subject to restrictions imposed by state law, once an investor has purchased shares meeting the minimum investment, that investor may make additional purchases in increments of at least 100 shares.

Q: How do I subscribe for shares?

A: To purchase shares in this offering, you will need to contact our broker-dealer, Shopoff Securities, and complete a Subscription Agreement like the one attached to the prospectus as Exhibit A. You will pay for the shares you wish to purchase at the time you subscribe.

Q: What will you do with the money raised in this offering?

A: Once we have sold the minimum number of shares in this offering, we will use the investment proceeds to purchase undeveloped real estate, improved residential and commercial properties, and real estate-related investments. We may also use some net proceeds from this offering to retire existing debt that we may assume when acquiring properties, and to pay the fees and expenses due to Shopoff Advisors, Shopoff Securities, and their affiliates, as applicable.

Q: Who will select our real estate and real estate-related investments?

A: Our advisor has an investment committee consisting of four Directors and/or Officers who each have had at least ten years of experience in the real estate investment industry. They will have primary responsibility for selecting our real estate and real estate-related investments. Once selected, the investments must be approved by a majority of our board of directors, including a majority of the independent directors, as being fair and reasonable to us and consistent with our investment objectives. If the board approves a given acquisition, Shopoff Advisors will be directed to acquire the property on our behalf, provided that acquisition can be completed within the parameters approved by the Board of Directors.

Q: If I buy shares, will I receive dividends and how often?

A: Because we expect that the majority of the properties we acquire will not generate any operating cash flow, the timing and amount of any dividends paid will be largely dependent upon the sale of acquired properties. Accordingly, it is uncertain as to when, if ever, dividends will be paid.



Q: If I buy shares in this offering, how may I later sell them?

A: At the time of purchase, the shares will not be listed for trading on any national securities exchange or over-the-counter market. As a result, if you wish to sell your shares, you may not be able to do so promptly or at all, and/or you may only be able to sell them at a substantial discount from the purchase price. In general, however, you may sell your shares to any buyer who meets the applicable suitability standards unless such sale would cause the buyer to own more than 9.8% of our outstanding shares.

If 10 years have passed from the date of this offering and we have not listed our common stock on a national securities exchange or merged with an entity whose shares are so listed or quoted, we intend to submit to a vote of the stockholders at the next annual meeting a proposal to liquidate all of our properties in an orderly fashion and distribute the net proceeds to shareholders.

Q: Are there other risks involved with buying shares?

A: Investment in Shopoff Properties Trust common stock involves a high degree of risk, and investors should purchase shares only if they can afford a complete loss of their investment. Other risks include the lack of operating histories for Shopoff Properties Trust, Shopoff Advisors, and Shopoff Securities; uncertainties in the real estate entitlement process or weak general market conditions; potential conflicts of interest; no guaranteed dividends; and tax consequences if we do not qualify as a REIT. These and other risks are discussed in greater detail in the prospectus.

Q: Will I be notified how my investment is doing?

A: Yes. You will receive periodic performance updates, including:

- A detailed quarterly report after the end of each of the first three fiscal quarters of the year;
- An annual report after the end of each year; and
- An annual IRS Form 1099 after the end of each year.

Q: When will I get my detailed tax information?

A: Your Form 1099 tax information will be placed in the mail by January 31 of each year.

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An offering may only be made in states where both the offering and the broker-dealer have been registered. For a copy of the Prospectus or questions regarding our assets and operations, contact:

www.shopoff.com/spt | Toll Free: 877-874-7348 (REIT) | Fax: 949-417-1399
info@shopoff.com | 8951 Research Drive, Irvine, CA 92618

Securities offered through Shopoff Securities, Inc. – member FINRA, SIPC

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