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Investor Out to Buy \$100M of Developable Land

REAL ESTATE: Shopoff targets distressed sites planned for homes

■ By Mark Mueller

William Shopoff, chief executive of Irvine-based real estate investment company Shopoff Group, made a splash earlier this year by selling his Emerald Bay home in Laguna Beach for a near-record price.

That's not likely to be the only big deal Shopoff makes this year.

The longtime real estate executive this month closed on a minimum of stock sales for Shopoff Properties Trust Inc., a real estate investment trust created to buy property—primarily raw land for housing developments.

The goal is to buy \$75 million to \$100 million of undeveloped land during the next year or so, and as much as \$600 million during the next two and a half years.

"It all depends on whether the sellers want to cooperate," Shopoff said.

The fund, first formed in late 2006, is designed to raise as much as \$200 million from investors and pass along most profits to shareholders.

While the Shopoff Group's primary investors are wealthy individuals, the fund is targeting investors of more moderate means, the company said.

So far, about \$17 million has been raised.

Shopoff said it took a little longer than expected to raise the minimum amount of subscriptions for the fund.

The delay could end up benefiting the fund as the housing land market has seen price declines greater than first expected, he said.

The bottom of the market still is a way off, according to Shopoff, who estimates housing will bottom out by the end of next year.

The fund intends to buy land, including foreclosed properties, from homebuilders, developers and lenders. Shopoff Properties Trust said it's sourcing most of its deals through banks or individual homebuilders



Shopoff: "just because a property's cheap doesn't mean it's good"

six years.

A few deals in Riverside County are said to be in escrow. The fund also could directly acquire some of the properties around Lake Elsinore that are already owned by Shopoff Group.

Earlier this month, Shopoff was said to be looking to buy some local assets owned by Irvine-based SunCal Cos. and its now-bankrupt financial partner, Lehman Brothers Holdings Inc.

"There are plenty of opportunities (to buy)," he said. "But just because a property's cheap doesn't mean it's good."

who are seeking relief from debt, slowdown of development and the recession in the real estate market.

Along with California, Shopoff Properties Trust is looking for deals in Nevada, Arizona, Texas and Hawaii. The company's intention is to hold on to its assets for five to

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Investment in Shopoff Properties Trust involves a high degree of risk, up to and including the complete loss of your investment. Some of these risks include, but are not limited to: a lack of a public market for the stock; uncertainties in the real estate market; possible conflicts of interest; no guarantee of dividends; please know that any statements made as to the past performance of The Shopoff Group is not a predictor of future results of Shopoff Properties Trust. For a complete description of the risks involved in the purchase of Shopoff Properties Trust, please see the Company's Prospectus.