HARTMAN COMMERCIAL PROPERTIES REIT
Form 424B3
March 09, 2006

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Registration No. 333-111674

Hartman Commercial Properties REIT
Maximum Offering of 11,000,000 Common Shares of Beneficial Interest
Minimum Offering of 200,000 Common Shares of Beneficial Interest
Minimum Purchase of 100 Shares ($1,000) in Most States

Hartman Commercial Properties REIT is a Maryland real estate investment trust that was originally organized in 1998 as a Texas real estate investment trust under the name Hartman Commercial Properties REIT. We invest in and operate retail, industrial and office properties located primarily in the Houston, Dallas and San Antonio, Texas metropolitan areas. We intend to expand our investments to retail, industrial and office properties located in major metropolitan cities in the United States, principally in the Southern United States. As of November 30, 2005, we owned 37 real estate properties.

This prospectus supersedes and replaces our prospectus dated September 15, 2004, as amended by post-effective amendment dated June 27, 2005, as supplemented by Supplement No. 1 dated September 1, 2005, for this offering. We are offering up to 10,000,000 common shares of beneficial interest and a minimum of 200,000 common shares of beneficial interest on a best efforts basis at a price of $10.00 per share. We also are offering up to 1,000,000 common shares of beneficial interest to be issued under our dividend reinvestment plan at a purchase price of $9.50 per share. The shares will be offered to investors on a best efforts basis. This offering will terminate on or before September 15, 2006.

	Per Share	Total Minimum	Total Maximum
Primary Offering			
Price to Public	$ 10.000	$ 2,000,000	$ 100,000,000
Selling Commissions*	.675	135,000	6,750,000
Dealer Manager Fee	.250	50,000	2,500,000
Proceeds to Us	$ 9.075	$ 1,815,000	$ 90,750,000
Dividend Reinvestment Plan			
Price to Public	$ 9.500	—	$ 9,500,000
Selling Commissions*	—	—	—
Dealer Manager Fee	—	—	—
Proceeds to Us	$ 9.500	—	$ 9,500,000

* Selling commissions of up to 7.0% of gross offering proceeds will be paid for sales through participating broker-dealers; however, no selling commissions will be paid to D.H. Hill Securities, LLP, our dealer manager, with respect to shares sold by registered representatives or principals of D.H. Hill Securities, LLP who are affiliated with our company, and no selling commissions will be paid in connection with the purchases pursuant to our dividend reinvestment plan. We anticipate that approximately 360,000 of the shares sold pursuant to this offering will not be subject to selling commissions. A reduction in selling commissions will increase the amount of proceeds of this

offering available for us to invest in real property.

Investing in our common shares involves a high degree of risk. You should purchase common shares only if you can afford a complete loss. See "Risk Factors" beginning on page 17. The most significant risks relating to your investment include the following:

No public market currently exists for our common shares. Our shares cannot be readily sold, and if you are able to sell your shares, you will likely have to sell them at a substantial discount. We intend to either liquidate our assets or list our shares for trading on an exchange within twelve years of the termination of this offering.

All of our properties are located in the Houston, Dallas and San Antonio metropolitan areas. Our operations may be adversely impacted by an economic downturn in Houston, Dallas and/or San Antonio. If we raise substantially less than the maximum offering, we may not be able to invest in a geographically diverse portfolio of properties.

We will rely on Hartman Management, L.P., our advisor, to select properties and other investments and conduct our operations. We are obligated to pay substantial fees to our advisor and its affiliates, some of which are payable based upon factors other than the quality of services provided to us. Our advisor and its affiliates will face conflicts of interest, such as competing demands upon their time, their involvement with other entities and the allocation of opportunities among affiliated entities and us.

We may incur substantial debt, which could hinder our ability to pay dividends to our shareholders or could decrease the value of your investment in the event that income on, or the value of, the property securing such debt falls.

The amount of dividends we may make is uncertain.

We may not qualify as a REIT in a given taxable year. If we were to fail to qualify as a REIT in any taxable year, we would be subject to federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates, and we would be disqualified from being taxed as a REIT for the four taxable years following the year during which qualification was lost, unless entitled to relief under certain statutory provisions.

Neither the Securities and Exchange Commission, the Attorney General of the State of New York nor any other state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

No one is authorized to make any statement about this offering different from those that appear in this prospectus. The use of projections or forecasts in this offering is prohibited. Any representation to the contrary and any predictions, written or oral, as to the amount or certainty of any present or future cash benefit or tax consequence that may flow from an investment in this offering is not permitted.

The dealer manager of this offering is D.H. Hill Securities, LLP. The dealer manager is not required to sell any specific number or dollar amount of our common shares but will use its best efforts to sell the shares offered hereby. Your subscription payments will be placed in an account held by the escrow agent, Wells Fargo Bank, N.A., and will be held in trust for your benefit, pending release to us.

The date of this prospectus is March 9, 2006

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SUITABILITY STANDARDS

An investment in our company involves significant risk and is only suitable for persons who have adequate financial means, desire a re