Behringer Harvard Opportunity REIT I, Inc.

Behringer Harvard Opportunity REIT I became effective in 2005 and was formed to acquire commercial real estate and real estate-related assets on an opportunistic basis located in and outside the United States. The REIT targeted investments with a high potential for capital appreciation as opposed to concentrating on current income. As of the end of the first quarter, the REIT had $682.1 million in 22 assets. Valuation of shares stands at $7.66 per share in 1Q2011, down from $8.03 in the previous quarter.

The REIT closed to new investments in 2007 and is in the List or Liquidate stage of closed REITs, which is characterized by either preparation for a listing on a public exchange or the orderly liquidation of the portfolio. The REIT also disclosed that it has entered the disposition phase of its life which it expects to complete in phases. No definitive end date has been stated. The REIT has struggled with debt maturities and property performance as a result of the economic downturn. Several loans that mature in 2011 are in the process of being restructured or replaced. In addition, other solutions including more expensive bridge loans and borrowing facilities are being utilized, including a $10.4 million loan for up to 5 years at 15% per year on the Royal Island project in the Bahamas.

Key Highlights

- Future, regular, quarterly distributions were discontinued March 28, 2011, in favor of distribution of proceeds from the sale of assets. The board also suspended the share redemption program in January 2011.

Capital Stack Review

- Debt – 91% of the REIT's debt is variable rate, and 93.1% of the total debt matures by the end of 2013.
- Loan Activity – The Becket House loan matured in March 2011 and was restructured into A, B, and Junior loans that mature in December 2012. The Advisor provided a two-year, $2.5 million loan at 5% interest during the first quarter to bridge short-term liquidity needs of which $1.5 million has been advanced as of March 31, 2011. Seven property loans and the Senior Secured Revolving Credit facility mature this year.
- Cash on hand – The REIT has maintained a small portion of cash at 0.9% of total assets.

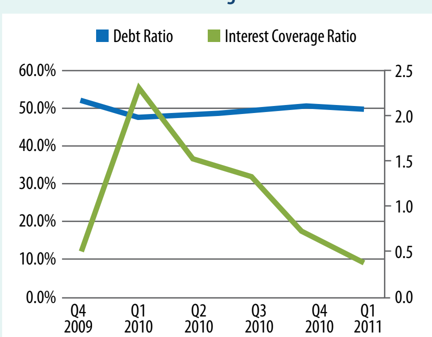
Metrics

- Distribution – The 1Q2011 declared distribution remained consistent with the prior 4 quarters at an annualized rate of 1.0% of the original $10 share price. It is 1.3% on the current share valuation.
- Distribution Source – Cash flow from operating activities have not been sufficient to fund distributions. Some distributions for 2010 and 2011 have been funded by borrowings and by the Advisor deferring fees and expense reimbursements.
- MFFO Payout Ratio – Was negative or not meaningful at the end of 1Q2011, and has been highly volatile, reflecting the struggling operations of its properties.
- Fee Waivers and Deferrals – The Advisor deferred asset management, debt fees, and expense reimbursements from a portion of 2010 and 1Q2011 until the earlier of January 2013 and the date that the REIT has sufficient net sales proceeds, net refinancing proceeds or cash flow from operations after establishing appropriate working capital reserves to repay the deferred fees and cost reimbursements. In addition, BH Property Management deferred property management oversight fees for a similar period. Total deferred fees as of the end of the first quarter were $3 million.
- Interest Coverage Ratio – Has steadily fallen to a current 0.9X EBITDA in 1Q2011 due to falling EBITDA and rising interest expense.
- Impairments – The REIT took an impairment of $3.6 million on an office property in Houston in 1Q2011 and $27.2 million in 2010 on four office buildings, an equity investment in an island development, and a hotel. In addition, loan loss reserves of $11.1 million were recognized on a mezzanine loan made with Alexan Black Mountain, a multifamily project in Nevada.

Real Estate

- Acquisitions – None.
- Lease Expirations – While there are limited lease expirations in 2011 and 2012, a total of 35% of the portfolio expires in 2013 and 2014.
- Dispositions – A tract of land was sold for $6 million in 1Q2011, and a student housing project was sold for $45.5 million in 2010 with proceeds of $8.8 million coming to the REIT for its 50% equity interest.
- Deed in Lieu of Foreclosure – Ferncroft Corporate Center, a 226,000-square-foot office building in Massachusetts was relinquished to the lender in 2010.
- Diversification – The portfolio is highly concentrated in Texas, California and Colorado, with 71%, 14%, and 13%, respectively.

Debt Ratio to Interest Coverage Ratio



Historical Price