



Lightstone Value Plus Real Estate Investment Trust became effective in 2005 and was formed to acquire and operate commercial, residential, and hospitality properties, principally in the United States. As of the end of the first quarter, the REIT had \$552.9 million in assets in 31 properties. The REIT is in the Mature stage of closed REITs, which is characterized by a refinement of the portfolio through dispositions, targeted acquisitions, and debt. Valuation of shares stands at \$9.80 per share, down slightly from \$9.97 at midyear 2010.

The REIT's portfolio is diversified into retail (primarily multi-tenant shopping centers), industrial, multifamily (Class B complexes), and hotel (primarily extended-stay) properties and holdings of real estate-related securities. Due to the more modest quality of the properties in the portfolio, they have been affected more substantially by the economic downturn. The REIT has experienced the loss of four properties to foreclosure and continues to be challenged in the occupancy of the majority of its commercial investments. Multifamily and hotel properties are beginning to show better occupancy results.

Key Highlights

- 45% of the REIT's assets are held in real estate-related securities as of 1Q2011.
- This is the only nontraded REIT whereby upfront sales commissions were subsidized by the product sponsor.
- In line with the Mature stage of the REIT, both acquisitions and dispositions occurred as the REIT began to refine its portfolio.

Capital Stack Review

- Debt – Dispositions and foreclosures brought the debt ratio down from 52.5% to 37.8% at year-end 2010. Subsequent financings have increased the ratio to 42.1% at 1Q2011.
- Cash on hand – stood at 2.4% of total assets as of 1Q2011 — below the median for closed REITs.

Metrics

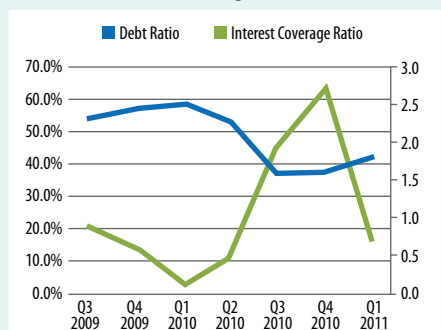
- Distribution – The current distribution yield has remained steady at 7.0% of the original \$10 share price. It is 7.14% on the current share valuation.

- Distribution source – \$2.4 million from operating activities, \$1.2 million from investments in affiliates and excess cash, and \$1.9 million from DRP proceeds.
- MFFO Payout Ratio – Stood at 142% at the end of 1Q2011, higher than the median for closed REITs.
- Interest Coverage Ratio – Fell to only 0.7X EBITDA as a result of a large decline in quarterly EBITDA and an increase in interest expense.
- Impairment – An impairment of \$1.2 million was recorded on a shopping center asset during 2010.
- Foreclosures – During 2010, the REIT defaulted on the debt on three multifamily properties, resulting in the lender foreclosing on the properties. A gain from the forgiven debt of \$19.9 million was generated.

Real Estate

- Acquisitions – In 2010, acquired Everson Pointe in Snellville, Georgia, a 81,428-square-foot grocery-anchored shopping center for \$8.8 million (\$108/SF). In 1Q211, acquired a partial interest of a \$101 million hotel and water park in Boston, in partnership with Lightstone Value Plus Real Estate Investment Trust II.
- Investments – \$210 million in securities, primarily collateralized mortgage obligations were invested in 2010, coming substantially from the proceeds of the disposition below.
- Dispositions – A \$266 million portfolio of properties and partial ownership interests were sold to Simon Properties in return for cash and OP units. Affiliates of the Sponsor were involved in selling their ownership interests as well.
- Lease Expirations – No expiration information was disclosed.
- Occupancy – At 1Q2011, occupancy of the property segments were 83.7%, 74.8%, 92.2%, 67.7%, and 78.6% for the retail, industrial, multifamily, hotel, and office properties respectively.
- Revenue – 1Q2011 saw mixed improvement in same-store revenue with gains in multifamily and lodging being somewhat offset by slight losses in industrial and retail. Same store revenue declined across all property segments during 2010.
- Diversification – The portfolio consists of four retail, 15 industrial, one office, six multifamily, and two hotel properties.

Debt Ratio to Interest Coverage Ratio



MFFO Payout Ratio to Distribution

