

The Lightstone Group
WHISTLEBLOWER POLICY AND PROCEDURES
Adopted: August 12, 2009

1. Whistleblower Policy

The Sarbanes-Oxley Act of 2002 (the “*Act*”) and the rules of the Securities and Exchange Commission (the “*SEC*”) and the New York Stock Exchange promulgated there under require the Audit and Compliance Committee of the Boards of Directors (the “*Audit Committee*”) of each of Lightstone Value Plus Real Estate Investment Trust, Inc and Lightstone Value Plus Real Estate Investment Trust II, Inc. (together, the REITs) to establish procedures for (i) the receipt, retention and treatment of Complaints regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by individuals of concerns regarding questionable accounting or auditing matters.

The Lightstone Group (the “*Company*”), through an advisory agreement, supervises and manages the REITs’ day-to-day operations. As such, the Company will act on behalf of the REITs for managing the policy and procedures associated with the Whistleblower policy.

The Act also prohibits the Company from, and provides civil penalties for, discharging, demoting, suspending, threatening, harassing or in any other manner discriminating against an employee in the terms and conditions of employment for (a) lawfully providing information or otherwise assisting in any investigation by Congress (including any congressional committee), by a federal regulatory or law enforcement agency, by the employee’s supervisor, the Audit Committee, Human Resources Department or General Counsel, or in any legal proceeding, regarding any activity that the employee reasonably believes is a violation of any (i) federal law prohibiting mail fraud, bank fraud, securities fraud or fraud by wire, radio or television (the “*Applicable Fraud Statutes*”), (ii) rule or regulation of the SEC or (iii) federal law relating to fraud against shareholders or (b) filing, testifying, participating in or otherwise assisting in a legal proceeding relating to an alleged violation of any of the Applicable Fraud Statutes.

In addition, the Act imposes criminal penalties on any person who retaliates against an employee for providing to a law enforcement officer any truthful information relating to the commission or possible commission of any federal offense.

Finally, the Company’s Code of Business Conduct and Ethics (the “*Code of Ethics*”) requires all Employees¹ to report complaints regarding, among other things, (i) questionable accounting, internal accounting controls or auditing matters (an “*Accounting Complaint*”), (ii) non-compliance with any legal or regulatory requirements or any Company policies, including without limitation, the Code of Ethics (a “*Legal Complaint*”) and (iii) retaliation against Employees who make such complaints (a “*Retaliation Complaint*”) (each, a “*Complaint*”). In addition, any other interested parties, such as shareholders, may make Complaints to the Company.

¹ For purposes of the Code of Ethics and this Whistleblower Policy, “Employee” means all personnel employed by the Company, either directly as employees, directors or officers or indirectly as agents, consultants, contractors, subcontractors, vendors, customers or competitors.

This Whistleblower Policy is being adopted in furtherance of the Company's obligations and prohibitions under the Act and the Code of Ethics.

Procedures for Making Complaints

Any Employee or other interested party, such as a shareholder, is encouraged to submit a confidential or anonymous Complaint and report any other perceived misconduct to the Company. All complaints should be reported to your Manager, the General Counsel or the Employee Ethics/Whistleblower Hotline, which may be accessed on an anonymous basis through the Company's website at confidential@lightstonegroup.com or (800) 532-1707. All Complaints will be forwarded to the General Counsel who will promptly review and appropriately process the Complaint as detailed in this Policy; provided, however, if the General Counsel is the subject of the allegation in the Complaint, the Complaint shall be reported to the Human Resources Department who will promptly review and appropriately process the Complaint.

It is preferred that you give your identity when reporting violations, to allow Lightstone to contact you in the event further information is needed to pursue an investigation. Your identity will be maintained in confidence, to the extent practicable under the circumstances and consistent with enforcing the Code. However, you may anonymously (without identification of name) report violations to the Employee Ethics/Whistleblower Hotline which may be accessed through the Company's website at confidential@lightstonegroup.com or (800) 532-1707. Reports made to the Employee Ethics/Whistleblower Hotline may be reviewed by the Company's General Counsel, or the Human Resources Department. You are to maintain all information related to the report in strict confidence, and must not discuss such information except with Lightstone officials conducting the investigation.

All reports to the General Counsel's Office must be made in writing, and delivered by hand or by mail to: 1985 Cedar Bridge Ave, Suite 1, Lakewood, NJ 08701, or by fax to the confidential fax number established for this purpose: (732) 612-1444. When making a report, the Compliance Report Form (Attachment A) must be completed. A sufficiently detailed description of the factual basis for the report is to be given in order to allow an appropriate investigation.

If an employee would like to discuss any matter with the General Counsel, Human Resources Department or the Audit Committee, the employee should indicate this in the submission and include his or her contact information.

Procedures for Processing Complaints

Recording Complaints. All Complaints received through the ethics hotline or through any written communications, such as letters or e-mails, shall be investigated in order to fully understand the allegations. All Complaints initially will be forwarded to the General Counsel; provided, however, if the General Counsel is the subject of the allegations in the Complaint, the Complaint shall be forwarded to the Human Resources Department. If both the General Counsel and the Human Resources Department are the subject of the allegations in the Complaint, the Complaint shall be forwarded to the Chairman of the Audit Committee.

Investigation: All Complaints will be promptly investigated by the General Counsel, Human

Resources Department or Chairman of the Audit Committee, as appropriate. Appropriate corrective action will be recommended to the Audit Committee, if warranted by the investigation. In addition, action taken will include a conclusion and/or follow-up with the complainant for complete closure of the Compliant.

The Audit Committee and/or General Counsel has the authority to retain outside legal counsel, accountants, private investigators, or any other resource deemed necessary to conduct a full and complete investigation of the allegations.

Upon conclusion of the investigation and completion of all required actions, the Audit Committee/General Counsel and/or the Department of Human Resources shall collect all notes and comments and close the investigation file and return the investigation file to the Department of Human Resources or the General Counsel, as applicable. The Department of Human Resources or the General Counsel, as applicable, shall inform the individual (if identified) reporting the violation of the actions to the extent that the privacy and the personal rights of those involved will not be violated.

Recordkeeping. The General Counsel shall maintain a log of all Complaints, tracking the Company's receipt, investigation and resolution thereof. The Human Resources Department Counsel shall maintain a log of all Complaints wherein the General Counsel is the subject of the allegations. Copies of the logs, all Complaints, the investigation files and all other materials and reports relating to a Complaint or the investigation or resolution of a Complaint shall be maintained and retained for a period of no less than seven (7) years.

Reporting of Investigations to Board and Audit Committee

Audit Committee Report. The Chairman of the Audit Committee will provide summary reports of all investigations of Complaints involving the General Counsel, and the status or outcomes thereof as part of the Audit Committee's regular report to the Board of Directors.

General Counsel Report. The General Counsel will provide summary reports of all investigations of Complaints reported to him/her and the status or outcomes thereof as part of his/her regular reports to the Audit Committee and the Board of Directors.

Non-retaliation and Disciplinary Action

It is the policy of the Company to provide an environment where all employees can report, without fear of negative consequences, a Complaint or other suspected, planned, or actual violation of the Company's standards of business and ethical conduct and/or regulatory requirements. The Company has a zero tolerance policy for any act of retaliation and/or retribution against an employee who in good faith reports a Complaint or other suspected, planned, or actual violation of the Company's standards of business and ethical conduct and/or regulatory requirements.

Any employee who has reason to believe that he/she is the subject of retaliation or retribution as a consequence of reporting in good faith, a Complaint or other suspected, planned, or actual violation of the Company's standards of business and ethical conduct and regulatory requirements should report the situation immediately in accordance with the reporting procedures set forth in this Policy. Investigations of possible retribution and retaliation will be taken seriously, investigated promptly, and resolved appropriately. If an employee has committed an act of retaliation or retribution against another employee, disciplinary action, up to and including termination from employment with the Company, may be

administered.

No employee will be disciplined solely on the basis of a report that he/she made regarding a Complaint or other suspected wrongdoing. However, the employee will be subject to disciplinary action if it is found after the investigation that he/she knowingly fabricated the situation to injure another employee or party.

Reporting personal misconduct does not exempt any employee from discipline for such action. Consideration will be given to self-confession, provided that the Company did not know of the offense prior to the admission of guilt or its discovery was imminent, and that the admission was complete and truthful.

Confidentiality

Any information submitted to the General Counsel, the Audit Committee, the Department of Human Resources or any other representative of the Company in accordance with this Whistleblower Policy, including the identity of the person providing the information, will be kept confidential and will only be revealed (i) to Company personnel and advisors with a legitimate need to know such information in order to carry out an investigation or appropriate disciplinary actions, including, but not limited to, prosecution under civil or criminal law or (ii) as required pursuant to a subpoena or in other circumstances where the Company is required by law to release such information.

Audit Committee Adoption, Oversight and Amendment

This Whistleblower Policy was adopted by the Audit Committee. The Audit Committee is charged with overseeing compliance with this Whistleblower Policy and will, from time to time, review this Whistleblower Policy and consider any revisions, modifications or supplements or amendments which it determines to be necessary, advisable or otherwise appropriate. This Whistleblower Policy shall not be revised, amended, modified or supplemented other than with the approval of the Audit Committee.

ATTACHMENT A

The Lightstone Group

COMPLIANCE REPORT FORM

TO: General Counsel's Office

FROM: Name (optional) _____

Location (optional) _____

Telephone Number (optional) _____

Information concerning the alleged violation(s): Date(s) _____

Location _____

Person(s) Involved _____

Description