**Filed pursuant to Rule 424(b)(3)**
**Registration No. 333-200464**

**LIGHTSTONE REAL ESTATE INCOME TRUST INC.**
**SUPPLEMENT NO. 2, DATED AUGUST 31, 2016, TO PROSPECTUS DATED JUNE 30, 2016**

This prospectus supplement, dated August 31, 2016 ("Supplement No. 2") is part of the prospectus of Lightstone Real Estate Income Trust Inc. (the "Company," "we," "us" or "our"), dated June 30, 2016 (the "Prospectus") as supplemented by Supplement No. 1, dated July 22, 2016 ("Supplement No. 1"). This Supplement No. 2 supplements, modifies or supersedes certain information contained in the Prospectus and Supplement No. 1, and must be read in conjunction with the Prospectus and Supplement No. 1. This Supplement No. 2 forms a part of, and must be accompanied by, the Prospectus and Supplement No 1.

The primary purposes of this Supplement No. 2 are to:

1 provide an update on the status of our initial public offering;

2. provide an update on our specific investments; and

3. attach as Annex A to this Supplement No. 2 our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, filed with the Securities and Exchange Commission on August 15, 2016 (excluding the exhibits thereto).

**Status of the Offering**

We commenced our best efforts initial public offering of up to 30.0 million shares of common stock, or Common Shares (excluding shares to be issued under the distribution reinvestment plan, or DRIP), on February 26, 2015. On June 12, 2015, we satisfied the general escrow conditions of our public offering of common stock. On such date, we received and accepted aggregate subscriptions in excess of 200,000 Common Shares, broke general escrow and issued Common Shares to our initial investors. On July 13, 2016, we received and accepted aggregate subscriptions in excess of $15.0 million of common stock, the minimum offering amount needed in order to release from escrow proceeds received, if any, from both Pennsylvania and Washington residents and issue Common Shares to such investors.

We will offer shares of our common stock until February 26, 2017, unless the offering is extended in accordance with the Prospectus, provided that the offering will be terminated if all 30.0 million shares of our common stock are sold before such date (subject to our right to reallocate shares offered pursuant to the DRIP for sale in our primary offering).

**Shares Currently Available for Sale**

As of August 19, 2016, we had received aggregate gross proceeds of $38.6 million from the sale of approximately 4.1 million Common Shares in our primary offering (including $2.0 million in Common Shares at a purchase price of $9.00 per Common Share to an entity 100% owned by David Lichtenstein, who also owns a majority interest in our sponsor). We have also issued approximately 14,800 Common Shares under our DRIP. As of August 19, 2016, there were 4.1 million Common Shares outstanding, including shares issued under the DRIP. As of August 19, 2016, there were 25.9 million Common Shares available for sale, excluding shares available under our DRIP

## PROSPECTUS UPDATES

### DESCRIPTION OF INVESTMENTS

*The first paragraph under the section titled "DESCRIPTION OF INVESTMENTS – Specific Investments – Preferred Investment – 105-109 W. 28$^{th}$ Street Preferred Investment" on page 109 of the Prospectus is hereby deleted and replaced with the following:*

On November 25, 2015, the Company entered into an agreement (the "Moxy Transaction") with LSG Fulton Street, LLC, which is majority owned and controlled by the Company's Sponsor (the "Developer"), pursuant to which the Company committed to make contributions, on an as-needed basis, of up to $20.0 million in NYC Acquisitions IV LLC, which is also majority owned and controlled by the Company's Sponsor and which owns a parcel of land located at 105-109 W. 28th Street, New York, New York, on which the Developer is developing a 343-room Marriott Moxy hotel (the "28th Street Moxy"). On August 30, 2016, the Company and the Developer amended the Moxy Transaction so that Company's total aggregate contributions to NYC Acquisitions IV LLC would increase by $17.0 million to $37.0 million. Construction of the 28th Street Moxy commenced during August 2016 and is currently expected to be substantially completed in the first quarter of 2018. In accordance with the Company's charter, a majority of the Company's board of directors, including a majority of the Company's independent directors not otherwise interested in the transaction, approved the Moxy transaction as fair and reasonable to the Company and on terms and conditions not less favorable to the Company than those available from unaffiliated third parties.

*The third paragraph under the section titled "DESCRIPTION OF INVESTMENTS – Specific Investments – Preferred Investment – 105-109 W. 28$^{th}$ Street Preferred Investment" on page 109 of the Prospectus is hereby deleted and replaced with the following:*

The Company commenced making contributions to NYC Acquisitions IV LLC during the fourth quarter of 2015, and as of August 30, 2016, the 105-109 W. 28th Street Preferred Investment had an outstanding balance of $20.0 million and an aggregate of $17.0 million of additional contributions were unfunded. The Company funded its contributions using proceeds from its initial public offering.

**Annex A**

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D. C. 20549**

**FORM 10-Q**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________to

Commission file number 333- 200464

**LIGHTSTONE REAL ESTATE INCOME TRUST INC.**
**(Exact Name of Registrant as Specified in Its Charter)**

| | |
|---|---|
| **Maryland**<br>**(State or Other Jurisdiction of Incorporation or Organization)** | **47-1796830**<br>**(I.R.S. Employer Identification No.)** |
| **1985 Cedar Bridge Avenue, Suite 1**<br>**Lakewood, New Jersey**<br>**(Address of Principal Executive Offices)** | **08701**<br>**(Zip Code)** |

**(732) 367-0129**
**(Registrant's Telephone Number, Including Area Code)**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☑

As of August 10, 2016, there were 4.0 million outstanding shares of common stock of Lightstone Real Estate Income Trust Inc.

**LIGHTSTONE REAL ESTATE INCOME TRUST INC.**
**INDEX**

**PART I. FINANCIAL INFORMATION, CONTINUED:**
**ITEM 1. FINANCIAL STATEMENTS, CONTINUED:**

**LIGHTSTONE REAL ESTATE INCOME TRUST INC.**
**BALANCE SHEETS**

| | June 30, 2016 (Unaudited) | December 31, 2015 |
|---|---|---|
| ***Assets*** | | |
| Investment in related party | $ 15,900,000 | $ 4,000,000 |
| Cash | 512,321 | 1,213,014 |
| Prepaid expenses | 5,302 | 434 |
| **Total Assets** | $ 16,417,623 | $ 5,213,448 |
| ***Liabilities and Stockholders' Equity*** | | |
| Accounts payable and other accrued expenses | $ 328,410 | $ 171,105 |
| Due to related parties | 609 | 865,436 |
| Distributions payable | 98,101 | 46,170 |
| Total liabilities | 427,120 | 1,082,711 |
| Commitments and Contingencies | | |
| Stockholders' Equity: | | |
| Company's stockholders' equity: | | |
| Preferred stock, $0.01 par value; 50,000,000 shares authorized, none issued and outstanding | - | - |
| Common stock, $0.01 par value; 200,000,000 shares authorized, 1,500,385 and 723,975 shares issued and outstanding, respectively | 15,004 | 7,240 |
| Additional paid-in-capital | 10,660,373 | 4,425,374 |
| Subscription receivable | - | (1,000) |
| Accumulated deficit | (366,887) | (300,877) |
| Total Company's stockholders' equity | 10,308,490 | 4,130,737 |
| Residual equity interest | 5,682,013 | - |
| **Total Stockholders' Equity** | **15,990,503** | **4,130,737** |
| **Total Liabilities and Stockholders' Equity** | **$ 16,417,623** | **$ 5,213,448** |

*The accompanying notes are an integral part of these financial statements.*

**LIGHTSTONE REAL ESTATE INCOME TRUST INC.**
**STATEMENTS OF OPERATIONS**
**(Unaudited)**

| | For the Three Months Ended June 30, 2016 | For the Three Months Ended June 30, 2015 | For the Six Months Ended June 30, 2016 | For the Six Months Ended June 30, 2015 |
|---|---|---|---|---|
| Investment income | $ 347,634 | $ - | $ 502,767 | $ - |
| Expenses: | | | | |
| General and administrative costs | 60,628 | 47,258 | 122,280 | 52,671 |
| Total expenses | 60,628 | 47,258 | 122,280 | 52,671 |
| Net income/(loss) | $ 287,006 | $ (47,258) | $ 380,487 | $ (52,671) |
| Net income/(loss) per common shares, basic and diluted | $ 0.20 | $ (0.78) | $ 0.33 | $ (1.30) |
| Weighted average number of common shares outstanding, basic and diluted | 1,409,636 | 60,830 | 1,139,159 | 40,528 |

*The accompanying notes are an integral part of these financial statements.*

**PART I. FINANCIAL INFORMATION:**
**ITEM 1. FINANCIAL STATEMENTS.**

**LIGHTSTONE REAL ESTATE INCOME TRUST INC.**
**STATEMENT OF STOCKHOLDERS' EQUITY**
**(Unaudited)**

| | Common | | Additional Paid-In | Subscription | Accumulated | Residual Equity | Total |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Capital | Receivable | Deficit | Interest | Equity |
| **BALANCE, December 31, 2015** | 723,975 | $ 7,240 | $ 4,425,374 | $ (1,000) | $ (300,877) | $ - | $ 4,130,737 |
| Net income | - | - | - | - | 380,487 | - | 380,487 |
| Distributions declared | - | - | - | - | (446,497) | - | (446,497) |
| Proceeds from offering | 771,740 | 7,717 | 7,629,301 | 1,000 | - | - | 7,638,018 |
| Proceeds from residual equity interest | - | - | - | - | - | 5,682,013 | 5,682,013 |
| Shares issued from distribution reinvestment program | 4,670 | 47 | 44,316 | - | - | - | 44,363 |
| Selling commissions and dealer manager fees | - | - | (691,350) | - | - | - | (691,350) |
| Other offering costs | - | - | (747,268) | - | - | - | (747,268) |
| **BALANCE, June 30, 2016** | 1,500,385 | $ 15,004 | $ 10,660,373 | $ - | $ (366,887) | $ 5,682,013 | $ 15,990,503 |

*The accompanying notes are an integral part of these financial statements.*

**PART I. FINANCIAL INFORMATION, CONTINUED:**
**ITEM 1. FINANCIAL STATEMENTS, CONTINUED:**

**LIGHTSTONE REAL ESTATE INCOME TRUST INC.**
**STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| | For the Six Months Ended June 30, 2016 | For the Six Months Ended June 30, 2015 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net income/(loss) | $ 380,487 | $ (52,671) |
| Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities: | | |
| Changes in assets and liabilities: | | |
| Increase in prepaid expenses | (4,868) | - |
| Increase in accounts payable and other accrued expenses | 4,348 | 8,425 |
| (Decrease)/increase in due to related parties | (38,701) | 38,813 |
| Net cash provided by/(used in) operating activities | 341,266 | (5,433) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Investment in related party | (11,900,000) | - |
| Cash used in investing activities | (11,900,000) | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Proceeds from issuance of common stock | 7,668,018 | 2,062,450 |
| Proceeds from residual equity interest draws | 5,682,013 | - |
| Payment of commissions and offering costs | (2,141,786) | (463,552) |
| Distributions paid to Company's common stockholders | (350,204) | - |
| Net cash provided by financing activities | 10,858,041 | 1,598,898 |
| **Net change in cash** | (700,693) | 1,593,465 |
| **Cash, beginning of year** | 1,213,014 | 200,000 |
| **Cash, end of period** | $ 512,321 | $ 1,793,465 |
| **Supplemental disclosure of cash flow information:** | | |
| Distributions declared, but not paid | $ 98,101 | $ - |
| Commissions and other offering costs accrued but not paid | $ 267,611 | $ 1,128,053 |
| Subscription receivable | $ - | $ 62,000 |
| Value of shares issued from distribution reinvestment program | $ 44,362 | $ - |

*The accompanying notes are an integral part of these financial statements.*

## LIGHTSTONE REAL ESTATE INCOME TRUST INC.
## Notes To Financial Statements

### 1. Organization

Lightstone Real Estate Income Trust Inc. (''Lightstone Income Trust''), incorporated on September 9, 2014, in Maryland, intends to elect to qualify and be taxed as a real estate investment trust (''REIT'') for U.S. federal income tax purposes beginning with the taxable year ended December 31, 2016.

Lightstone Income Trust sold 20,000 Common Shares to Lightstone Real Estate Income LLC, a Delaware limited liability company (the ''Advisor''), an entity majority owned by David Lichtenstein, on September 12, 2014, for $10.00 per share. Mr. Lichtenstein also is a majority owner of the equity interests of Lightstone Income Trust's sponsor, The Lightstone Group, LLC (the ''Sponsor''). Subject to the oversight of the Company's board of directors (the "Board of Directors"), the Advisor has primary responsibility for making investment decisions and managing the Company's day-to-day operations. Mr. Lichtenstein also acts as the Company's Chairman and Chief Executive Officer. As a result, he exerts influence over but does not control the Lightstone Income Trust.

Lightstone Income Trust, together with any of its subsidiaries that may exist from time to time, are collectively referred to as the ''Company'' and the use of ''we,'' ''our,'' ''us'' or similar pronouns refers to Lightstone Income Trust or the Company as required by the context in which any such pronoun is used.

The Company's registration statement on Form S-11 (the "Offering"), pursuant to which it is offering to sell up to 30,000,000 shares of its common stock, par value $0.01 per share (which may be referred to herein as ''shares of common stock'' or as ''Common Shares'') for an initial offering price of $10.00 per share, subject to certain volume and other discounts (the "Primary Offering") (exclusive of 10,000,000 shares available pursuant to its distribution reinvestment program (the ''DRIP'') which are offered at a discounted price equivalent to 95% of the Primary Offering Price per Common Share) was declared effective by the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933 on February 26, 2015. On June 30, 2016, the Company adjusted its offering price to $9.14 per Common Share in its Primary Offering, which was equal to the Company's estimated net asset value ("NAV") per Common Share as of March 31, 2016, and effective July 25, 2016, the Company's offering price was adjusted to $10.00 per Common Share in its Primary Offering, which is equal to the estimated NAV per Common Share as of June 30, 2016. As of June 30, 2016, we had received gross proceeds of $14.4 million from the sale of 1.5 million shares of our common stock (including $2.0 million in Common Shares at a purchase price of $9.00 per Common Share to an entity 100% owned by David Lichtenstein, who also owns a majority interest in the Company's Sponsor). The Company intends to sell shares of its common stock under the Offering until the earlier of the date on which all the shares are sold, or February 26, 2017, two years from the date the Offering was declared effective by the SEC. The Company reserves the right to reallocate the shares of common stock it is offering between the Primary Offering and the DRIP. Additionally, the Offering may be terminated at any time.

The Company has and will continue to seek to originate, acquire and manage a diverse portfolio of real estate-related investments. The Company may invest in mezzanine loans, first lien mortgage loans, second lien mortgage loans, bridge loans and preferred equity interests, in each case with a focus on investments intended to finance development or redevelopment opportunities. The Company may also invest in debt and derivative securities related to real estate assets. The Company expects that a majority of its investments by value will be secured by or related to properties or entities advised by, or wholly or partially, directly or indirectly owned by, the Sponsor, by its affiliates or by real estate investment programs sponsored by it.

The Company has no employees. The Company retains the Advisor to manage its affairs on a day-to-day basis. Orchard Securities, LLC (the ''Dealer Manager''), a third party not affiliated with the Company, the Sponsor or the Advisor, serves as the dealer manager of the Offering. The Advisor is an affiliate of the Sponsor and will receive compensation and fees for services related to the investment and management of the Company's assets.

### 2. Summary of Significant Accounting Policies

The accompanying unaudited interim financial statements include all adjustments (consisting only of normal recurring adjustments) and accruals necessary in the judgment of management for a fair presentation of the results for the periods presented. The accompanying unaudited financial statements of the Lightstone Real Estate Income Trust Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (''GAAP''). GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during a reporting period. The most significant assumptions and estimates relate to the valuation of real estate debt investments and securities, the valuation of the investment in related party and revenue recognition. Application of these assumptions requires the exercise of judgment as to future uncertainties and, as a result, actual results could differ from these estimates.

The unaudited statements of operations for interim periods are not necessarily indicative of results for the full year or any other period.

*New Accounting Pronouncements*

In January 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standards update that eliminates the requirement for public business entities to disclose the method and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet and is effective for periods beginning after December 15, 2017 and early adoption is not permitted. This guidance will not have a material impact on the Company's financial statements.

In May 2014, the FASB issued an accounting standards update that completes the joint effort by the FASB and International Accounting Standards Board to improve financial reporting by creating common revenue recognition guidance for GAAP and International Financial Reporting Standards. The update applies to all companies that enter into contracts with customers to transfer goods or services and is effective for us for interim and annual reporting periods beginning after December 15, 2016. Early application is not permitted and companies have the choice to apply the update either retrospectively to each reporting period presented or by recognizing the cumulative effect of applying the update at the date of initial application (January 1, 2017) and not adjusting comparative information. In August 2015, the FASB decided to delay the effective date of the new revenue standard by one year. The Company does not expect the adoption of this standard to have a material impact on our financial position, results of operations or cash flows.

The Company has reviewed and determined that other recently issued accounting pronouncements will not have a material impact on its financial position, results of operations and cash flows, or do not apply to its current operations.

## 3. Stockholders' Equity

***Earnings per Share***

The Company had no potentially dilutive securities outstanding during the periods presented. Accordingly, earnings per share is calculated by dividing net income/(loss) by the weighted-average number of shares of common stock outstanding during the applicable period.

***Residual Equity Interest***

On March 18, 2016, the Company and its Sponsor entered into a subordinated unsecured loan agreement (the "Subordinated Agreement") pursuant to which the Sponsor has committed to make a significant investment in the Company of up to $36.0 million, which is equivalent to 12.0% of the $300.0 million maximum offering amount of Common Shares. Specifically, the Subordinated Agreement with the Sponsor provides for quarterly draws or advances in an amount equal to the product of (i) $10.00 minus the then-current estimated NAV per share, multiplied by (ii) the number of Common Shares outstanding. The advances under the Subordinated Agreement will be used to increase the cash available for investment in real estate-related investments. The outstanding advances under the Subordinated Agreement will bear interest at a rate of 1.48%, which was equal to the mid-term applicable U.S. federal rate as of March 2016. Interest will retroactively accrue on the outstanding advances under the Subordinated Agreement back to the date of each quarterly draw, but no interest or outstanding advances will be due and payable to the Sponsor until holders of the Company's Common Shares have received liquidation distributions equal to their respective net investments (defined as $10.00 per Common Share) plus a cumulative, pre-tax, non-compounded annual return of 8.0% on their respective net investments.

The Subordinated Agreement with the Sponsor will continue until the earlier of: (i) the termination of the Company's initial public offering; (ii) advances under the Subordinated Agreement are equal to an aggregate of $36.0 million; and (iii) the Company receives gross offering proceeds of $300.0 million. The advances under the Subordinated Agreement will have the effect of increasing the Company's NAV per share until holders of its Common Shares have received distributions equal to their respective net investments plus a cumulative, pre-tax, non-compounded annual return of 8.0% on their respective net investments. The Company cannot guarantee that holders of our Common Shares will receive the foregoing cumulative, pre-tax, non-compounded annual return.

Distributions in connection with a liquidation of the Company initially will be made to holders of its Common Shares until holders of its Common Shares have received liquidation distributions equal to their respective net investments plus a cumulative, pre-tax, non-compounded annual return of 8.0% on their respective net investments. Thereafter, only if additional liquidating distributions are available, the Company will be obligated to repay the outstanding advances under the Subordinated Agreement and accrued interest to the Sponsor, as described in the Subordinated Agreement. In the unlikely event that additional liquidation distributions are available after the Company repays its holders of common stock their respective net investments plus their 8% return on investment and then the outstanding advances under the Subordinated Agreement and accrued interest to its Sponsor, such additional distributions will be paid to holders of its Common Shares and its Sponsor: 85.0% of the aggregate amount will be payable to holders of the Company's Common Shares and the remaining 15.0% will be payable to the Sponsor.

Since the Residual Equity Interest and its related interest, if any, are subordinate to all of the Company's obligations as well as to the holders of its Common Shares in an amount equal to the shareholder's net investment plus a cumulative, pre-tax, non-compounded annual return of 8.0% and only potentially payable in the event of a liquidation of the Company, the outstanding advances under the Subordinated Agreement are classified as a component of equity since they do not represent any future cash obligation and are conditioned upon the occurrence of all of the events discussed above. Through June 30, 2016, the Sponsor had advanced an aggregate of approximately $5.7 million under the Subordinated Agreement, which is classified as a component of Stockholders' Equity on the balance sheets.

***Subscription Receivable***

The subscription receivable relates to shares issued to the Company's shareholders for which the proceeds have not yet been received by the Company solely due to timing of transfers from the escrow agent holding the funds.

***Distributions***

Distribution Declaration

On August 5, 2016, the Board of Directors authorized and the Company declared a distribution for each month during the three-month period ending December 31, 2016. The distributions will be calculated based on shareholders of record at a rate of $0.002191781 per day, and will equal a daily amount that, if paid each day for a 365-day period, would equal a 8.0% annualized rate based on a share price of $10.00 payable on or about the 15th day following each month end to stockholders of record at the close of business on the last day of the prior month. The Company's stockholders have an option to elect the receipt of Common Shares under the Company's DRIP.

Distribution Payments

On May 14, 2016, June 15, 2016 and July 15, 2016, the Company paid distributions for the months ended April 30, 2016, May 31, 2016 and June 30, 2016, respectively, totaling $277,235. The distributions were paid in full using a combination of cash and 3,113 shares of the Company's common stock issued pursuant to the Company's DRIP, at a discounted price of $8.68 per share. The distributions were paid from a combination of cash flows provided by operations ($250,216 or 90%) and excess cash proceeds from the issuance of common stock through the Company's DRIP ($27,019 or 10%).

***4. Selling Commissions, Dealer Manager Fees and Other Offering Costs***

Selling commissions and dealer manager fees are paid to the Dealer Manager, pursuant to various agreements, and other third-party offering costs such as registration fees, due diligence fees, marketing costs, and professional fees are accounted for as a reduction against additional paid-in capital as costs are incurred. Organizational costs are expensed as general and administrative costs. The following table represents the selling commissions and dealer manager and other offering costs for the periods indicated:

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| Selling commissions and dealer manager fees | $ 361,287 | $ 12,375 | $ 691,350 | $ 12,735 |
| Other offering costs | $ 351,452 | $ 194,783 | $ 747,268 | $ 640,534 |

Since the Company's inception through June 30, 2016, it has incurred approximately $1.0 million in selling commissions and dealer manager fees and $2.8 million of other offering costs in connection with the public offering of shares of its common stock.

## 5. Related Party Transaction and Other Arrangements

In addition to certain agreements with the Sponsor (see Note 3) and Dealer Manager (see Note 4), the Company has agreements with the Advisor to pay certain fees, in exchange for services performed by the Advisor and/or its affiliated entities. Furthermore, the Advisor has and is expected to continue to advance certain organization and offering costs on behalf of the Company to the extent the Company does not have sufficient funds to pay such costs. As of December 31, 2015, the Company owed the Advisor and its affiliated entities an aggregate of $865,436, which was principally for organization and offering costs paid on its behalf, and is classified as due to related parties on the balance sheet. During the six months ended June 30, 2016, the Company was (i) charged $37,698 for certain services and costs paid on its behalf, including $36,298 of offering-related costs that were recorded as a reduction to additional paid in capital, and (ii) made payments totaling $902,525 and as a result, the amount due to related parties on the balance sheet was $609 as of June 30, 2016.

### *105-109 W. 28th Street Preferred Investment*

On November 25, 2015, the Company entered into an agreement (the "Moxy Transaction") with various related party entities that provides for the Company to make aggregate preferred equity contributions (the "105-109 W. 28th Street Preferred Investment") of up to $20.0 million in various affiliates of its Sponsor (the "Developer") which owns a parcel of land located at 105-109 W. 28thStreet, New York, NY at which they intend to develop a 343-room Marriott Moxy hotel. The 105-109 W. 28th Street Preferred Investment will be made pursuant to an instrument that entitles the Company to monthly preferred distributions at a rate of 12% per annum and was redeemable by the Company at the earlier of (i) the date that is two years from the date of the Company's final contribution or (ii) the third anniversary of 105-109 W. 28th Street Preferred Investment. The Company may also request redemption or a restructuring of the agreement prior to the acceptance of any construction financing. On June 30, 2016, the Company and the Developer amended the Moxy Transaction so that the Company's contributions would become redeemable on the fifth anniversary of the Moxy Transaction. The 105-109 W. 28th Street Preferred Investment is classified as a held-to-maturity security and recorded at cost.

The Company made an initial contribution of $4.0 million during the fourth quarter of 2015 and additional contributions of $11.9 million during the six months ended June 30, 2016. As of June 30, 2016 and December 31, 2015, the 105-109 W. 28th Street Preferred Investment had an outstanding balance of $15.9 million and $4.0 million, respectively, which is classified in investment in related party on the balance sheets. The fair value of this investment is not practical to estimate due to the related party nature of the underlying transaction. As of June 30, 2016, an aggregate of $4.1 million of additional contributions were unfunded related to the 105-109 W. 28th Street Preferred Investment. On July 20, 2016, the Company made an additional contribution of $4.1 million to fully fund the 105-109 W. 28th Street Preferred Investment. The Company has funded contributions using proceeds from its Offering and draws under the Subordinated Agreement. During the three and six months ended June 30, 2016, the Company recorded $347,634 and $502,767 of investment income related to the 105-109 W. 28th Street Preferred Investment. The Company's Advisor elected to waive the acquisition fee associated with this transaction.

## 6. Commitments and Contingencies

### *Legal Proceedings*

From time to time in the ordinary course of business, the Company may become subject to legal proceedings, claims or disputes.

**PART I. FINANCIAL INFORMATION, CONTINUED:**

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

The following discussion and analysis should be read in conjunction with the accompanying financial statements of Lightstone Real Estate Income Trust Inc. (''Lightstone Income Trust''), and the notes thereto. As used herein, the terms "we," "our" and "us" refer to Lightstone Real Estate Income Trust Inc., a Maryland corporation, and any of its subsidiaries that may exist from time to time.

**Forward-Looking Statements**

Certain information included in this Quarterly Report on Form 10-Q contains, and other materials filed or to be filed by us with the Securities and Exchange Commission (the "SEC"), contain or will contain, forward-looking statements. All statements, other than statements of historical facts, including, among others, statements regarding our possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives, are forward-looking statements. Those statements include statements regarding the intent, belief or current expectations of Lightstone Real Estate Income Trust Inc. and members of our management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as "may," "will," "seeks," "anticipates," "believes," "estimates," "expects," "plans," "intends," "should" or similar expressions. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that actual results may differ materially from those contemplated by such forward-looking statements.

Such statements are based on assumptions and expectations which may not be realized and are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, financial and otherwise, may differ from the results discussed in the forward-looking statements.

Risks and other factors that might cause differences, some of which could be material, include, but are not limited to, economic and market conditions, competition, tenant or joint venture partner(s) bankruptcies, our lack of operating history, the availability of cash flows from operations to pay distributions, changes in governmental, tax, real estate and zoning laws and regulations, failure to increase tenant occupancy and operating income, rejection of leases by tenants in bankruptcy, financing and development risks, construction and lease-up delays, cost overruns, the level and volatility of interest rates, the rate of revenue increases versus expense increases, the financial stability of various tenants and industries, the failure of the Company to make additional investments in real estate properties, the failure to upgrade our tenant mix, restrictions in current financing arrangements, the failure to fully recover tenant obligations for common area maintenance, insurance, taxes and other property expenses, the failure of the Company to continue to qualify as a real estate investment trust ("REIT"), the failure to refinance debt at favorable terms and conditions, an increase in impairment charges, loss of key personnel, failure to achieve earnings/funds from operations targets or estimates, conflicts of interest with the Advisor and the Sponsor and their affiliates, failure of joint venture relationships, significant costs related to environmental issues as well as other risks listed from time to time in this Form 10-Q, our Registration Statements on Form S-11, as the same may be amended and supplemented from time to time, and in the Company's other reports filed with the SEC.

We believe these forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are qualified in their entirety by these cautionary statements. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time unless required by law.

**Overview**

Lightstone Income Trust, together with any of its subsidiaries that may exist from time to time, are collectively referred to as the ''Company'' and the use of ''we,'' ''our,'' ''us'' or similar pronouns refers to Lightstone Income Trust or the Company as required by the context in which any such pronoun is used.

Lightstone Income Trust has and will continue to seek to originate, acquire and manage a diverse portfolio of real estate-related investments. The Company may invest in mezzanine loans, first lien mortgage loans, second lien mortgage loans, bridge loans and preferred equity interests, in each case with a focus on investments intended to finance development or redevelopment opportunities. We may also invest in debt and derivative securities related to real estate assets. We expect that a majority of our investments by value will be secured by or related to properties or entities advised by, or wholly or partially, directly or indirectly owned by, the Sponsor, by its affiliates or by real estate investment programs sponsored by it.

Capital required to originate and acquire investments and conduct our operations is expected to be obtained from public offerings of shares of our common stock and from any indebtedness that we may incur either in connection with the acquisition of any real estate and real estate related investments or thereafter. We are dependent upon the net proceeds from public offerings of our common stock to conduct our proposed activities.

Our registration statement on Form S-11(the "Offering"), pursuant to which we are offering to sell up to 30,000,000 shares of our common stock (which may be referred to herein as ''shares of common stock'' or as ''Common Shares'') for an initial offering price of $10.00 per share, subject to certain volume and other discounts (exclusive of 10,000,000 shares available pursuant to its distribution reinvestment plan (the "DRIP") which are offered at a discounted price equivalent to 95% of the Primary Offering price per Common Share) was declared effective by the SEC under the Securities Act of 1933 on February 26, 2015. On June 30, 2016, we adjusted our offering price to $9.14 per Common Share in our Primary offering, which was equal to our estimated net asset value ("NAV") per Common Share as of March 31, 2016, and effective July 25, 2016, our offering price was adjusted to $10.00 per Common Share in our Primary Offering, which is equal to the estimated NAV per Common Share as of June 30, 2016.

We sold 20,000 Common Shares to Lightstone Real Estate Income LLC, a Delaware limited liability company (the ''Advisor''), an entity majority owned by David Lichtenstein, on September 12, 2014, for $10.00 per share. Mr. Lichtenstein also is a majority owner of the equity interests of our sponsor, The Lightstone Group, LLC (the ''Sponsor'').

As of June 30, 2016, we had received gross proceeds of $14.4 million from the sale of 1.5 million shares of our common stock (including $2.0 million in Common Shares at a purchase price of $9.00 per Common Share to an entity 100% owned by David Lichtenstein, who also owns a majority interest in the Company's Sponsor).

We have no employees. We retained the Advisor to manage our affairs on a day-to-day basis. Orchard Securities, LLC (the ''Dealer Manager'') serves as the dealer manager of our public offering. The Advisor is an affiliate of the Sponsor. The Advisor will receive compensation and fees for services related to the investment and management of our assets during our offering, acquisition, operational and liquidation stages.

On March 18, 2016, we and our Sponsor entered into a subordinated unsecured loan agreement (the "Subordinated Agreement") pursuant to which the Sponsor has committed to make a significant investment in us of up to $36.0 million, which is equivalent to 12.0% of the $300.0 million maximum offering amount of Common Shares. Specifically, the Subordinated Agreement with the Sponsor provides for quarterly draws or advances in an amount equal to the product of (i) $10.00 minus the then-current estimated NAV per share, multiplied by (ii) the number of Common Shares outstanding. The advances under the Subordinated Agreement will be used to increase the cash available for investment in real estate-related investments. The outstanding advances under the Subordinated Agreement will bear interest at a rate of 1.48%, which was equal to the mid-term applicable U.S. federal rate as of March 2016. Interest will retroactively accrue on the outstanding advances under the Subordinated Agreement back to the date of each quarterly draw, but no interest or outstanding advances will be due and payable to the Sponsor until holders of the Company's Common Shares have received liquidation distributions equal to their respective net investments (defined as $10.00 per Common Share) plus a cumulative, pre-tax, non-compounded annual return of 8.0% on their respective net investments.

The Subordinated Agreement with the Sponsor will continue until the earlier of: (i) the termination of our initial public offering; (ii) advances under the Subordinated Agreement are equal to an aggregate of $36.0 million; and (iii) we receive gross offering proceeds of $300.0 million. The advances under the Subordinated Agreement will have the effect of increasing our NAV per share until holders of our Common Shares have received distributions equal to their respective net investments plus a cumulative, pre-tax, non-compounded annual return of 8.0% on their respective net investments. We cannot guarantee that holders of our Common Shares will receive the foregoing cumulative, pre-tax, non-compounded annual return.

Distributions in connection with a liquidation of the Company initially will be made to holders of our Common Shares until holders of our Common Shares have received liquidation distributions equal to their respective net investments plus a cumulative, pre-tax, non-compounded annual return of 8.0% on their respective net investments. Thereafter, only if additional liquidating distributions are available, we will be obligated to repay the holders of common stock their respective net investments plus their 8% return on investment and then the outstanding advances under the Subordinated Agreement and accrued interest to the Sponsor, as described in the Subordinated Agreement. In the unlikely event that additional liquidation distributions are available after we repay the outstanding advances under the Subordinated Agreement and accrued interest to our Sponsor, such additional distributions will be paid to holders of our Common Shares and our Sponsor: 85.0% of the aggregate amount will be payable to holders of our Common Shares and the remaining 15.0% will be payable to the Sponsor.

Through June 30, 2016, the Sponsor had advanced an aggregate of approximately $5.7 million under the Subordinated Agreement, which is classified as a component of Stockholders' Equity on the balance sheet.

**Current Environment**

Our operating results as well as our investment opportunities are impacted by the health of the North American economies. Our business and financial performance may be adversely affected by current and future economic conditions, such as availability of credit, financial markets volatility, and recession.

Our business may be affected by market and economic challenges experienced by the U.S. and global economies. These conditions may materially affect the value and performance of our properties, and may affect our ability to pay distributions, the availability or the terms of financing that we have or may anticipate utilizing, and our ability to make principal and interest payments on, or refinance, any outstanding debt when due.

We are not aware of any other material trends or uncertainties, favorable or unfavorable, other than national economic conditions affecting real estate generally, that may be reasonably anticipated to have a material impact on either capital resources or the revenues or income to be derived from the acquisition and operation of real estate and real estate related investments, other than those referred to in this Form 10-Q.

**Results of Operations**

We were incorporated in the State of Maryland on September 9, 2014 and broke escrow on June 12, 2015. During the fourth quarter of 2015 we made our first real estate-related investment, the 105-109 W. 28$^{th}$ Street Preferred Investment (see Note 5 of the Financial Statements). Prior to making our first real estate-related investment, we did not have any significant results of operations other than certain general and administrative costs.

**For the Three Months Ended June 30, 2016**

***Investment income***

Investment income, which was attributable to the 105-109 W. 28$^{th}$ Street Preferred Investment, was $347,634 for the three months ended June 30, 2016.

***General and administrative expenses***

General and administrative expense increased by $13,620 to $60,878 during the three months ended June 30, 2016 compared to $47,258 for the same period in 2015. The increase primarily reflects higher board of directors' fees.

**For the Six Months Ended June 30, 2016**

***Investment income***

Investment income, which was attributable to the 105-109 W. 28$^{th}$ Street Preferred Investment, was $502,767 for the six months ended June 30, 2016.

***General and administrative expenses***

General and administrative expense increased by $69,609 to $122,280 during the three months ended June 30, 2016 compared to $52,671 for the same period in 2015. The increase reflects (i) higher board of directors' fees of $29,000 in the 2016 period and (ii) an increase in accounting, legal and corporate filing fees.

**Financial Condition, Liquidity and Capital Resources**

For the six months ended June 30, 2016 our primary source of funds were $7.7 million of proceeds from our sale of shares of common stock under our Offering and $5.7 million of Residual Equity Interest draws from our Sponsor.

Our future sources of funds will primarily consist of (i) proceeds from our sale of shares of common stock under our Offering, (ii) cash flows from our operations, (iii) proceeds from Residual Equity Interest draws and (iv) our DRIP. We currently believe that these cash resources will be sufficient to satisfy our cash requirements for the foreseeable future, and we do not anticipate a need to raise funds from other than these sources within the next twelve months.

We will be dependent upon the net proceeds from this offering to conduct our proposed operations. We will obtain the capital required to originate and acquire investments and conduct our operations from the proceeds of this Offering, any future offerings we may conduct, from secured or unsecured financings from banks and other lenders and from any undistributed funds from our operations.

Once we have fully invested the proceeds of this Offering, assuming we sell the maximum amount, our portfolio-wide loan-to-value ratio (calculated after the close of this Offering) will be approximately 25%. For purposes of calculating our 25% target leverage, we will determine the loan-to-value ratio on our portfolio based on the greater of the aggregate cost and the fair market value of our investments and other assets. There is no limitation on the amount we may borrow for the purchase or origination of any single investment. Our charter allows us to incur leverage up to 300% of our total "net assets" (as defined in our charter) as of the date of any borrowing, which is generally expected to be approximately 75% of the cost of our investments. We may only exceed this 300% limit with the approval of a majority of our independent directors. During the early stages of this offering, our independent directors may be more likely to approve debt in excess of this limit. In all events, we expect that our secured and unsecured borrowings will be reasonable in relation to the net value of our assets and will be reviewed by our board of directors at least quarterly.

In addition to making investments in accordance with our investment objectives, we expect to use our capital resources to make certain payments to our Advisor and the Dealer Manager. During our organization and offering stage, these payments will include payments to the Dealer Manager for selling commissions and dealer manager fees. During this stage, we also will make payments to our Advisor for reimbursement of certain other organization and offering expenses. However, we do not expect that our total payments for other organization and offering expenses would exceed 2% of gross offering proceeds. In no event will aggregate organization and offering costs exceed 15.0% of gross offering proceeds over the life of the offering. During the initial stage of our Offering, the organization and offering costs may exceed 15.0% of gross offering proceeds since many of the expenses incurred in relation to the Offering are incurred prior to the sale of shares of our common stock.

Selling commissions and dealer manager fees are paid to the Dealer Manager or soliciting dealers, as applicable, pursuant to various agreements, and other third-party offering costs such as registration fees, due diligence fees, marketing costs, and professional fees are accounted for as a reduction against additional paid-in capital as costs are incurred. Any organizational costs are accounted for as general and administrative costs. The following table represents the selling commissions and dealer manager fees and other offering costs for the periods indicated:

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| Selling commissions and dealer manager fees | $ 361,287 | $ 12,375 | $ 691,350 | $ 12,375 |
| Other offering costs | $ 351,452 | $ 194,783 | $ 747,268 | $ 640,534 |

We have agreements with the Advisor to pay certain fees, in exchange for services performed by the Advisor and/or its affiliated entities. Furthermore, the Advisor has and is expected to continue to advance certain organization and offering costs on our behalf to the extent we do not have sufficient funds to pay such costs. As of December 31, 2015, we owed the Advisor and its affiliated entities an aggregate of $865,436, which was principally for organization and offering costs paid on our behalf, and is classified as due to related parties on the balance sheet. During the six months ended June 30, 2016, we were (i) charged $37,698 for certain services and costs paid on our behalf, including $36,298 of offering-related costs that were recorded as a reduction to additional paid in capital, and (ii) made payments totaling $902,525 and as a result, the amount due to related parties on the balance sheet was $609 as of June 30, 2016.

During our operational stage, we expect to make payments to our Advisor in connection with the selection and origination or purchase of investments and the management of our assets and to reimburse certain costs incurred by our Advisor in providing services to us. The advisory agreement has a one-year term but may be renewed for an unlimited number of successive one-year periods upon the mutual consent of our Advisor and our independent directors.

*Summary of Cash Flows*

The following summary discussion of our cash flows is based on the statements of cash flows and is not meant to be an all-inclusive discussion of the changes in our cash flows for the periods presented below:

| | For the Six Months Ended June 30, 2016 | For the Six Months Ended June 30, 2015 |
|---|---|---|
| Cash flows provided by/(used) in operating activities | $ 341,266 | $ (5,433) |
| Cash flows used in investing activities | (11,900,000) | - |
| Cash flows provided by financing activities | 10,858,041 | 1,598,898 |
| Net change in cash and cash equivalents | (700,693) | 1,593,465 |
| Cash and cash equivalents, beginning of the year | 1,213,014 | 200,000 |
| Cash and cash equivalents, end of the period | $ 512,321 | $ 1,793,465 |

*Operating activities*

The net cash provided by operating activities of $341,266 during the 2016 period primarily related to our net income of $380,487 offset by changes in assets and liabilities of $39,221.

*Investing activities*

During the first six months of 2016 we made additional contributions of $11.9 million to the 105-109 W. 28th Street Preferred Investment.

*Financing activities*

The net cash provided by financing activities of $10.9 million principally consists of proceeds from the issuance of our common stock of $7.7 million and funding under the Subordinated Agreement of $5.7 million; partially offset by the payment of selling commissions, dealer manager fees and other offering costs of approximately $2.1 and distributions of $0.4 million to common stockholders.

We believe that these cash resources will be sufficient to satisfy our cash requirements for the foreseeable future, and we do not anticipate a need to raise funds from other than these sources within the next twelve months.

**DRIP and Share Repurchase Program**

Our DRIP provides our stockholders with an opportunity to purchase additional shares of our common stock at a discount by reinvesting distributions. The offering provides for 10.0 million shares available for issuance under our DRIP which are offered at a discounted price equivalent to 95% of our Primary Offering price per Common Share. Through June 30, 2016, approximately 6,240 shares of common stock had been issued under our DRIP and approximately 10.0 million shares remain available for issuance.

Our share repurchase program may provide our stockholders with limited, interim liquidity by enabling them to sell their shares of common stock back to us, subject to certain restrictions.

As of June 30, 2016 no shares have been repurchased under our share repurchase program.

Our Board of Directors reserves the right to terminate either program for any reason without cause by providing written notice of termination of the DRIP to all participants or written notice of termination of the share repurchase program to all stockholders.

***105-109 W. 28th Street Preferred Investment***

On November 25, 2015, we entered into an agreement (the "Moxy Transaction") with various related party entities that provides for aggregate preferred equity contributions (the "105-109 W. 28th Street Preferred Investment") of up to $20.0 million in various affiliates of our Sponsor (the "Developer") which owns a parcel of land located at 105-109 W. 28thStreet, New York, NY at which they intend to develop a 343-room Marriott Moxy hotel. The 105-109 W. 28th Street Preferred Investment will be made pursuant to an instrument that is entitled to monthly preferred distributions at a rate of 12% per annum and was redeemable by us at the earlier of (i) the date that is two years from the date of the Company's final contribution or (ii) the third anniversary of 105-109 W. 28th Street Preferred Investment. On June 30, 2016, we amended the Moxy Transaction with the Developer so our contributions would become redeemable on the fifth anniversary of the Moxy Transaction. We made an initial contribution of $4.0 million during the fourth quarter of 2015 and additional contributions of $11.9 million during the six months ended June 30, 2016. As of June 30, 2016 the 105-109 W. 28th Street Preferred Investment had an outstanding balance of $15.9 million, which is classified in investment in related party on the balance sheets. The fair value of this investment is not practical to estimate due to the related party nature of the underlying transaction. As of June 30, 2016, an aggregate of $4.1 million of additional contributions were unfunded related to the 105-109 W. 28th Street Preferred Investment. On July 20, 2016, we made an additional contribution of $4.1 million to fully fund the 105-109 W. 28th Street Preferred Investment. We have funded contributions using proceeds from our Offering and draws under the Subordinated Agreement.

*Funds from Operations and Modified Funds from Operations*

The historical accounting convention used for real estate assets requires straight-line depreciation of buildings, improvements, and straight-line amortization of intangibles, which implies that the value of a real estate asset diminishes predictably over time. We believe that, because real estate values historically rise and fall with market conditions, including, but not limited to, inflation, interest rates, the business cycle, unemployment and consumer spending, presentations of operating results for a REIT using the historical accounting convention for depreciation and certain other items may be less informative.

Because of these factors, the National Association of Real Estate Investment Trusts ("NAREIT"), an industry trade group, has published a standardized measure of performance known as funds from operations ("FFO"), which is used in the REIT industry as a supplemental performance measure. We believe FFO, which excludes certain items such as real estate-related depreciation and amortization, is an appropriate supplemental measure of a REIT's operating performance. FFO is not equivalent to our net income or loss as determined under GAAP.

We define FFO, a non-GAAP measure, consistent with the standards set forth in the White Paper on FFO approved by the Board of Governors of NAREIT, as revised in February 2004 (the "White Paper"). The White Paper defines FFO as net income or loss computed in accordance with GAAP, but excluding gains or losses from sales of property and real estate related impairments, plus real estate related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.

We believe that the use of FFO provides a more complete understanding of our performance to investors and to management, and, when compared year over year, reflects the impact on our operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses, and interest costs, which may not be immediately apparent from net income.

Changes in the accounting and reporting promulgations under GAAP that were put into effect in 2009 subsequent to the establishment of NAREIT's definition of FFO, such as the change to expense as incurred rather than capitalize and depreciate acquisition fees and expenses incurred for business combinations, have prompted an increase in cash-settled expenses, specifically acquisition fees and expenses, as items that are expensed under GAAP across all industries. These changes had a particularly significant impact on publicly registered, non-listed REITs, which typically have a significant amount of acquisition activity in the early part of their existence, particularly during the period when they are raising capital through ongoing initial public offerings.

Because of these factors, the Investment Program Association ("IPA"), an industry trade group, has published a standardized measure of performance known as modified funds from operations ("MFFO"), which the IPA has recommended as a supplemental measure for publicly registered, non-listed REITs. MFFO is designed to be reflective of the ongoing operating performance of publicly registered, non-listed REITs by adjusting for those costs that are more reflective of acquisitions and investment activity, along with other items the IPA believes are not indicative of the ongoing operating performance of a publicly registered, non-listed REIT, such as straight-lining of rents as required by GAAP. We believe it is appropriate to use MFFO as a supplemental measure of operating performance because we believe that, when compared year over year, both before and after we have deployed all of our offering proceeds and are no longer incurring a significant amount of acquisition fees or other related costs, it reflects the impact on our operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses, and interest costs, which may not be immediately apparent from net income. MFFO is not equivalent to our net income or loss as determined under GAAP.

We define MFFO, a non-GAAP measure, consistent with the IPA's Guideline 2010-01, Supplemental Performance Measure for Publicly Registered, Non-Listed REITs: Modified Funds from Operations (the "Practice Guideline") issued by the IPA in November 2010. The Practice Guideline defines MFFO as FFO further adjusted for acquisition and transaction-related fees and expenses and other items. In calculating MFFO, we follow the Practice Guideline and exclude the following items:

- acquisition fees and expenses; non-cash amounts related to straight-line rent and the amortization of above- or below-market and in-place intangible lease assets and liabilities (which are adjusted in order to reflect such payments from an accrual basis of accounting under GAAP to a cash basis of accounting);
- amortization of a premium and accretion of a discount on debt investments;
- non-recurring impairment of real estate-related investments;
- realized gains (losses) from the early extinguishment of debt;
- realized gains (losses) on the extinguishment or sales of hedges, foreign exchange, securities and other derivative holdings except where the trading of such instruments is a fundamental attribute of our business;

- unrealized gains (losses) from fair value adjustments on real estate securities, including CMBS and other securities, interest rate swaps and other derivatives not deemed hedges and foreign exchange holdings;
- unrealized gains (losses) from the consolidation from, or deconsolidation to, equity accounting;
- adjustments related to contingent purchase price obligations; and
- adjustments for consolidated and unconsolidated partnerships and joint ventures calculated to reflect MFFO on the same basis as above.

Certain of the above adjustments are also made to reconcile net income (loss) to net cash provided by (used in) operating activities, such as for the amortization of a premium and accretion of a discount on debt and securities investments, amortization of fees, any unrealized gains (losses) on derivatives, securities or other investments, as well as other adjustments.

MFFO excludes non-recurring impairment of real estate-related investments. We assess the credit quality of our investments and adequacy of reserves on a quarterly basis, or more frequently as necessary. Significant judgment is required in this analysis. We consider the estimated net recoverable value of a loan as well as other factors, including but not limited to the fair value of any collateral, the amount and the status of any senior debt, the prospects for the borrower and the competitive situation of the region where the borrower does business.

We believe that, because MFFO excludes costs that we consider more reflective of acquisition activities and other non-operating items, MFFO can provide, on a going-forward basis, an indication of the sustainability (that is, the capacity to continue to be maintained) of our operating performance after the period in which we are acquiring properties and once our portfolio is stabilized. We also believe that MFFO is a recognized measure of sustainable operating performance by the non-listed REIT industry and allows for an evaluation of our performance against other publicly registered, non-listed REITs.

Not all REITs, including publicly registered, non-listed REITs, calculate FFO and MFFO the same way. Accordingly, comparisons with other REITs, including publicly registered, non-listed REITs, may not be meaningful. Furthermore, FFO and MFFO are not indicative of cash flow available to fund cash needs and should not be considered as an alternative to net income (loss) or income (loss) from continuing operations as determined under GAAP as an indication of our performance, as an alternative to cash flows from operations as an indication of our liquidity, or indicative of funds available to fund our cash needs including our ability to make distributions to our stockholders. FFO and MFFO should be reviewed in conjunction with GAAP measurements as an indication of our performance. FFO and MFFO should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income or in its applicability in evaluating our operating performance. The methods utilized to evaluate the performance of a publicly registered, non-listed REIT under GAAP should be construed as more relevant measures of operational performance and considered more prominently than the non-GAAP measures, FFO and MFFO, and the adjustments to GAAP in calculating FFO and MFFO.

Neither the SEC, NAREIT, the IPA nor any other regulatory body or industry trade group has passed judgment on the acceptability of the adjustments that we use to calculate FFO or MFFO. In the future, NAREIT, the IPA or another industry trade group may publish updates

The following table presents a reconciliation of FFO and MFFO to net income /(loss):

| | For the Three Months Ended June 30, 2016 | For the Three Months Ended June 30, 2015 | For the Six Months Ended June 30, 2016 | For the Six Months Ended June 30, 2015 |
|---|---|---|---|---|
| Net income/(loss) | $ 287,006 | $ (47,258) | $ 380,487 | $ (52,671) |
| FFO adjustments: | | | | |
| None | - | - | - | - |
| FFO | 287,006 | (47,258) | 380,487 | (52,671) |
| MFFO adjustments: | | | | |
| Other adjustments: | | | | |
| Acquisition and other transaction related costs expensed | - | - | 4,000 | - |
| MFFO | 287,006 | (47,258) | 384,487 | (52,671) |
| Straight-line rent[1] | - | - | - | - |
| MFFO - IPA recommended format | $ 287,006 | $ (47,258) | $ 384,487 | $ (52,671) |
| Net income/(loss) | $ 287,006 | $ (47,258) | $ 380,487 | $ (52,671) |
| Less: net (income)/loss attributable to noncontrolling interests | - | - | - | - |
| Net income/(loss) applicable to Company's common shares | $ 287,006 | $ (47,258) | $ 380,487 | $ (52,671) |
| Net loss per common share, basic and diluted | $ 0.20 | $ (0.78) | $ 0.33 | $ (1.30) |
| FFO | $ 287,006 | $ (47,258) | $ 380,487 | $ (52,671) |
| Less: FFO attributable to noncontrolling interests | - | - | - | - |
| FFO attributable to Company's common shares | $ 287,006 | $ (47,258) | $ 380,487 | $ (52,671) |
| FFO per common share, basic and diluted | $ 0.20 | $ (0.78) | $ 0.33 | $ (1.30) |
| MFFO - IPA recommended format | $ 287,006 | $ (47,258) | $ 384,487 | $ (52,671) |
| Less: MFFO attributable to noncontrolling interests | - | - | - | - |
| MFFO attributable to Company's common shares | $ 287,006 | $ (47,258) | $ 384,487 | $ (52,671) |
| Weighted average number of common shares outstanding, basic and diluted | 1,409,936 | 60,830 | 1,139,159 | 40,528 |

(1) Under GAAP, rental receipts are allocated to periods using various methodologies. This may result in income recognition that is significantly different than underlying contract terms. By adjusting for these items (to reflect such payments from a GAAP accrual basis to a cash basis of disclosing the rent and lease payments), MFFO provides useful supplemental information on the realized economic impact of lease terms and debt investments, providing insight on the contractual cash flows of such lease terms and debt investments, and aligns results with management's analysis of operating performance.

***Distributions Declared by our Board of Directors and Source of Distributions***

The following table provides a summary of our quarterly distributions declared during the periods presented. The amount of distributions paid to our stockholders in the future will be determined by our Board of Directors and is dependent on a number of factors, including funds available for payment of dividends, our financial condition, capital expenditure requirements and annual distribution requirements needed to maintain our status as a REIT under the Internal Revenue Code. Additionally, our stockholders have the option to elect the receipt of shares in lieu of cash under our DRIP.

| | Year to Date June 30, 2016 | | Three Months Ended June 30, 2016 | | Three Months Ended March 31, 2016 | |
|---|---|---|---|---|---|---|
| Distribution period: | | Percentage of Distributions | Q2 2016 | Percentage of Distributions | Q1 2016 | Percentage of Distributions |
| Date distribution declared | | | May 12, 2016 | | October 28, 2015, March 11, 2016 | |
| Date distribution paid | | | May 14, 2016, June 15, 2016, & July 15, 2016 | | February 16, 2016, March 15, 2016, & April 15, 2016 | |
| Distributions paid | $ 382,430 | | $ 250,216 | | $ 132,214 | |
| Distributions reinvested | 64,067 | | 27,019 | | 37,048 | |
| Total Distributions | $ 446,497 | | $ 277,235 | | $ 169,262 | |
| Source of distributions: | | | | | | |
| Cash flows provided by operations | $ 341,266 | 76% | $ 250,216 | 90% | $ 65,948 | 39% |
| Offering proceeds | 41,164 | 9% | - | - | 66,266 | 39% |
| Proceeds from issuance of common stock through DRIP | 64,067 | 14% | 27,019 | 10% | 37,048 | 22% |
| Total Sources | $ 446,497 | 99% | $ 277,235 | 100% | $ 169,262 | 100% |
| Cash flows provided by operations (GAAP basis) | $ 341,266 | | $ 275,318 | | $ 65,948 | |
| Number of shares of common stock issued pursuant to the Company's DRIP | 7,013 | | 3,113 | | 3,900 | |

The table below presents our cumulative FFO and distributions declared:

| | For the period September 9, 2014 (date of inception) through June 30, 2016 |
|---|---|
| FFO | $ 266,663 |
| Distributions declared | $ 633,550 |

**New Accounting Pronouncements**

See Note 2 of the Notes to Financial Statements for further information of certain accounting standards that have been issued or adopted during 2016 and certain accounting standards that we have not yet been required to implement and may be applicable to our future operations.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

The market risk associated with financial instruments and derivative financial instruments is the risk of loss from adverse changes in market prices or rates. Our interest rate risk management objectives with respect to our long-term debt will be to limit the impact of interest rate changes in earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, from time to time, we may enter into interest rate hedge contracts such as swaps, collars, and treasury lock agreements in order to mitigate our interest rate risk with respect to various debt instruments. We would not hold or issue these derivative contracts for trading or speculative purposes. We do not anticipate having any foreign operations and thus we do not expect to be exposed to foreign currency fluctuations.

**ITEM 4. CONTROLS AND PROCEDURES.**

As of the end of the period covered by this report, management, including our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based upon, and as of the date of the evaluation, our chief executive officer and chief financial officer concluded that the disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported as and when required.

There have been no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II. OTHER INFORMATION:**

**ITEM 1. LEGAL PROCEEDINGS.**

From time to time in the ordinary course of business, the Company may become subject to legal proceedings, claims or disputes.

As of the date hereof, the Company is not a party to any material pending legal proceedings of which the outcome is probable or reasonably possible to have a material adverse effect on its results of operations or financial condition, which would require accrual or disclosure of the contingency and possible range of loss. Additionally, the Company has not recorded any loss contingencies related to legal proceedings in which the potential loss is deemed to be remote.

**ITEM 1A. RISK FACTORS**

We discuss in our Annual Report on Form 10-K various risks that may materially affect our business. We use this section to update this discussion to reflect material developments since our Form 10-K was filed. For the quarter ended June 30, 2016, there were no such material developments.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

**Recent Sales of Unregistered Securities**

During the period covered by this Form 10-Q, we did not sell any unregistered securities.

**Use of Public Offering Proceeds**

The Company's sponsor is David Lichtenstein ("Lichtenstein"), who does business as The Lightstone Group, LLC (the "Sponsor") and is the majority owner of the limited liability company of that name. The Company's advisor is Lightstone Real Estate Income LLC (the "Advisor"), which is wholly owned by our Sponsor.

On September 12, 2014, the Company sold 20,000 Common Shares to the Advisor for $10.00 per share.

The Company's registration statement on Form S-11 (File No. 333-200464), pursuant to which it is offering to sell up to 30,000,000 shares of its common stock at a price for an initial offering price of $10.00 per share, subject to certain volume discounts (the "Primary Offering") (exclusive of 10,000,000 shares which are available pursuant to its distribution reinvestment plan (the "DRIP") which are offered a discounted price equivalent to 95% of the Primary Offering price per Common Share) was declared effective by the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933 on February 26, 2015. On June 30, 2016, the Company adjusted its offering price to $9.14 per Common Share in its Primary Offering, which was equal to the Company's estimated net asset value ("NAV") per Common Share as of March 31, 2016, and effective July 25, 2016, the Company's offering price was adjusted to $10.00 per Common Share in its Primary Offering, which is equal to the estimated NAV per Common Share as of June 30, 2016. As of June 30, 2016, we had received gross proceeds of $14.4 million from the sale of 1.5 million shares of our common stock (including $2.0 million in Common Shares at a purchase price of $9.00 per Common Share to an entity 100% owned by David Lichtenstein, who also owns a majority interest in our Sponsor).

We currently intend to sell shares of our common stock under the Offering until the earlier of the date on which all the shares are sold, or February 26, 2017, two years from the date the Offering was declared effective by the SEC. We reserve the right to reallocate the shares of common stock we are offering between the Primary Offering and the DRIP. Additionally, the Offering may be terminated at any time.

On March 18, 2016, the Company and its Sponsor entered into a subordinated unsecured loan agreement (the "Subordinated Agreement") pursuant to which the Sponsor has committed to make a significant investment in the Company of up to $36.0 million, which is equivalent to 12.0% of the $300.0 million maximum offering amount of Common Shares. Specifically, the Subordinated Agreement with the Sponsor provides for quarterly draws or advances in an amount equal to the product of (i) $10.00 minus the then-current estimated NAV per share, multiplied by (ii) the number of Common Shares outstanding.

The Subordinated Agreement with the Sponsor will continue until the earlier of: (i) the termination of the Company's initial public offering; (ii) advances under the Subordinated Agreement are equal to an aggregate of $36.0 million; and (iii) the Company receives gross offering proceeds of $300.0 million.

Through June 30, 2016, the Sponsor had advanced an aggregate of approximately $5.7 million under the Subordinated Agreement, which is classified as a component of Stockholders' Equity on the balance sheets.

We will utilize a portion of our public offering proceeds towards funding the dealer manager fees, selling commissions and organization and other offering costs.

Below is a summary of the expenses we have incurred in connection with the issuance and distribution of the registered securities since inception:

| Type of Expense Amount | | |
|---|---|---|
| Selling commissions and dealer manager fees | $ | 950,166 |
| Other expenses incurred | | 2,857,227 |
| Total offering costs incurred from inception through June 30, 2016 | $ | 3,807,393 |

Cumulatively through June 30, 2016, we have used the net offering proceeds of $16.3 million (including aggregate advances from our Sponsor of $5.7 million under the Subordinated Agreement), after deduction of offering expenses paid since inception of $3.8 million, as follows:

| *(Dollars in thousands)* | | |
|---|---|---|
| Cash | $ | 512,321 |
| Cash distributions not funded by operations | | 231,072 |
| Investment in related party | | 15,900,000 |
| Other uses (primarily timing of payables) | | (304,020) |
| | | |
| **Total uses** | $ | 16,339,373 |

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

## ITEM 4. MINE SAFETY DISCLOSURES

None.

## ITEM 5. OTHER INFORMATION

None.

## ITEM 6. EXHIBITS

| Exhibit Number | Description |
|---|---|
| 31.1* | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended. |
| 31.2* | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended. |
| 32.1* | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Pursuant to SEC Release 34-47551 this Exhibit is furnished to the SEC and shall not be deemed to be "filed." |
| 32.2* | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Pursuant to SEC Release 34-47551 this Exhibit is furnished to the SEC and shall not be deemed to be "filed." |
| 101* | XBRL (eXtensible Business Reporting Language).The following financial information from Lightstone Real Estate Income Trust Inc. on Form 10-Q for the quarter ended June 30, 2016, filed with the SEC on August 15, 2016, formatted in XBRL includes: (1) Consolidated Balance Sheets, (2) Consolidated Statements of Operations, (3) Consolidated Statements of Stockholders' Equity, (4) Consolidated Statements of Cash Flows, and (5) the Notes to the Consolidated Financial Statement. |

*Filed herewith

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

| | | |
|---|---|---|
| | | **LIGHTSTONE REAL ESTATE INCOME TRUST INC.** |
| Date: August 15, 2016 | By: | /s/ David Lichtenstein<br>David Lichtenstein<br>Chairman and Chief Executive Officer<br>(Principal Executive Officer) |
| Date: August 15, 2016 | By: | /s/ Donna Brandin<br>Donna Brandin<br>Chief Financial Officer<br>(Duly Authorized Officer and Principal Financial and Accounting Officer) |