Aloft Tucson University
Tucson, AZ

Property Acquired: April 2014

LIGHTSTONE
Value Plus REIT II

AT A GLANCE

ACQUISITION PRICE
$19,000,000 / $123,376 per key

EST. REPLACEMENT COST
$20,790,000 / $135,000 per key

NET OPERATING INCOME (NOI)[1] $1.68 million

OCCUPANCY[2] 59.8%

AVERAGE DAILY RATE (ADR)[2] $101.64

REVENUE PER AVAILABLE ROOM (REVPAR)[2]
$60.78

CAP RATE[3] 8.8%

PROPERTY OVERVIEW

Year Built/Renovated	1972 / 2013
Total Rooms	154
Land Area	3.6 acres

[1] Net operating income is based upon then-current projections for 2014 as of the date of acquisition. Additionally, net operating income is calculated as all gross revenues from the property less all operating expenses, including property taxes and management fees but excluding depreciation.

[2] STARR Report, dated January 2014, Trailing 9-months, as of December 31, 2013. The property re-opened in April 2013 after its complete reconstruction and rebranding.

[3] Capitalization rate is determined by taking the net operating income at the time of acquisition, divided by the base purchase price of the property.

THE OPPORTUNITY

Starwood Hotels & Resorts previously owned the hotel and finished a complete building overhaul and reconstruction to rebrand the property from a Four Points by Sheraton to an Aloft. Starwood invested approximately $20.5 million in the conversion, and subsequently sold the Property at a loss. The Property was converted to the Aloft brand in April 2013 following the 12-month complete reconstruction (including new exterior, new roof, new windows, new mechanical systems, and completely remodeled interior).

The Property was acquired at approximately $123,376 per key; below the replacement cost, which is estimated to be nearly $135,000 per key.[4] Construction costs include: Land Cost, Hard Construction Costs, FF&E, and Soft Costs.

DEMAND DRIVERS

- The Property is located adjacent to the University of Arizona campus and two blocks from the University of Arizona Medical Center. Additionally, the Property has good accessibility to the Tucson International Airport, just 8.5 miles away, and Interstate 10 which provides access to Phoenix 115 miles to the north.
- The Aloft Tucson is one of only two hotels immediately adjacent to the University of Arizona and is significantly closer to the University of Arizona Medical Center. Other competitive hotels are not within walking distance to either of these major demand drivers.
- Three months after the Aloft's grand opening and an aggressive ramp up, it had increased RevPAR and occupancy rates to 100% of penetration when compared to other hotels within its competitive set.
- The Property's primary competition is the full-service Marriott Tucson University Park. Marriott's lobby and rooms are dated and a large PIP requirement is forthcoming and estimated at $25-30k per key. Given the magnitude of the improvements required, Lightstone believes Marriott will need to push ADR post renovation which should allow the Aloft to follow suit.

(Additional information, including certain risk factors, are continued on back page.)

PROPERTY OVERVIEW

Aloft Tucson University is a 154-room, limited-service hotel operating under the Starwood brand. Lightstone has obtained a 20-year franchise agreement from Starwood effective at acquisition. The Property offers guests a wide array of entertainment features including: Re:mix lounge, XYZ Bar, Re:fuel – a 24/7 on-the-go pantry offering sandwiches, drinks and snacks, Re:charge gym, Splash Outdoor Pool, Camp Aloft for Kids – customizing the travel experience for children 12 and under, Arf Pet Program, as well as complimentary Wi-Fi and parking.

In room amenities include a loft-inspired modern design, featuring nine-foot ceilings and extra-large windows, signature platform beds and spacious bathrooms with oversized showerheads and Bliss spa and bath amenities.

TUCSON, AZ REGIONAL OVERVIEW

Tucson, Arizona is located in Pima County, Arizona and is the second largest city in Arizona. It is home to the University of Arizona which has a student enrollment of over 40,000. According to the 2010 U.S. Census, Tucson had a population of over 520,000 residents. The larger metropolitan area had a 2012 estimated population of over 992,000. The city is located 108 miles southeast of Phoenix and 60 miles north of the U.S.-Mexico border.

The University of Arizona, chartered in 1885, is located in midtown and includes Arizona Stadium and McKale Center. The University claims to directly generate $1.5 billion in state-wide economic activity and creation/sustenance of 17,590 jobs (2011 statistics).

[4] Data Sources: Consulted JN+A Advisors on secondary select markets to arrive at our estimated cost. JN+A provides turnkey services for Architecture, Interior Design, and Construction Management services. They have provided numerous cost estimates for other Lightstone projects.

the Lightstone Group

For more information, please call: **888.808.7348**

The Lightstone Group, founded in 1988, is a privately held real estate company with one of the most diversified real estate portfolios in the United States. Today, Lightstone's portfolio consists of more than 11,000 multifamily units, 27 hotels, 8.1 million square feet of office, retail and industrial assets, and 12,000 residential lots throughout the United States.

Lightstone and its affiliates have been one of the largest developers of outlet shopping centers in the United States over the last 10 years. The company has owned, managed and developed 25 outlet centers totaling over 8 million square feet. Lightstone is an active residential developer in New York City with more than $1 billion of residential and hospitality projects under development in New York City.

Additionally, Lightstone believes there still are numerous opportunities throughout the United States within the select-service hospitality sector. Since 2007, Lightstone has been an investor in the sector and currently owns numerous hotels through its two public non-traded real estate investment trusts.

RISK FACTORS INCLUDE:

(1) We may be considered a "blind pool" because we own a limited number of properties and real estate-related investments and have not identified most of the investments we will make with the offering proceeds and we have a limited operating history and financing sources; (2) No public market currently exists for our shares of common stock, no public market for those shares may ever exist, our shares are illiquid and there is no guarantee of a liquidity event; (3) We have in the past, and may in the future, pay distributions from sources other than from our cash flow from operations; (4) There are substantial conflicts between the interests of our investors, our interests and the interests of our advisor, sponsor and our respective affiliates regarding affiliate compensation, investment opportunities and management resources because David Lichtenstein, the Chairman of the board of directors of our company, is the majority owner of our sponsor and our advisor; our sponsor and advisor may compete with us and acquire properties that suit our investment objectives; we have no employees that do not also work for our sponsor or advisor and our advisor is not obligated to devote any fixed, minimum amount of time or effort to management of our operations; (5) We may maintain a level of leverage as high as 75% of the aggregate fair market value of our properties. The use of leverage may substantially increase the risk of loss; (6) In order for us to remain qualified as a REIT, five or fewer individuals may not beneficially own more than 50% of our outstanding shares during the last half of each taxable year and, subject to exceptions, we restrict any person from beneficially owning more than 9.8% in value of our aggregate outstanding stock or more than 9.8% of our common stock; (7) Our investment objectives and strategies may be changed without stockholder consent; (8) We are obligated to pay substantial fees to our advisor and its affiliates, including fees payable upon the sale of properties, and our incentive advisor fee structure may result in our advisor recommending riskier or more speculative investments; (9) We may make distributions that include a return of principal and may borrow to make these distributions, or pay distributions from offering proceeds, which could reduce the cash available to us. We cannot assure you that in the future we will be able to achieve cash flows necessary to pay both our expenses and distributions, or to maintain distributions at any particular level, if at all; (10) If we fail to maintain our qualification as a REIT, it may reduce the amount of income available for distribution and limit our ability to make distributions to our stockholders; (11) Our share repurchase program is subject to numerous restrictions, may be cancelled at any time and should not be relied upon as a means of liquidity; and (12) Disruptions in the financial markets and deteriorating economic conditions could adversely affect the values of our investments and our ongoing results of operations.

The photos depicted represent actual images of the Property and are currently held within Lightstone Value Plus REIT II, Inc.

Securities offered through Orchard Securities, LLC, member FINRA/SIPC. Orchard Securities, LLC serves as dealer manager for REIT II. Lightstone Capital Markets is a branch office of Orchard Securities, LLC.

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