



LIGHTSTONE

Value Plus REIT III

COURTYARD DURHAM-DUKE UNIVERSITY Durham, NC

Property Acquired: May 2015

AT A GLANCE

ACQUISITION PRICE

\$16,000,000 / \$109,589 per key

EST. REPLACEMENT COST

\$19,053,000 / \$130,500 per key

NET OPERATING INCOME (NOI)¹

\$1,247,000

OCCUPANCY²

70%

AVERAGE DAILY RATE (ADR)²

\$96.85

REVENUE PER AVAILABLE ROOM (REVPAR)²

\$67.48

CAP RATE³

7.8%

PROPERTY OVERVIEW

Year Built/Renovated	1997 / 2014 ⁴
Total Rooms	146
Land Area	2.92 acres

¹ Net operating income is based on the trailing 12-months, as of February 2015, and was provided by the seller. 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 STR Report, Trailing 12-months, as of February 2015.

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.

⁴ \$2 million renovation, completed in September 2014.

⁵ <http://newsoffice.duke.edu/all-about-duke/quick-facts-about-duke>

⁶ <http://colleges.usnews.rankingsandreviews.com/best-colleges/>

⁷ http://corporate.dukemedicine.org/AboutUs/Facts_and_Statistics

⁸ www.durham-nc.com/maps-info/districts/research-triangle-park/www.rtp.org/about-us/

⁹ www.dukechronicle.com/articles/2012/11/28/research-triangle-park-develops-strategy-future-growth#.VUorAPIVhBc

THE OPPORTUNITY

The Seller was a privately held real estate company formed by alumni of The Blackstone Group and The Related Companies. The Property was suffering from operational distress due to no on-site sales management. The Seller had an agreement of sale with another buyer that fell through in early 2015 and due to a previous relationship with Lightstone they reached out to see if we were interested in acquiring the Property.

Due to an extended property renovation in 2014, Lightstone believes RevPAR and NOI were negatively affected. Additionally, Lightstone believes there may be significant opportunity at the Property because of key demand drivers in the area, including: close proximity to universities and hospitals, and a strong employment base. Lightstone plans to implement a revamped sales and marketing strategy and include an in-house revenue management team.

DEMAND DRIVERS

- **Duke University** is a private research university located two miles from the Property. In 2014, Duke enrolled 14,850 students and employed nearly 36,000 people. Duke is #8 on U.S. News and World Report's "Best National Universities" rankings for 2015.⁵
- **Duke University Medical Center** is ranked #1 in North Carolina as best-quality hospital, and employs nearly 10,000 people.⁶ It's one of the largest biomedical research enterprises in the country with more than \$700 million in sponsored research annually, and attracts top researchers to the area who typically stay for extended periods.⁶
- **The Research Triangle** is the largest research park in the country and one of the most prominent high-tech research and development centers in the U.S. It's anchored by leading technology firms, universities and medical centers and employs roughly 50,000 people through 190 companies.⁷ Updates to the master plan will increase capacity to 150,000 employees.⁸ Prominent employers include IBM, Cisco Systems and GlaxoSmithKline.
- **The Renovated Property** recently underwent an extensive \$2 million renovation. In an effort to keep occupancy rates up, management executed a lower ADR pricing policy. Lightstone believes this strategy negatively impacted NOI.

THIS SALES AND ADVERTISING LITERATURE MUST BE READ IN CONJUNCTION WITH THE PROSPECTUS IN ORDER TO UNDERSTAND FULLY ALL OF THE IMPLICATIONS AND RISKS OF THE OFFERING OF SECURITIES TO WHICH IT RELATES. A COPY OF THE PROSPECTUS MUST BE MADE AVAILABLE TO YOU IN CONNECTION WITH THIS OFFERING.

THIS IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED HEREIN. AN OFFERING IS MADE ONLY BY PROSPECTUS. THIS LITERATURE MUST BE PRECEDED OR ACCOMPANIED BY A CURRENT PROSPECTUS. AN INVESTMENT IN LIGHTSTONE VALUE PLUS REAL ESTATE INVESTMENT TRUST III, INC. SHOULD BE MADE ONLY AFTER A CAREFUL REVIEW OF THE PROSPECTUS. ALL INFORMATION CONTAINED IN THIS MATERIAL IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE CURRENT PROSPECTUS. THE ACHIEVEMENT OF ANY GOALS IS NOT GUARANTEED. FOR MORE COMPLETE INFORMATION ABOUT INVESTING IN LIGHTSTONE VALUE PLUS REAL ESTATE INVESTMENT TRUST III, INC., INCLUDING RISKS, CHARGES AND EXPENSES, REFER TO OUR PROSPECTUS.

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

PROPERTY OVERVIEW

Courtyard Durham by Marriott is a 146-room, select-service hotel that offers guests spacious accommodations near Downtown Durham, Duke University and the Research Triangle. Guest rooms were updated in 2014 and feature luxurious bedding, fresh new décor, and 32-inch HDTVs. Guests can also enjoy complimentary high-speed wireless Internet, and a Market offering sandwiches, salads, snacks and beverages. In addition, there are a wide range of restaurants nearby. Lightstone obtained a 15-year franchise agreement from Marriott commencing upon acquisition.

DURHAM, NC REGIONAL OVERVIEW

Durham is the core of the four-county Durham-Chapel Hill Metropolitan Area, which has a population of 543,650.⁷ Its bustling metropolis and strong economy serve as a hub for higher education, institutions, business activity and cultural affairs. Durham hosts over 4,000 conventions and meetings annually, hosting more than 164,000 delegates and the region is home to several prominent universities.

According to IHS, the metro area is poised for 6.8% population growth, 23.6% per capita income growth, and employment is expected to increase 9.1% from 2014 – 2019.⁸ Unemployment in March 2015 is relatively low at 4.6%, and is currently below North Carolina and national unemployment levels.⁹ The Durham lodging market includes eight properties and has a 64% occupancy rate for the trailing 12-months ending February 2015. The market's ADR of \$94.59 for the trailing 12-months represents an 8.9% increase year over year.¹⁰

⁸ IHS Global Insight provides comprehensive economic, financial, and political data for over 200 countries and over 170 different industries.

⁹ www.bls.gov/eag/eag.nc_durham_msa.htm

¹⁰ STR Report, Trailing 12-months, as of February 2015



Durham, NC



LIGHTSTONE

For more information, please call: 888.808.7348

Lightstone, our Sponsor, is a highly-regarded and diversified real estate company located in the United States. Since 1988, founder David Lichtenstein has grown Lightstone to one of the largest privately-held real estate companies in the country, with holdings in 21 states. Operating in all sectors of the real estate market, Lightstone's \$2 billion portfolio currently includes over 6.2 million square feet of office, retail and industrial commercial properties, 10,500 residential units and 3,200 hotel keys. It also owns over 12,000 land lots across the country. Headquartered in New York City, Lightstone continues to grow its local presence with \$1.7 billion worth of projects currently under development in the residential and hospitality sectors.

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 leasable square feet.

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 public non-traded real estate investment trusts.

RISK FACTORS INCLUDE:

(1) This is an initial public offering. There is no public trading market for our Common Shares, and there may never be one; (2) We are a "blind pool" offering because we currently have not identified most of the properties that we may acquire, and you will not have the opportunity to evaluate the merits of such investments. We and our advisor have limited operating history, our advisor has limited experience investing in hotels, and we have no established financing sources; (3) We will pay substantial fees to our advisor and its affiliates, and our advisor and its affiliates, including all our executive officers and some of our directors, will face conflicts of interest caused by their compensation arrangements with us; (4) We may suffer from delays in locating suitable investments, which could adversely affect the return on your investment. Our ability to achieve our investment objectives and to make distributions to our stockholders is dependent upon the performance of our advisor in the acquisition of our investments and the determination of any financing arrangements, as well as the performance of our property managers in the selection of tenants and the negotiation of leases; (5) You are limited in your ability to sell your Common Shares pursuant to our share repurchase program; (6) There is limited liquidity in our Common Shares, and there can be no assurance that a liquidity event will ever occur; (7) There is no guarantee of distributions; we will make some of or all our distributions from sources other than cash flow from operations, including the proceeds of our public offering or from borrowings (including borrowings secured by our assets); our organizational documents do not limit the amount of distributions we can fund from sources other than operating cash flow; (8) There is no limit on the amount of offering proceeds or borrowings we may use to fund distributions. Distributions paid from offering proceeds or borrowings may constitute a return of capital and reduce investor returns. Rates of distribution to you may not be indicative of our operating results; (9) Even if we terminate our advisor for poor performance, the special limited partner (an affiliate of our advisor) may elect to (a) receive cash in an amount equal to its net investment, or (b) retain the subordinated participation interests, and in the case of (a), to receive liquidation distributions as well. Such amounts may be substantial and, as a result, may discourage us from terminating our advisor; (10) We may employ substantial leverage to acquire assets and may acquire properties that are in depressed or overbuilt markets; (11) Investors may lose their entire investment; (12) Our failure to qualify or remain qualified as a REIT would subject us to U.S. federal income tax and potentially state and local tax, and would adversely affect our operations and the market price of our Common Shares; and (13) The share ownership restrictions of the Internal Revenue Code of 1986, as amended, for REITs and the share transfer and ownership restrictions in our charter may inhibit market activity in our Common Shares.

The photos depicted represent actual images of the Property. The Property is currently held within Lightstone Value Plus REIT III, Inc.

Securities offered through Orchard Securities, LLC. Member FINRA/SIPC. Lightstone Capital Markets is a branch office of Orchard Securities, LLC.

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