LIGHTSTONE
Value Plus REIT III

HAMPTON INN & SUITES LANSING WEST

Lansing, MI

Property Acquired: March 2016

THE OPPORTUNITY

The Seller, acting as owner/operator, was a family-owned company with limited hospitality experience. After completing an in-depth review of the company financials, Lightstone found that revenue management was not being done professionally and the property lacked a sales and marketing strategy.

Lightstone believes the previous owner's lack of hospitality experience most likely led to the Property's operational issues. The on-site General Manager was not properly managing the property and worked only on a part-time basis. The GM missed key opportunities to increase revenue and cut expenses. Furthermore, Lightstone believes the hotel would have benefited by having a Director of Sales who would work to increase corporate business penetration and overall occupancy rates.

DEMAND DRIVERS

- **Michigan State University (MSU)**, located nine miles from the Property, is considered one of the top "Public Ivy League Schools" in the Midwest.[5] It has a student population over 50,000 and employs over 12,000 faculty and staff.[6]
- **Spartan Stadium and the Breslin Center**, home of MSU Football and Basketball, have a capacity of 75,000 and 15,000 respectively, and continue to draw sell-out crowds due to the football team's recent victories at the Rose Bowl and Cotton Bowl, and the basketball team's appearances in the Elite Eight and Final Four tournaments.[6]
- **Sparrow Hospital**, located seven miles from the Property, is a 676-bed facility associated with MSU and is the Regional Center for pediatrics, cancer care, trauma care, neurological care, high-risk obstetrics, and neo natal intensive care.[7]
- **Lansing, the State Capital of Michigan**, benefits from a diverse economic base. In addition to MSU, healthcare and government offices, businesses include: General Motors, Auto-Owners Insurance, Lansing Community College and Jackson National Life Insurance.

AT A GLANCE

ACQUISITION PRICE
$10,500,000 / $122,093 per key

EST. REPLACEMENT COST[1]
$11,653,000 / $135,500 per key

NET OPERATING INCOME (NOI)[2]
$1,308,952

OCCUPANCY[3]
68%

AVERAGE DAILY RATE (ADR)[3]
$127.76

REVENUE PER AVAILABLE ROOM (REVPAR)[3]
$86.98

CAP RATE[4]
12.5%

PROPERTY OVERVIEW

Year Built	2013
Total Rooms	86
Land Area	2.28 acres

[1] Data Sources: Consulted Hospitality CPM on secondary select markets to arrive at our estimated cost. Hospitality CPM is experienced with all major brands, and provides clients with total representation overseeing the complexities of hospitality capital improvements. They have provided numerous cost estimates for other Lightstone projects.

[2] Net operating income is based upon the Seller's trailing 12-month unaudited financials, provided at the time 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.

[3] STR Report, Trailing 12-months, as of June, 2015.

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

[5] www.universityreview.org/list-of-public-ivy-schools/

[6] www.msu.edu/about/thisismsu/facts.html

[7] www.sparrow.org/sparrowhospital

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.

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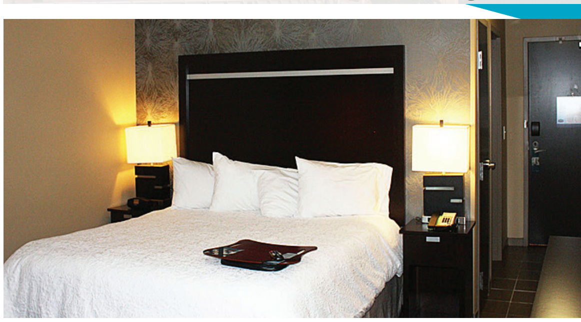
(Additional information, including certain risk factors, are continued on back page.)

PROPERTY OVERVIEW

Hampton Inn & Suites Lansing West is an 86-room, select-service hotel that offers guests contemporary accommodations and is located eight miles from Downtown Lansing. The Property was built in 2013 and features luxurious bedding, bright and airy guestrooms, and LCD flat screen TV's. Guests can also enjoy complimentary Wi-Fi and a hot breakfast in an inviting café setting. Lightstone entered into a 15-year franchise agreement with Hilton commencing upon acquisition.

On-site property amenities include: fitness center, heated indoor swimming pool, 24-hour Suite Shop offering essentials and snacks, 24-hour business center, and an event space that can accommodate up to 60 people in a modern meeting room.

Lansing, MI



LANSING, MI REGIONAL OVERVIEW

Lansing, the State Capital of Michigan, is the 5th largest city in the state. MSU, Sparrow Health System, General Motors, and Auto-Owners Insurance are the largest employers in the city, and provide more than 30,000 jobs to the area.[8] According to Moody's Analytics, the economy is projected to experience increased activity, with Gross Metro Product (GMP) growth rates of 3.7% in 2016 and 3% in 2017. Additionally, unemployment is forecasted to decline from 4.8% in 2015 to 4.6% in 2016.

Lightstone believes the future of the Lansing economy looks bright with several planned construction projects scheduled to commence; General Motors employs over 5,000 people and is increasing its long-term investment; a multipurpose complex is planned for Spring 2016; and renovation plans have been approved for the Lansing City Market.[9] In addition, Kewadin Lansing Casino will be built downtown next to the Lansing Center.[10] Lightstone expects these construction projects will provide an additional boost to the economy over the next few years.

[8] https://www.cityofeastlansing.com/365/Major-Employers
[9] www.lansingchamber.org/?page=EconInvestment
[10] http://www.mlive.com/news/grand-rapids/index.ssf/2015/09/casino_in_downtown_lansing_clo.html

LIGHTSTONE

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

Lightstone, our Sponsor, is a 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 of owned, advised, or managed assets currently includes over 6.2 million leasable square feet of commercial properties, 11,000 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 $2 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 have paid and will continue to 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 have made and will continue to make 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 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.

With the exception of the picture of Lansing, MI at top right, the pictures herein are actual images of the Property, which is owned by Lightstone Value Plus REIT III.

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