



LIGHTSTONE

Value Plus REIT III

COURTYARD PROVIDENCE WARWICK Warwick, RI

Property Acquired: April 2016

AT A GLANCE

ACQUISITION PRICE

\$12,400,000 / \$134,783 per key

EST. REPLACEMENT COST

\$14,996,000 / \$163,000 per key

NET OPERATING INCOME (NOI)¹

\$1,031,834

OCCUPANCY²

79.4%

AVERAGE DAILY RATE (ADR)²

\$129.02

REVENUE PER AVAILABLE ROOM (REVPAR)²

\$102.44

CAP RATE³

8.3% (\$1,031,834 / \$12,400,000)

PROPERTY OVERVIEW

Year Built/Renovated	2003/2014
Total Rooms	92
Land Area (Acres)	2.22 acres

THE OPPORTUNITY

Rhode Island is a key market in New England, leading the nation in occupancy gains in 2015 with a 6.6% increase.⁴

The Property is located 4 miles from T. F. Green Airport, which serves as the primary alternative airport to Boston's Logan Airport. Green Airport began a four year expansion project in 2013 that will improve runway length enabling it to accommodate coast to coast and international flights. In 2015 The 28th Annual Conde Nast Traveler Readers' Choice survey recognized T. F. Green Airport (PVD) as the 3rd best in the United States citing its convenience and location.

The Property was acquired in an off-market transaction at approximately \$134,783 per key; 17% below the estimated replacement cost of \$163,000 per key. The seller developed the property in 2003 and completed substantial public areas and guest rooms' renovations in 2011 and 2014, respectively. They are looking to cycle out of the investment.

DEMAND DRIVERS

- **Rhode Island Convention Center** is the largest convention center in Rhode Island. It contains roughly 130,000 square feet of exhibition space and is connected to the Dunkin' Donuts Center, an indoor arena with current tenants including the Providence Bruins, of the AHL and the Providence College men's basketball team.
- **Warwick Station Redevelopment** comprised of 96 acres of land, the district is planned to become home to 1.5 million square feet of office, retail, hotel and residential developments and is expected to create as much as 675,000 square feet of new multifamily housing in the neighborhoods immediately surrounding the Property.⁵
- **Prominent Employers** in the region include IBM, Fidelity, Accenture, Pepsi, Taco, CVS, and Hewlett Packard.
- **Kent Hospital** is a 346-bed community teaching hospital that is the second-largest single site hospital in the state. The hospital has more than 2,300 employees and a medical staff of 600. The staff handles over 18,000 surgical procedures, 140,000 radiology procedures, and more than 1 million laboratory tests per year.
- **Area Universities include** Brown University, Rhode Island School of Design, Providence College, and Johnson & Wales

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

¹ Net operating income is based on the trailing 12-months, as of January 2016, 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 March 2016.

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 Access HVS Boston, April 2016.

⁵ Completion of the redevelopment cannot be guaranteed.

PROPERTY OVERVIEW

The Courtyard by Marriott Providence Warwick is a 92-room, select-service hotel that offers guests contemporary-styled rooms near Downtown Providence, the RI Convention Center and near TF Green Warwick Providence Airport. Guest rooms were updated in 2014 and feature complimentary high-speed Internet, Desks, 32" flat screen TV's with premium cable channels, Mini-Fridges, microwaves and coffeemakers.

Social spaces include a living room-style lobby. The American restaurant serves breakfast and dinner as well as all-day drinks, including Starbucks coffee. There's also a business center with workstations and printers, and a meeting room. Other amenities include an indoor pool, a whirlpool and an exercise room, plus a complimentary area shuttle and free on-site parking. Lightstone obtained a 15-year franchise agreement from Marriott commencing upon acquisition.

WARWICK, RI REGIONAL OVERVIEW

Warwick, Rhode Island is the second largest city in the state of Rhode Island, located approximately 12 miles south of downtown Providence, 63 miles southwest of Boston, Massachusetts, and 171 miles northeast of New York City. Conveniently located in the middle of the state, Warwick is host to T.F. Green State Airport and is easily accessible by I-95 the East Coast's most important interstate highway, extending along the Atlantic Coast between Florida and Maine. There are also plans to build an Amtrak train station near the airport, which would allow the City to have the closest air-rail link of any community in the country.⁶

According to ESRI, the region is poised for 12.8% per capita income growth from 2015 to 2020.⁷ When compared to the nation's top markets, Rhode Island outperforms 13 of the STR's top 25 lodging MSAs by RevPAR, including Atlanta, Houston, and Orlando. Through October 2015, the market's growth trajectory has accelerated, with RevPAR increasing 13% over the equivalent period in 2014.

⁶ The completion of this train station is speculative and cannot be guaranteed.

⁷ Projections cannot be relied upon.



Providence, RI (located only 12 miles from the hotel)



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 25 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 million leasable square feet of commercial properties, 11,000 residential units and 3,515 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 \$2.5 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 Providence, RI 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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