

LIGHTSTONE

Value Plus REIT III

HOME2 SUITES SALT LAKE CITY South Jordan, UT

Property Acquired: August 2016



AT A GLANCE

ACQUISITION PRICE

\$19,250,000 / (\$154,000/KEY)

EST. REPLACEMENT COST

\$19,440,250 / (\$155,522/KEY)

NET OPERATING INCOME (NOI)¹

\$1,709,543

OCCUPANCY²

76.16%

AVERAGE DAILY RATE (ADR)²

\$109.24

REVENUE PER AVAILABLE ROOM (REVPAR)²

\$83.20

CAP RATE³

8.9% (\$1,709,543 / \$19,250,000)

PROPERTY OVERVIEW

Year Opened	December 2013
Total Rooms	125

THE OPPORTUNITY

Over the past two decades South Jordan has shifted towards an urbanized economy, transforming into a commuter town of Salt Lake City (SLC). The SLC Southwest office submarket, in which South Jordan resides, boasts the lowest vacancy rate in the entire market at 1.4%.⁴ The two cities boast a highly integrated transportation infrastructure, utilizing commuter rail, street-level trolley and bus routes.

A key factor behind the growth of the submarket is the Daybreak Commerce Park located in the west boundaries of South Jordan. The location, quality, and condition of the Home2 Suites Salt Lake City is unique since it is the only hotel located within the office park.

Long-term plans for Daybreak call for the development of 8.3 million square feet of office and flexible industrial space. Although projections cannot be relied upon, it is expected that two TRAX light rail line stations connecting the office park with SLC will service the business park and allow for easy commute for nearby residents. Currently, 11,000 residents dwell within the development, which has been growing into a self-sustaining community with four eateries, six community gardens and a regional healthcare center.

Lightstone plans to implement a revamped sales and marketing strategy and include an in-house revenue management team attracting the expanding corporate traveler.

DEMAND DRIVERS

- **RiverPark Corporate Center** is a 120-acre business park comprised of 15 buildings totaling 1.7 million square feet of class-A office space and retail space.⁵ Currently the office park is 99.3% occupied.⁵ There is an opportunity to expand the RiverPark Corporate Center through development of adjacent property.⁵
- **eBay** has a data center housed within the 224-acre Daybreak Commerce Park Residential Development, and is just 20 minutes from SLC. eBay is building two additional centers, creating a campus-like configuration. Other major companies with development and manufacturing operations nearby include Boeing, Oracle, Dannon and Sysco.
- **Rio Tinto** owns and operates the Bingham Canyon Mine, one of the top producing open-pit copper mines in the world. Through its Rio Tinto Kennecott division based in South Jordan, the regional headquarters for Rio Tinto directly employs more than 2,800 people and is the largest private economic driver in Utah.⁶

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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 July 2016, 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 Cushman & Wakefield

⁵ riverparkcorporatecenter.com, as of August 2016.

⁶ kennecott.com

PROPERTY OVERVIEW

Home2 Suites by Hilton Salt Lake City/South Jordan, UT is a 125 modern All-Suite hotel built in 2013. The Property is the exclusive hotel within the RiverPark Corporate Center, a master-planned, 120-acre business park comprised of 15 buildings totaling 1.7 million square feet of office and retail space.

The Hotel is located within walking distance from shopping and dining and features modern and innovative suites. Suites consist of standard studios and one-bedroom suites, guests enjoy spacious living, cooking and sleeping areas. A fully equipped kitchen, complimentary Wi-Fi and in-room media hub are also available.

Lightstone entered into a 18-year franchise agreement with Hilton upon acquisition.

SOUTH JORDAN, REGIONAL OVERVIEW

South Jordan, UT is a suburb of SLC, conveniently located 17 miles from downtown SLC. SLC is the capital and most populous city in Utah. It benefits from being at the center of the state's major economic drivers, business activities and leisure offerings. SLC is situated in the foothills of the Wasatch Mountain Range and started as a town focused on the steel mining and railroad industries. The nearby Bingham Canyon Mine is the world's largest open-pit mining operation, which provided the area with a solid source of income as well as laid the groundwork for a prosperous industrial economy.

The SLC metropolitan area has experienced a consistent growth in population over the past five years, with an average annual growth rate of 1.5%, causing the population to climb to approximately 2.5 million people. The burgeoning state of Utah is the fourth fastest growing in nation, as of 2014, and the median age of the population is among the lowest in the United States, contributing to a young, well-educated labor force.⁴

The area is a highly regarded ski destination with several world-class ski resorts within an hour of downtown.⁴ Playing host to the 2002 Winter Olympics, SLC was put on a global stage to showcase a myriad of ski courses and ice sport facilities including Alta, Deer Valley and Park City Mountain Resorts.



Salt Lake City, UT



LIGHTSTONE

For more information, please call: 800.304.0210

Lightstone is one of the most highly-regarded and diversified real estate companies 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 26 states. Operating in all sectors of the real estate market, Lightstone's \$2 billion portfolio currently includes over 5 million square feet of office, retail and industrial commercial properties, 10,000 residential units and 3,843 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 Salt Lake City, UT 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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