

LIGHTSTONE

Value Plus REIT III

HOME2 SUITES SEATTLE AIRPORT Tukwila, WA

Property Acquired: August 2016



AT A GLANCE

ACQUISITION PRICE

\$28,000,000 / (\$201,439/KEY)

EST. REPLACEMENT COST

\$29,079,912 / (\$209,208/KEY)

NET OPERATING INCOME (NOI)¹

\$1,902,787

OCCUPANCY²

62.86%

AVERAGE DAILY RATE (ADR)²

\$138.24

REVENUE PER AVAILABLE ROOM (REVPAR)²

\$86.90

CAP RATE³

6.8% (\$1,902,787 / \$28,000,000)

PROPERTY OVERVIEW

Year Opened	July 2015
Total Rooms	139

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 Reporting, Trailing 9-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 boeing.com/company/about-bca/renton-production-facility.page

THE OPPORTUNITY

As a new hotel in a growing corporate community, the Property, Lightstone believes, is strategically located to capture the business traveler market. Many Fortune 500 and Blue Chip companies maintain offices in this Seattle Southend suburban district (Tukwila, Renton, Kent and SeaTac), including Boeing, Group Health Cooperative, REI, Providence Health Systems, as well as several medical research institutes.

Lightstone plans to implement a revamped sales and marketing strategy to attract travelers and also include a new in-house revenue management team, in order to increase occupancy.

DEMAND DRIVERS

- **Seattle-Tacoma International Airport** is located just minutes from the Property and recently has been one of the nation's fastest growing international hubs, located 20 minutes south of downtown Seattle.⁴ The airport has recently proposed the addition of 35 gates to accommodate estimated average growth of over one million passengers annually over the next 20 years.⁴
- **Boeing Renton Factory** is less than 20 minutes from the Property and is Boeing's most active manufacturing plant. The 1.1 million square foot factory produces the entire next generation 737 fleet. Boeing is the world's largest aerospace company and the state's largest private employer, supporting 85,000 jobs locally.⁵
- **Seattle** is home to several professional sports teams including the Seahawks (football), Mariners (baseball) and Sounders (soccer). The Property is located less than 20 minutes from the venues these teams play in. Additionally, the Property is located just nine miles from Virginia Mason Athletic Center, the headquarters and practice facility for the Seahawks.
- **Westfield Southcenter Mall** is a 1.7 million square foot mall in Tukwila, and is the largest shopping mall in the greater Pacific Northwest region.⁴ The four-story shopping center houses over 220 storefronts and four departments stores (Nordstrom, Macy's, JCPenney and Sears).⁴ The mall averages attendance of over 12 million shoppers annually.⁴

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

Home2 Suites by Hilton Seattle Airport opened in 2015 and is conveniently situated five miles from Seattle-Tacoma International Airport, making it a useful base for travelers who need to catch an early flight.

Guests enjoy proximity to Boeing Renton, Providence Health Systems and REI HQ, and easy access to major freeways, restaurants, and shopping and outdoor recreation opportunities. Amenities include complimentary Wi-Fi and a large, movable work/dining table, a full kitchen, complete with a microwave, dishwasher, refrigerator, flatware and utensils. Small pets are welcomed.

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

SEATTLE AIRPORT, REGIONAL OVERVIEW

The Seattle-Tacoma-Bellevue Metropolitan Statistical Area (Seattle MSA), which encompasses the three counties of King, Snohomish and Pierce, carries a population of over 3.65 million residents, over half the state of Washington's population.⁴ The region is situated along Puget Sound, which originates from the northwest Pacific inlet known as the Salish Sea, making its way south along the eastern basins of Mount Olympus. Ease of access to its ports, as well as proximity to Alaska, Canada and Asia, helped Seattle quickly establish itself as one of the largest commercial centers in the United States.

Today, Seattle is the 15th largest MSA nationally. With an economy that has evolved far beyond its logging and shipbuilding origins; the Seattle MSA today produces over \$300 billion in GDP annually, ranking it the 11th largest economy in the nation.⁴ Seattle remains a force in domestic and international trade, manifesting itself as a leader of modern aerospace production. Seattle is also a force in high-tech/biomedical research, as well as an incubator for software and internet-based startups. Blue chip firms such as Microsoft, Amazon, Boeing, Starbucks, Nordstrom, Costco, Expedia, Nintendo, REI, PACCAR, Emeritus, Weyerhaeuser and Expeditors International all consider Seattle their home.



Downtown Seattle, WA



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 Downtown Seattle, WA 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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