Filed pursuant to Rule 424(b)(3)
Registration No. 333-195292

LIGHTSTONE VALUE PLUS REAL ESTATE INVESTMENT TRUST III, INC.
SUPPLEMENT NO. 2, DATED AUGUST 31, 2016, TO PROSPECTUS DATED JUNE 30, 2016

This prospectus supplement, dated August 31, 2016 ("Supplement No. 2") is part of the prospectus of Lightstone Value Plus Real Estate Investment Trust III, Inc. (the "Company," "we," "us" or "our"), dated June 30, 2016 (the "Prospectus") as supplemented by Supplement No. 1, dated July 22, 2016 ("Supplement No. 1"). This Supplement No. 2 supplements, modifies or supersedes certain information contained in the Prospectus and Supplement No. 1, and must be read in conjunction with the Prospectus and Supplement No. 1. This Supplement No. 2 forms a part of, and must be accompanied by, the Prospectus and Supplement No. 1.

The primary purposes of this Supplement No. 2 are to:

1. provide an update on the status of our initial public offering;
2. add disclosure relating to our property investments ; and
3. attach as Annex A to this Supplement No. 2 our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, filed with the Securities and Exchange Commission on August 8, 2016 (excluding the exhibits thereto).

Status of the Offering

We commenced our best efforts initial public offering of up to 30.0 million shares of common stock, or Common Shares (excluding shares to be issued under the distribution reinvestment plan, or DRIP), on July 15, 2014. On December 11, 2014, we satisfied the general escrow conditions of our public offering of common stock. On such date, we received and accepted aggregate subscriptions in excess of 200,000 Common Shares, broke general escrow and issued Common Shares to our initial investors. On January 6, 2015, we received and accepted aggregate subscriptions in excess of $2.5 million of common stock, the minimum offering amount needed in order to release from escrow proceeds received from New York residents and issue Common Shares to such investors. On July 15, 2015, we received and accepted aggregate subscriptions in excess of $15.0 million of common stock, the minimum offering amount needed in order to release from escrow proceeds received from Pennsylvania residents and issue Common Shares to such investors. Because we did not receive aggregate subscriptions in excess of $20.0 million of common stock from Tennessee investors within one year from the effective date of this offering, the escrow agent refunded Tennessee investors' funds, together with any interest earned on their investments. On August 17, 2015, the Securities Division of the Department of Commerce and Insurance of the State of Tennessee rescinded the minimum aggregate closing amount for Tennessee investors and we are now accepting subscriptions from Tennessee residents.

We initially expected to offer the Common Shares offered in our primary offering over a two-year period, or until July 15, 2016. However, because we had not sold all the Common Shares offered in our primary offering within two years, we will continue the primary offering for an additional year, until July 15, 2017, provided that the offering will be terminated if all 30.0 million shares of our common stock are sold before such date (subject to our right to reallocate shares offered pursuant to the DRIP for sale in our primary offering).

Shares Currently Available for Sale

As of August 19, 2016, we had received aggregate gross proceeds of $91.0 million from the sale of approximately 9.3 million Common Shares in our primary offering (including $2.0 million in Common Shares at a purchase price of $9.00 per Common Share to an entity 100% owned by David Lichtenstein, who also owns a majority interest in our sponsor). We have also issued approximately 121,000 Common Shares under our DRIP. As of August 19, 2016, there were 9.4 million Common Shares outstanding, including shares issued under the DRIP. As of August 19, 2016, there were 20.7 million Common Shares available for sale, excluding shares available under our DRIP.

PROSPECTUS UPDATES

DESCRIPTION OF REAL ESTATE INVESTMENTS

The following disclosure is added on page 146 of the Prospectus at the end of section titled "DESCRIPTION OF REAL ESTATE INVESTMENTS - Specific Investments":

Portfolio Acquisition of a Home2 Suites Hotel Located in Salt Lake City, Utah and a Home2 Suites Hotel Located in Tukwila, Washington, collectively, the Home2 Hotel Portfolio

On August 2, 2016, we, through LVP H2S Salt Lake City LLC, or LVP H2S Salt Lake City and LVP H2S Seattle LLC, or LVP H2S Seattle, both subsidiaries of our operating partnership, entered into Assignment and Assumption of Purchase and Sale Agreements, or the Home2 Suites Assignments, with Lightstone Acquisitions VI LLC, the Home2 Suites Assignor, an affiliate of our sponsor. Under the terms of the Home2 Suites Assignments, LVP H2S Seattle and LVP H2S Salt Lake City were assigned the rights and assumed the obligations of the Home2 Suites Assignor with respect to certain Purchase and Sale Agreements, or the Home2 Suites Purchase Agreements, dated May 9, 2016, as amended, made between the Home2 Suites Assignor, as the purchaser, and Widewaters Hotels, LLC, or the Home2 Suites Seller as the seller, whereby the Home2 Suites Assignor contracted to purchase (i) a 125-room select service hotel located in Salt Lake City, Utah, or the Home2 Suites – Salt Lake City and (ii) a 139-room select service hotel located in Tukwila, Washington, or the Home2 Suites – Seattle and collectively, the Home2 Suites Hotel Portfolio, pursuant to existing franchise agreements with Hilton Franchise Holding LLC, or Hilton.

On August 2, 2016, we, through LVP H2S Salt Lake City and LVP H2S Seattle, completed the acquisition of the Home2 Suites Hotel Portfolio from the Home2 Suites Seller, an unrelated third party, for approximately $47.3 million, excluding closing and other acquisition related costs. The acquisition was funded with offering proceeds. In connection with the acquisition, our advisor received an acquisition fee equal to 1.0% of the aggregate purchase price of $47.3 million, or approximately $473,000.

The Home2 Suites - Salt Lake City is located in South Jordan, Utah, a suburb of Salt Lake City. The property opened in 2013 and is the exclusive hotel within the RiverPark Corporate Center, a 120-acre business park comprised of 15 buildings totaling 1.7 million square feet of office and retail space. The hotel is also conveniently located near Alta Ski Resort, a major recreational destination in Utah. The Home2 Suites - Seattle is located in Tukwila, Washington, opened in 2015 and is situated five miles from the Seattle-Tacoma International Airport, one of the nation's fastest growing international hubs. Located only 20 minutes south of downtown Seattle, several major companies maintain a presence in this area including, Boeing, REI and Group Health Cooperative.

We established a separate taxable REIT subsidiary, or TRS, for both the Home2 Suites - Salt Lake City and the Home2 Suites - Seattle which have each entered into operating lease agreements for each respective hotel, or the Home2 Suites Hotel Portfolio Lease Agreements. The Home2 Suites Hotel Portfolio Lease Agreements each have an initial term of five years and provide for rents from 43% to 46% of gross revenues, as defined. The Home2 Suites Hotel Portfolio Lease Agreements provide for two additional five-year extensions and may be terminated with requisite written notice, by either party, in advance of the anniversary date. Each TRS entered into a separate management agreement with an unrelated third party management company for the management of the respective hotel and a franchise agreement, the Home2 Suites Franchise Agreements with Hilton, pursuant to which each hotel will continue to operate as a "Home2 Suites by Hilton," commencing on August 2, 2016 through 2034.

The capitalization rate for the acquisition of the Home2 Suites Hotel Portfolio was approximately 8.4%. The Company calculates the capitalization rate for a real property by dividing the NOI of the property by the purchase price of the property, excluding costs. For purposes of this calculation, NOI was determined using the projected or budgeted NOI of the property based upon then-current projections. Additionally, NOI is all gross revenues from the property less all operating expenses, including property taxes and management fees but excluding depreciation.

Property Information

Home2 Suites – Salt Lake City

The Home2 Suites - Salt Lake City opened in December 2013. The average occupancy rate, the average daily rate, or ADR and the revenue per available room, or RevPAR, since opening are as follows:

Period	Average Occupancy Rate	ADR	RevPAR
Six months ended June 30, 2016	65.1%	$ 111.33	$ 89.08
Year ended December 31, 2015	76.0%	$ 101.13	$ 81.57
Year ended December 31, 2014	64.3%	$ 125.98	$ 65.03

Realty taxes paid and/or accrued for the year ended December 31, 2015 were approximately $0.1 million, at an annual rate of 1.4%, for the Home2 Suites - Salt Lake City.

Home2 Suites - Seattle

The Home2 Suites - Seattle opened in August 2015. The average occupancy rate, the average daily rate, or ADR and the revenue per available room, or RevPAR, since opening are as follows:

Period	Average Occupancy Rate	ADR	RevPAR
Six months ended June 30, 2016	69.2%	$ 134.51	$ 93.13
For the period August through December 31, 2015	61.3%	$ 140.93	$ 86.33

Realty taxes paid and/or accrued for the period from August through December 31, 2015 were approximately $0.2 million, at an annual rate of 1.3%, for Home2 Suites - Seattle.

Depreciation is taken on the properties. To the extent that property is acquired for cash, the initial basis in such property for U.S. federal income tax purposes generally is equal to the purchase price paid. We generally depreciate such depreciable property for U.S. federal income tax purposes on a straight-line basis using an estimated useful life of 39 years.

The basis of the properties for U.S. federal income tax purposes generally approximates its net book value in accordance with GAAP.

We believe that the Home2 Suites - Salt Lake City and the Home2 Suites - Seattle are both favorably located and are subject to competition from similar properties within their market areas, and their economic performances could be affected by changes in local economic conditions.

Annex A

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q
(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________to

Commission file number 000-55619

LIGHTSTONE VALUE PLUS REAL ESTATE INVESTMENT TRUST III, INC.
(Exact Name of Registrant as Specified in Its Charter)

Maryland **(State or Other Jurisdiction of Incorporation or Organization)**	**46-1140492** **(I.R.S. Employer Identification No.)**
1985 Cedar Bridge Avenue, Suite 1 **Lakewood, New Jersey** **(Address of Principal Executive Offices)**	**08701** **(Zip Code)**

(732) 367-0129
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☑

As of August 1, 2016, there were approximately 8.8 million outstanding shares of common stock of Lightstone Value Plus Real Estate Investment Trust III, Inc., including shares issued pursuant to the dividend reinvestment plan.

LIGHTSTONE VALUE PLUS REAL ESTATE INVESTMENT TRUST III, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION, CONTINUED:
ITEM 1. FINANCIAL STATEMENTS, CONTINUED:

LIGHTSTONE VALUE PLUS REAL ESTATE INVESTMENT TRUST III, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2016 (Unaudited)	December 31, 2015
Assets		
Investment property:		
Land and improvements	$ 4,161,202	$ 2,205,864
Building and improvements	59,420,538	22,258,087
Furniture and fixtures	7,364,669	2,501,282
Construction in progress	229	1,175,110
Gross investment property	70,946,638	28,140,343
Less accumulated depreciation	(1,605,511)	(731,289)
Net investment property	69,341,127	27,409,054
Cash	10,998,433	6,747,401
Deposits	3,000,000	1,000,000
Prepaid expenses and other assets	1,596,154	459,105
Total Assets	$ 84,935,714	$ 35,615,560
Liabilities and Stockholders' Equity		
Accounts payable and other accrued expenses	$ 2,847,265	$ 1,285,160
Revolving promissory notes payable, net - related party	16,012,500	2,003,614
Due to related parties	198,126	1,159,314
Distributions payable	342,682	188,253
Total liabilities	19,400,573	4,636,341
Commitments and Contingencies		
Stockholders' Equity:		
Company's stockholders' equity:		
Preferred stock, $0.01 par value; 50,000,000 shares authorized, none issued and outstanding	-	-
Common stock, $0.01 par value; 200,000,000 shares authorized, 6,938,876 and 4,009,656 shares issued and outstanding, respectively	69,389	40,097
Additional paid-in-capital	57,947,032	32,081,648
Subscription receivable	(87,305)	(344,371)
Accumulated deficit	(3,486,598)	(1,499,970)
Total Company stockholders' equity	54,442,518	30,277,404
Noncontrolling interests	11,092,623	701,815
Total Stockholders' Equity	65,535,141	30,979,219
Total Liabilities and Stockholders' Equity	$ 84,935,714	$ 35,615,560

The accompanying notes are an integral part of these consolidated financial statements.

PART I. FINANCIAL INFORMATION, CONTINUED:
ITEM 1. FINANCIAL STATEMENTS, CONTINUED:

LIGHTSTONE VALUE PLUS REAL ESTATE INVESTMENT TRUST III, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues	$ 4,953,528	$ 1,620,917	$ 6,924,973	$ 2,174,339
Expenses:				
Property operating expenses	2,802,497	933,274	4,101,638	1,246,529
Real estate taxes	217,901	64,819	317,255	96,553
General and administrative costs	893,906	382,321	1,498,834	653,269
Depreciation and amortization	613,436	194,427	891,752	251,872
Total operating expenses	4,527,740	1,574,841	6,809,479	2,248,223
Operating income/(loss)	425,788	46,076	115,494	(73,884)
Interest expense	(287,473)	(255,940)	(377,437)	(352,233)
Other expense, net	(871)	(4,089)	(2,224)	(4,464)
Net income/(loss)	137,444	(213,953)	(264,167)	(430,581)
Less: net (income)/loss attributable to noncontrolling interests	(8)	39	2	73
Net income/(loss) applicable to Company's common shares	$ 137,436	$ (213,914)	$ (264,165)	$ (430,508)
Net income/(loss) per Company's common shares, basic and diluted	$ 0.02	$ (0.19)	$ (0.05)	$ (0.51)
Weighted average number of common shares outstanding, basic and diluted	6,686,377	1,151,224	5,765,835	841,614

The accompanying notes are an integral part of these consolidated financial statements.

PART I. FINANCIAL INFORMATION:
ITEM 1. FINANCIAL STATEMENTS.

LIGHTSTONE VALUE PLUS REAL ESTATE INVESTMENT TRUST III, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Shares						
	Common Shares	Amount	Additional Paid-In Capital	Subscription Receivable	Accumulated Deficit	Total Noncontrolling Interests	Total Equity
BALANCE, December 31, 2015	4,009,656	$ 40,097	$ 32,081,648	$ (344,371)	$ (1,499,970)	$ 701,815	$ 30,979,219
Net loss	-	-	-	-	(264,165)	(2)	(264,167)
Distributions declared	-	-	-	-	(1,722,463)	-	(1,722,463)
Distributions paid to noncontrolling interests	-	-	-	-	-	(60)	(60)
Contributions from noncontrolling interests	-	-	-	-	-	10,390,870	10,390,870
Proceeds from offering	2,887,000	28,870	28,686,874	257,066	-	-	28,972,810
Selling commissions and dealer manager fees	-	-	(2,728,129)	-	-	-	(2,728,129)
Other offering costs	-	-	(491,487)	-	-	-	(491,487)
Shares issued from distribution reinvestment program	47,299	473	448,865	-	-	-	449,338
Redemption and cancellation of shares	(5,079)	(51)	(50,739)	-	-	-	(50,790)
BALANCE, June 30, 2016	6,938,876	$ 69,389	$ 57,947,032	$ (87,305)	$ (3,486,598)	$ 11,092,623	$ 65,535,141

The accompanying notes are an integral part of these consolidated financial statements.

PART I. FINANCIAL INFORMATION, CONTINUED:
ITEM 1. FINANCIAL STATEMENTS, CONTINUED:

LIGHTSTONE VALUE PLUS REAL ESTATE INVESTMENT TRUST III, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (264,167)	$ (430,581)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	891,752	251,872
Amortization of deferred financing costs	89,167	63,333
Other non-cash adjustments	2,935	868
Changes in assets and liabilities:		
Increase in prepaid expenses and other assets	(507,514)	(256,374)
Increase in accounts payable and other accrued expenses	1,566,032	549,725
Increase in due to related party	99,899	605
Net cash provided by operating activities	1,878,104	179,448
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment property	(42,170,113)	(26,273,699)
Refundable escrow deposits	(3,000,000)	-
Cash used in investing activities	(45,170,113)	(26,273,699)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving promissory notes payable - related party	24,200,000	20,200,000
Payments on revolving promissory notes payable - related party	(10,055,281)	(2,401,808)
Payment of loan fees and expenses	(475,000)	(100,000)
Proceeds from issuance of common stock	28,972,810	11,454,847
Payment of commissions and offering costs	(4,320,812)	(2,055,098)
Contribution of noncontrolling interests	10,390,870	-
Distributions to noncontrolling interests	(60)	(57)
Distributions to common stockholders	(1,118,696)	(137,501)
Redemption and cancellation of common shares	(50,790)	-
Net cash provided by financing activities	47,543,041	26,960,383
Net change in cash	4,251,032	866,132
Cash, beginning of year	6,747,401	1,738,026
Cash, end of period	$ 10,998,433	$ 2,604,158
Supplemental cash flow information for the periods indicated is as follows:		
Cash paid for interest	$ 114,645	$ 214,397
Distributions declared, but not paid	$ 342,682	$ 66,956
Commissions and other offering costs accrued but not paid	$ 380,269	$ 195,072
Revolving promissory note origination fee accrued but not paid	$ -	$ 130,000
Subscription receivable	$ 87,305	$ 136,037
Value of shares issued from distribution reinvestment program	$ 449,338	$ 55,286
Application of deposit to acquisition of investment property	$ 1,000,000	$ 500,000
Investment property acquired but not paid	$ 81,626	$ -

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

1. *Organization*

Lightstone Value Plus Real Estate Investment Trust III, Inc. (''Lightstone REIT III''), incorporated on October 5, 2012, in Maryland, intends to elect to qualify and be taxed as a real estate investment trust (''REIT'') for U.S. federal income tax purposes beginning with the taxable year ended December 31, 2015. The Company has and will continue to seek to acquire hotels and other commercial real estate assets primarily located in the United States. All such properties may be acquired and operated by the Company alone or jointly with another party. The Company may also originate or acquire mortgage loans secured by real estate.

The Lightstone REIT III is structured as an umbrella partnership REIT, or UPREIT, and substantially all of its current and future business will be conducted through Lightstone Value Plus REIT III LP, a Delaware limited partnership (the ''Operating Partnership'').

Lightstone REIT III and the Operating Partnership and its subsidiaries are collectively referred to as the "Company" and the use of "we," "our," "us" or similar pronouns refers to Lightstone REIT III, its Operating Partnership or the Company as required by the context in such pronoun used.

Lightstone REIT III sold 20,000 Common Shares to Lightstone Value Plus REIT III LLC, a Delaware limited liability company (the ''Advisor''), an entity majority owned by David Lichtenstein, on December 24, 2012, for $10.00 per share. Mr. Lichtenstein also is a majority owner of the equity interests of Lightstone REIT III's sponsor, The Lightstone Group, LLC (the ''Sponsor''). Subject to the oversight of the Company's board of directors (the "Board of Directors"), the Advisor has primary responsibility for making investment decisions and managing the Company's day-to-day operations. Through his ownership and control of The Lightstone Group, Mr. Lichtenstein is the indirect owner of the Advisor and the indirect owner and manager of Lightstone SLP III LLC, which has subordinated participation interests in the Operating Partnership. Mr. Lichtenstein also acts as the Company's Chairman and Chief Executive Officer. As a result, he exerts influence over but does not control Lightstone REIT III or the Operating Partnership.

Lightstone REIT III invested the proceeds received from the Advisor in the Operating Partnership, and as a result, held a 99% general partnership interest as of June 30, 2016 in the Operating Partnership's partner units.

The Company's registration statement on Form S-11 (the "Offering"), pursuant to which it is offering to sell up to 30,000,000 shares of its common stock, par value $0.01 per share, (which may be referred to herein as ''shares of common stock'' or as ''Common Shares'') for an initial offering price of $10.00 per share, subject to certain volume and other discounts (the "Primary Offering") (exclusive of 10,000,000 shares available pursuant to its distribution reinvestment plan (the "DRIP") which are offered at a discounted price equivalent to 95% of the Primary Offering price per Common Share) was declared effective by the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933 on July 15, 2014. On June 30, 2016, the Company adjusted the offering price to $9.50 per Common Share in its Primary Offering, which was equal to the Company's estimated net asset value ("NAV") per Common Share as of March 31, 2016, and effective July 25, 2016, the Company's offering price was adjusted to $10.00 per Common Share in its Primary Offering, which is equal to the estimated NAV per Common Share as of June 30, 2016. As of June 30, 2016, the Company had received gross proceeds of $67.9 million from the sale of 6.9 million shares of its common stock (including $2.0 million in Common Shares at a purchase price of $9.00 per Common Share to an entity 100% owned by David Lichtenstein, who also owns a majority interest in the Company's Sponsor). The Company initially expected to offer the Common Shares offered in its Primary Offering over a two-year period, or until July 15, 2016. However, because the Company had not sold all the Common Shares offered in its Primary Offering within two years, the Company will continue the Primary Offering for an additional year, until July 15, 2017, provided that the Offering will be terminated if all 30.0 million shares of our common stock are sold before such date. The Company reserves the right to reallocate the shares of common stock it is offering between the Primary Offering and the DRIP. Additionally, the Offering may be terminated at any time.

The Company has no employees. The Company has retained the Advisor to manage its affairs on a day-to-day basis. Beacon Property Management Limited Liability Company and Paragon Retail Property Management LLC (the ''Property Managers''), both affiliates of the Sponsor, may serve as property managers and/or the Company may utilize third-party property managers. Orchard Securities, LLC (the ''Dealer Manager''), a third-party not affiliated with the Company, the Sponsor or the Advisor, serves as the dealer manager of the Company's public offering. In addition to the Property Managers, the Advisor is also an affiliate of the Sponsor. These related parties receive compensation and fees for services related to the investment and management of the Company's assets.

Noncontrolling Interests

Partners of Operating Partnership

On July 16, 2014, the Advisor contributed $2,000 to the Operating Partnership in exchange for 200 limited partner units in the Operating Partnership. The limited partner has the right to convert operating partnership units into cash or, at the option of the Company, an equal number of common shares of the Company, as allowed by the limited partnership agreement.

Lightstone SLP III LLC (the ‘‘Special Limited Partner’’), a Delaware limited liability company of which Mr. Lichtenstein is the majority owner, is a special limited partner in the Operating Partnership and has committed to make a significant equity investment in the Company of up to $36.0 million, which is equivalent to 12.0% of the $300.0 million maximum amount of the Offering. Specifically, the Special Limited Partner has committed to purchase subordinated participation interests in the Operating Partnership (the “Subordinated Participation Interests”) quarterly in an amount equal to the product of (i) $10.00 minus our then current estimated NAV per Common Share, multiplied by (ii) the number of our Common Shares outstanding. The Operating Partnership will issue one Subordinated Participation Interest for each $50,000 in cash or interests in real property of equivalent value that the Special Limited Partner contributes. The Special Limited Partner’s obligation will continue until the earlier of: (i) the termination of the Offering; (ii) the Special Limited Partner’s purchase of an aggregate of $36.0 million of Subordinated Participation Interests and (iii) the receipt of gross offering proceeds of $300.0 million. The Special Limited Partner may elect to purchase the Subordinated Participation Interests for cash or may contribute interests in real property of equivalent value.

Through June 30, 2016, the Special Limited Partner has purchased an aggregate of approximately 222 Subordinated Participation Interests in consideration of $11.1 million, including approximately 208 Subordinated Participation Interests in consideration of $10.4 million during the six months ended June 30, 2016. The Special Limited Partner may elect to purchase the Subordinated Participation Interests for cash or may contribute interests in real property of equivalent value. The Subordinated Participation Interests may be entitled to receive liquidation distributions upon the liquidation of Lightstone REIT III.

2. *Summary of Significant Accounting Policies*

The accompanying unaudited interim consolidated financial statements and related notes should be read in conjunction with the audited Consolidated Financial Statements of the Company and related notes as contained in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015. The unaudited interim financial statements include all adjustments (consisting only of normal recurring adjustments) and accruals necessary in the judgment of management for a fair statement of the results for the periods presented. The accompanying unaudited consolidated financial statements of the Lightstone Value Plus Real Estate Investment Trust III, Inc. and its Subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). GAAP requires the Company’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during a reporting period. The most significant assumptions and estimates relate to the valuation of real estate, depreciable lives, and revenue recognition. Application of these assumptions requires the exercise of judgment as to future uncertainties and, as a result, actual results could differ from these estimates.

The unaudited consolidated statements of operations for interim periods are not necessarily indicative of results for the full year or any other period.

To qualify or maintain our qualification as a REIT, we engage in certain activities through wholly-owned taxable REIT subsidiaries (“TRS”). As such, we are subject to U.S. federal and state income and franchise taxes from these activities.

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of Lightstone REIT III and the Operating Partnership and its subsidiaries (over which the Company exercises financial and operating control). As of June 30, 2016, the Lightstone REIT III had a 99% general partnership interest in the common units of the Operating Partnership. All inter-company accounts and transactions have been eliminated in consolidation. In determining whether the Company has a controlling financial interest in a joint venture and the requirement to consolidate the accounts of that entity, management considers factors such as ownership interest, authority to make decisions and contractual and substantive participating rights of the other partners or members as well as whether the entity is a variable interest entity for which the Company is the primary beneficiary.

Reclassifications

Certain prior period amounts may have been reclassified to conform to the current year presentation.

New Accounting Pronouncements

In September 2015, the Financial Accounting Standards Board ("FASB") issued an accounting standards update to simplify the accounting for adjustments made to provisional amounts during the measurement period of a business combination. The amendment requires the acquirer to recognize adjustments to provisional amounts identified during the measurement period in the reporting period in which the adjustment amount is determined. The acquirer is required to also record, in the same period's financial statements, the effect on earnings as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The amendments are effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The amendments should be applied prospectively to adjustments to provisional amounts that occur after the effective with earlier application permitted for financial statements that have not been issued. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In May 2014, the FASB issued an accounting standards update that completes the joint effort by the FASB and International Accounting Standards Board to improve financial reporting by creating common revenue recognition guidance for GAAP and International Financial Reporting Standards. The update applies to all companies that enter into contracts with customers to transfer goods or services and is effective for us for interim and annual reporting periods beginning after December 15, 2016. Early application is not permitted and companies have the choice to apply the update either retrospectively to each reporting period presented or by recognizing the cumulative effect of applying the update at the date of initial application (January 1, 2017) and not adjusting comparative information. In August 2015, the FASB decided to delay the effective date of the new revenue standard by one year. The Company is currently evaluating the requirements and impact of this update on its consolidated financial statements.

In April 2015, the FASB issued an accounting standards update to simplify the presentation of debt issuance costs. This update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The SEC staff noted that this update did not address situations where a company has debt issuance costs related to line-of-credit arrangements. As a result, the FASB issued an additional update which states that the SEC staff would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The Company adopted this standard during the quarter ended March 31, 2016. As a result of adopting this standard on a retrospective basis, approximately $51,667 was reclassified out of prepaid expenses and other assets and was reclassified into revolving promissory notes payable, net - related party on the consolidated balance sheet as of December 31, 2015.

3. *Acquisitions*

Hampton Inn – Lansing

On March 10, 2016, the Company completed the acquisition of an 86-room select service hotel located in Lansing, Michigan (the "Hampton Inn – Lansing") from an unrelated third party, for an aggregate purchase price of approximately $10.5 million less adjustments, paid in cash, excluding closing and other related transaction costs. In connection with the acquisition, the Company's Advisor received an acquisition fee equal to 1.0% of the contractual purchase price, approximately $0.1 million. The acquisition was funded with offering proceeds.

The acquisition of the Hampton Inn – Lansing was accounted for under the purchase method of accounting with the Company treated as the acquiring entity. Accordingly, the consideration paid by the Company to complete the acquisition of the Hampton Inn – Lansing has been allocated to the assets acquired based upon their fair values as of the date of the acquisition. Approximately $0.4 million was allocated to land and improvements, $9.0 million was allocated to building and improvements, and $1.1 million was allocated to furniture and fixtures and other assets.

The capitalization rate for the acquisition of the Hampton Inn — Lansing was approximately 12.0%. We calculate the capitalization rate for a real property by dividing net operating income of the property by the purchase price of the property, excluding costs. For purposes of this calculation, net operating income was based upon the twelve-month period ended November 30, 2015. Additionally, net operating income is all gross revenues from the property less all operating expenses, including property taxes and management fees but excluding depreciation.

Courtyard – Warwick

On March 23, 2016, the Company completed the acquisition of a 92-room select service hotel located in Warwick, Rhode Island (the "Courtyard – Warwick") from an unrelated third party, for an aggregate purchase price of $12.4 million, less adjustments, paid in cash, excluding closing and other related transaction costs. In connection with the acquisition, the Company's Advisor received an acquisition fee equal to 1.0% of the contractual purchase price, $0.1 million. The acquisition was funded with offering proceeds.

The acquisition of the Courtyard – Warwick was accounted for under the purchase method of accounting with the Company treated as the acquiring entity. Accordingly, the consideration paid by the Company to complete the acquisition of the Courtyard – Warwick has been allocated to the assets acquired based upon their fair values as of the date of the acquisition. Approximately $0.7 million was allocated to land and improvements, $11.1 million was allocated to building and improvements, and $0.6 million was allocated to furniture and fixtures and other assets.

The capitalization rate for the acquisition of the Courtyard – Warwick was approximately 8.3%. We calculate the capitalization rate for a real property by dividing net operating income of the property by the purchase price of the property, excluding costs. For purposes of this calculation, net operating income was based upon the twelve-month period ended January 31, 2016. Additionally, net operating income is all gross revenues from the property less all operating expenses, including property taxes and management fees but excluding depreciation.

SpringHill Suites – Green Bay

On May 2, 2016, the Company completed the acquisition of a 127-room select service hotel located in Green Bay, Wisconsin (the "SpringHill Suites – Green Bay") from an unrelated third party, for an aggregate purchase price of approximately $18.3 million, excluding closing and other related transaction costs. In connection with the acquisition, the Company's Advisor received an acquisition fee equal to 1.0% of the contractual purchase price, approximately $183,000. The acquisition was funded with approximately $8.1 million of offering proceeds and approximately $10.2 million of proceeds from a $14.5 million revolving promissory note (the "Green Bay Promissory Note") from the operating partnership of Lightstone Value Plus Real Estate Investment Trust II, Inc. ("Lightstone II"), a REIT also sponsored by the Company's Sponsor (see Note 6 – Related Party Transactions for additional information).

The acquisition of the SpringHill Suites – Green Bay was accounted for under the purchase method of accounting with the Company treated as the acquiring entity. Accordingly, the consideration paid by the Company to complete the acquisition of the SpringHill Suites – Green Bay has been allocated to the assets acquired based upon their fair values as of the date of the acquisition. Approximately $0.8 million was allocated to land and improvements, $15.2 million was allocated to building and improvements, and $2.3 million was allocated to furniture and fixtures and other assets.

The capitalization rate for the acquisition of the SpringHill Suites – Green Bay was approximately 9.8%. We calculate the capitalization rate for a real property by dividing net operating income of the property by the purchase price of the property, excluding costs. For purposes of this calculation, net operating income was based upon the twelve-month period ended November 30, 2015. Additionally, net operating income is all gross revenues from the property less all operating expenses, including property taxes and management fees but excluding depreciation.

Financial Information

The following table provides the total amount of rental revenue and net income/(loss) included in the Company's consolidated statements of operations from the Hampton Inn — Lansing, the Courtyard – Warwick, the SpringHill Suites – Green Bay, the Hampton Inn — Des Moines (acquired February 4, 2015) and the Courtyard – Durham (acquired May 15, 2015) since their respective dates of acquisition for the period indicated:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Rental revenue	$ 4,953,528	$ 1,620,917	$ 6,924,973	$ 2,174,339
Net income/(loss)	$ 668,085	$ (170,547)	$ 482,834	$ (338,236)

The following table provides unaudited pro forma results of operations for the period indicated, as if the Hampton Inn — Lansing, the Courtyard – Warwick, the SpringHill Suites – Green Bay, the Hampton Inn — Des Moines and the Courtyard – Durham had been acquired at the beginning of each period. Such pro forma results are not necessarily indicative of the results that actually would have occurred had these acquisitions been completed on the date indicated, nor are they indicative of the future operating results of the combined company.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Pro forma rental revenue	$ 5,273,732	$ 5,164,382	$ 9,389,467	$ 9,640,151
Pro forma net income/(loss) (1)	$ 160,931	$ 460,865	$ (127,934)	$ 701,536
Pro forma net income/(loss) per Company's common share, basic and diluted (1)	$ 0.02	$ 0.40	$ (0.02)	$ 0.83

(1) Includes acquisition related expenses of $733,426 and $1,199,266 for the three and six months ended June 30, 2016 in connection with the acquisition of the Hampton Inn — Lansing, the Courtyard – Warwick and the SpringHill Suites – Green Bay and acquisition related expenses of $316,955 and $509,571 for the three and six months ended June 30, 2015, in connection with the acquisition of the Hampton Inn - Des Moines and the Courtyard - Durham.

4. Selling Commissions, Dealer Manager Fees and Other Offering Costs

Selling commissions and dealer manager fees are paid to the Dealer Manager, pursuant to various agreements, and other third-party offering costs such as registration fees, due diligence fees, marketing costs, and professional fees are accounted for as a reduction against additional paid-in capital (“APIC”) as costs are incurred. Organizational costs are expensed as general and administrative costs. The following table represents the selling commissions and dealer manager fees and other offering costs for the periods indicated:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Selling commissions and dealer manager fees	$ 1,116,252	$ 556,508	$ 2,728,129	$ 1,067,615
Other offering costs	$ 367,127	$ 579,217	$ 491,487	$ 973,873

Since the Company’s inception through June 30, 2016, it has incurred approximately $6.1 million in selling commissions and dealer manager fees and $4.5 million of other offering costs in connection with the public offering of its shares of common stock.

5. Earnings per Share

The Company had no potentially dilutive securities outstanding during the periods presented. Accordingly, basic and diluted earnings per share is calculated by dividing earnings attributable to common shareholders by the weighted-average number of shares of common stock outstanding during the applicable period.

6. Related Party Transactions

Revolving promissory notes payable, net – related party

Des Moines Promissory Note

During the three and six months ended June 30, 2015, the Company incurred interest of $111,082 and $190,708, respectively, and during the six months ended June 30, 2015 paid origination fees of $100,000 on a $10.0 million revolving promissory note (the “Des Moines Promissory Note”) with the operating partnership of Lightstone II, which had no outstanding balance as of December 31, 2015 and expired on February 4, 2016.

Durham Promissory Note

On May 15, 2015, the Company entered into a $13.0 million revolving promissory note (the “Durham Promissory Note”) with the operating partnership of Lightstone II. The Durham Promissory Note had a term of one year, bore interest at a floating rate of three-month Libor plus 6.0% and required quarterly interest payments through its stated maturity with the entire unpaid balance due upon maturity. The Company paid an origination fee of $130,000 to Lightstone II in connection with the Durham Promissory Note and pledged its ownership interest in the Courtyard – Durham as collateral.

On May 2, 2016, the Durham Promissory Note was repaid in full and has now expired. The outstanding principal balance and remaining availability under the Durham Promissory Note were $2.1 million and $10.9 million as of December 31, 2015. The Durham Promissory Note is included in revolving promissory note payable, net – related party on our consolidated balance sheet (net of debt issuance costs of $51,667 as of December 31, 2015).

During the three and six months ended June 30, 2016, the Company incurred interest of $59,287 and $108,418, respectively, and during both the three and six months ended June 30, 2015, the Company incurred interest of $98,192 on the Durham Promissory Note.

Lansing Promissory Note

On May 2, 2016, the Company entered into an $8.0 million Revolving Promissory Note (the "Lansing Promissory Note") with the operating partnership of Lightstone II, of which $6.0 million was initially funded. The Lansing Promissory Note has a term of one year (with an option for an additional year), bears interest at a floating rate of three-month Libor plus 6.0% (6.65% as of June 30, 2016) and requires quarterly interest payments through its stated maturity with the entire unpaid balance due upon maturity. The Company paid an origination fee of $80,000 to Lightstone II in connection with the Lansing Promissory Note and pledged its ownership interest in the Hampton Inn – Lansing as collateral for the Lansing Promissory Note. The outstanding principal balance and remaining availability under the Lansing Promissory Note were $6.0 million and $2.0 million, respectively, as of June 30, 2016. The Lansing Promissory Note is included in revolving promissory note payable, net – related party on our consolidated balance sheet (net of debt issuance costs of $66,667 as of June 30, 2016). On July 13, 2016, the Lansing Promissory Note was repaid in full and terminated (see Note 10 – Subsequent Events for additional information).

During both the three and six months ended June 30, 2016, the Company incurred interest of $66,612 on the Lansing Promissory Note.

Green Bay Promissory Note

On May 2, 2016, the Company entered into a Green Bay Promissory Note with the operating partnership Lightstone II, of which $10.2 million was initially funded. The Green Bay Promissory Note has a term of one year (with an option for an additional year), bears interest at a floating rate of three-month Libor plus 6.0% (6.65% as of June 30, 2016) and requires quarterly interest payments through its stated maturity with the entire unpaid balance due upon maturity. The Company paid an origination fee of $145,000 to Lightstone II in connection with the Green Bay Promissory Note and pledged its ownership interest in the SpringHill Suites – Green Bay as collateral for the Green Bay Promissory Note. The outstanding principal balance and remaining availability under the Green Bay Promissory Note were $10.2 million and $4.3 million, respectively, as of June 30, 2016. The Green Bay Promissory Note is included in revolving promissory note payable, net – related party on our consolidated balance sheet (net of debt issuance costs of $120,833 as of June 30, 2016). On July 13, 2016, the Green Bay Promissory Note was repaid in full and terminated (see Note 10 – Subsequent Events for additional information).

During both the three and six months ended June 30, 2016, the Company incurred interest of $113,240 on the Green Bay Promissory Note.

Due to related parties and other transactions

In addition to certain agreements with the Sponsor (see Note 1) and Dealer Manager (see Note 4), the Company has agreements with the Advisor to pay certain fees in exchange for services performed by the Advisor and/or its affiliated entities. Additionally, the Company's ability to secure financing and its real estate operations are dependent upon its Advisor and its affiliates to perform such services as provided in these agreements. Furthermore, the Advisor has and is expected to continue to advance certain organization and offering costs on behalf of the Company to the extent the Company does not have sufficient funds to pay such costs. As of December 31, 2015, the Company owed the Advisor and its affiliated entities an aggregate of approximately $1.2 million, which was principally for organization and offering costs paid on its behalf, and is classified as due to related parties on the consolidated balance sheet. During the six months ended June 30, 2016, the Company (i) was charged $75,963 for certain services and costs paid on its behalf, including $36,298 of offering-related costs that were recorded as a reduction of APIC, and (ii) made payments totaling approximately $1.2 million and as a result, the outstanding balance of $15,626 is included in due to related parties on the consolidated balance sheet as of June 30, 2016. During the six months ended June 30, 2015, the Company was charged $83,728 for offering-related costs that were recorded as a reduction of APIC.

During the three and six months ended June 30, 2016, the Advisor charged the Company acquisition fees of $182,500 and $411,500, respectively, of which $182,500 was unpaid and is included in due to related parties on the consolidated balance sheet as of June 30, 2016. During the three and six months ended June 30, 2015, the Company was charged and paid the Advisor acquisition fees of $160,000 and $269,000, respectively.

From time to time, the Company may purchase title insurance from an agency in which its Sponsor owns a 50% limited partnership interest (the "Affiliated Title Insurance Agency"). Because the Affiliated Title Insurance Agency receives fees for providing title insurance, our Advisor may face a conflict of interest when considering the terms of purchasing title insurance from the Affiliated Title Insurance Agency. However, before the Company purchases any title insurance, an independent title consultant with more than 25 years of experience in the title insurance industry reviews the transaction, and performs market research and competitive analysis on our behalf. This process results in terms similar to those that would be negotiated at an arm's length basis. During the three and six months ended June 30, 2016 the Company paid $4,250 and $39,125 , respectively, and during both the three and six months ended June 30, 2015 the Company paid $12,550 and $20,870, respectively, to the Affiliated Title Insurance Agency.

7. Financial Instruments

The carrying amounts reported in the consolidated balance sheets for cash, deposits, accounts receivable (included in prepaid expenses and other assets), accounts payable and accrued expenses and due to related parties approximated their fair values because of the short maturity of these instruments.

As of June 30, 2016 the estimated fair value of the revolving promissory notes payable – related party approximated its carrying value ($16.2 million) because of its floating interest rate.

8. Commitments and Contingencies

Legal Proceedings

From time to time in the ordinary course of business, the Company may become subject to legal proceedings, claims or disputes. As of the date hereof, we are not a party to any material pending legal proceedings.

9. Distributions

Distribution Payments

On May 16, 2016, June 15, 2016 and July 15, 2016, the Company paid distributions for the months ended April 30, 2016, May 31, 2016 and June 30, 2016, respectively, of $1,000,301. The distributions were paid in full using a combination of cash and 19,309 shares of the Company's common stock issued pursuant to the Company's DRIP, at a discounted price of $9.03 per share. The distributions were paid from a combination of cash flows provided by operations ($825,940 or 83%) and excess cash proceeds from the issuance of common stock through the Company's DRIP ($174,361 or 17%).

Distribution Declaration

On August 4, 2016, the Board of Directors authorized and the Company declared a distribution for each month during the three-month period ending December 31, 2016. The distributions will be calculated based on shareholders of record each day during the month at a rate of $0.00164383 per day, and will equal a daily amount that, if paid each day for a 365-day period, would equal a 6.0% annualized rate based on a share price of $10.00 payable on or about the 15th day following each month end to stockholders of record at the close of business on the last day of the prior month. The Company's stockholders have an option to elect the receipt of Common Shares under the Company's DRIP.

10. Subsequent Events

Revolving Credit Facility

On July 13, 2016, the Company, through certain subsidiaries, entered into a $60.0 million revolving credit facility (the "Revolving Credit Facility"), with Western Alliance Bank ("Western"). The Revolving Credit Facility bears interest at Libor plus 4.95% and provides a line of credit over the next three years, with two, one-year options to extend solely at the discretion of Western. The Revolving Credit Facility may be accelerated upon the occurrence of customary events of default. Interest is payable monthly and the entire unpaid principal balance is due upon expiration of the Revolving Credit Facility. Under the terms of the Revolving Credit Facility, the Company may designate properties as collateral that allows it to borrow up to a 65.0% loan-to-value ratio of the properties. On July 13, 2016, the Company received initial advances aggregating $45.4 million under the Revolving Credit Facility which is secured by five hotel properties consisting of the SpringHill Suites - Green Bay, the Hampton Inn - Des Moines, the Hampton Inn - Lansing, the Courtyard - Durham, and the Courtyard - Warwick, and as a result, $14.6 million remains available under the Revolving Credit Facility.

Approximately $14.4 million of the financing proceeds were used to repay in full the aggregate outstanding principal and interest on the Lansing Promissory Note and the Green Bay Promissory Note, which were terminated in connection with the closing of the Revolving Credit Facility. Additionally, approximately $0.3 million was held in escrow and is reserved for property improvements, repairs and real estate taxes and the Company paid approximately $1.0 million of financing fees. The remaining financing proceeds of approximately $31.0 million may be used for acquisitions, capital expenditures, working capital and other general corporate funding purposes, including distributions.

Acquisition of Home 2 Suites Hotel Portfolio

On August 2, 2016, the Company completed the portfolio acquisition of (i) a 139-room select service hotel located in Tukwila, Washington (the “Home 2 Suites – Tukwila”) and (ii) a 125-room select service hotel located in Salt Lake City, Utah (the “Home 2 Suites – Salt Lake” and collectively the “Home 2 Suites Hotel Portfolio”), from an unrelated third party, for an aggregate purchase price of approximately $47.3 million, excluding closing and other related transaction costs. Prior to the completion of the acquisition, the Company made a deposit of $2.0 million for the purchase of the Home 2 Suites Hotel Portfolio which is included in deposits on the consolidated balance sheets as of June 30, 2016. Additionally, in connection with the acquisition, the Company’s Advisor received an acquisition fee equal to 1.0% of the contractual purchase price, approximately $473,000. The acquisition was funded with offering proceeds.

PART I. FINANCIAL INFORMATION, CONTINUED:

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis should be read in conjunction with the accompanying consolidated financial statements of Lightstone Value Plus Real Estate Investment Trust III, Inc. and Subsidiaries and the notes thereto. As used herein, the terms "we," "our" and "us" refer to Lightstone Value Plus Real Estate Investment Trust III, Inc., a Maryland corporation, and, as required by context, Lightstone Value Plus REIT III, L.P., which we collectively refer to as the "Operating Partnership".

Forward-Looking Statements

Certain information included in this Quarterly Report on Form 10-Q contains, and other materials filed or to be filed by us with the Securities and Exchange Commission (the "SEC"), contain or will contain, forward-looking statements. All statements, other than statements of historical facts, including, among others, statements regarding our possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives, are forward-looking statements. Those statements include statements regarding the intent, belief or current expectations of Lightstone Value Plus Real Estate Investment Trust III, Inc. and members of our management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as "may," "will," "seeks," "anticipates," "believes," "estimates," "expects," "plans," "intends," "should" or similar expressions. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that actual results may differ materially from those contemplated by such forward-looking statements.

Such statements are based on assumptions and expectations which may not be realized and are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, financial and otherwise, may differ from the results discussed in the forward-looking statements.

Risks and other factors that might cause differences, some of which could be material, include, but are not limited to, economic and market conditions, competition, tenant or joint venture partner(s) bankruptcies, our lack of operating history, the availability of cash flows from operations to pay distributions, changes in governmental, tax, real estate and zoning laws and regulations, failure to increase tenant occupancy and operating income, rejection of leases by tenants in bankruptcy, financing and development risks, construction and lease-up delays, cost overruns, the level and volatility of interest rates, the rate of revenue increases versus expense increases, the financial stability of various tenants and industries, the failure of the Company to make additional investments in real estate properties, the failure to upgrade our tenant mix, restrictions in current financing arrangements, the failure to fully recover tenant obligations for common area maintenance, insurance, taxes and other property expenses, the failure of the Company to continue to qualify as a real estate investment trust ("REIT"), the failure to refinance debt at favorable terms and conditions, an increase in impairment charges, loss of key personnel, failure to achieve earnings/funds from operations targets or estimates, conflicts of interest with the Advisor and the Sponsor and their affiliates, failure of joint venture relationships, significant costs related to environmental issues as well as other risks listed from time to time in this Form 10-Q, our form 10-K, our Registration Statements on Form S-11, as the same may be amended and supplemented from time to time, and in the Company's other reports filed with the SEC.

We believe these forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are qualified in their entirety by these cautionary statements. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time unless required by law.

Overview

Lightstone Value Plus Real Estate Investment Trust III, Inc. (the "Lightstone REIT III") and Lightstone Value Plus REIT III, LP (the "Operating Partnership") and its subsidiaries are collectively referred to as the ''Company'' and the use of ''we,'' ''our,'' ''us'' or similar pronouns refers to the Lightstone REIT III, its Operating Partnership or the Company as required by the context in which such pronoun is used. Lightstone REIT III intends to elect to qualify and be taxed as a real estate investment trust ("REIT") for U.S. federal income tax purposes beginning with the taxable year ended December 31, 2015.

Principally through our Operating Partnership, we have and will continue to seek to acquire hotels and other commercial real estate assets primarily located in the United States. Our acquisitions may include both portfolios and individual properties and may be acquired and operated by us alone or jointly with another party. We may also originate or acquire mortgage loans secured by real estate.

Our registration statement on Form S-11(the "Offering"), pursuant to which we are offering to sell up to 30,000,000 shares of our common stock (which may be referred to herein as ''shares of common stock'' or as ''Common Shares'') for an initial offering price of $10.00 per share, subject to certain volume and other discounts (the "Primary Offering") (exclusive of 10,000,000 shares available pursuant to our distribution reinvestment plan (the "DRIP") which are offered at a discounted price equivalent to 95% of the Primary Offering price per Common Share) was declared effective by SEC under the Securities Act of 1933 on July 15, 2014. On June 30, 2016, we adjusted our offering price to $9.50 per Common Share in our primary offering, which was equal to our estimated net asset value ("NAV") per Common Share as of March 31, 2016, and effective July 25, 2016, our offering price was adjusted to $10.00 per Common Share in our primary offering, which is equal to the estimated NAV per Common Share as of June 30, 2016. As of June 30, 2016 , we had received aggregate gross proceeds of approximately $67.9 million from the sale of 6.9 million shares of our common stock (including $2.0 million in Common Shares at a purchase price of $9.00 per Common Share to an entity 100% owned by David Lichtenstein, who also owns a majority interest in the Company's Sponsor). We initially expected to offer the Common Shares offered in our Primary Offering over a two-year period, or until July 15, 2016. However, because we had not sold all the Common Shares offered in our Primary Offering within two years, we will continue the Primary Offering for an additional year, until July 15, 2017, provided that the Offering will be terminated if all 30.0 million shares of our common stock are sold before such date. We reserve the right to reallocate the shares of common stock we are offering between the Primary Offering and the DRIP. Additionally, the Offering may be terminated at any time.

Capital required for the purchases of real estate and/or real estate-related investments is expected to be obtained from the public offering of shares of our common stock, and from any indebtedness that we may incur either in connection with the acquisition of any real estate and real estate related investments or thereafter. We are dependent upon the net proceeds from public offerings of our common stock to conduct our proposed activities.

We sold 20,000 Common Shares to Lightstone Value Plus REIT III LLC, a Delaware limited liability company (the ''Advisor''), an entity majority owned by David Lichtenstein, on December 24, 2012, for $10.00 per share. Mr. Lichtenstein also is a majority owner of the equity interests of our sponsor, The Lightstone Group, LLC (the ''Sponsor'').

Lightstone SLP III LLC (the ''Special Limited Partner''), a Delaware limited liability company of which Mr. Lichtenstein is the majority owner, is a special limited partner in the Operating Partnership and has committed to make a significant equity investment in the Company of up to $36.0 million, which is equivalent to 12.0% of the $300.0 million maximum amount of the Offering. Specifically, the Special Limited Partner has committed to purchase subordinated participation interests in the Operating Partnership (the "Subordinated Participation Interests") quarterly in an amount equal to the product of (i) $10.00 minus our then current NAV per Common Share, multiplied by (ii) the number of our Common Shares outstanding. The Operating Partnership will issue one Subordinated Participation Interest for each $50,000 in cash or interests in real property of equivalent value that the Special Limited Partner contributes. The Special Limited Partner's obligation will continue until the earlier of: (i) the termination of our Offering; (ii) the Special Limited Partner's purchase of an aggregate of $36.0 million of Subordinated Participation Interests and (iii) our receipt of gross offering proceeds of $300.0 million. Through June 30, 2016, the Special Limited Partner purchased an aggregate of approximately 222 Subordinated Participation Interests in consideration of $11.1 million, including approximately 208 Subordinated Participation Interests in consideration of $10.4 million during the six months ended June 30, 2016. The Special Limited Partner may elect to purchase the Subordinated Participation Interests for cash or may contribute interests in real property of equivalent value. The Subordinated Participation Interests may be entitled to receive liquidation distributions upon the liquidation of Lightstone REIT III.

We have no employees. We have retained the Advisor to manage our affairs on a day-to-day basis. Beacon Property Management Limited Liability Company and Paragon Retail Property Management LLC (the ''Property Managers''), both affiliates of the Sponsor, may serve as property managers and/or we may utilize third-party property managers. Orchard Securities, LLC (the ''Dealer Manager''), a third-party not affiliated with us, our Sponsor or our Advisor, serves as the dealer manager of our public offering. In addition to Property Managers, the Advisor is also an affiliate of our Sponsor. These related parties will receive compensation and fees for services related to the investment and management of our assets. These entities will receive fees during our offering, acquisition, operational and liquidation stages.

To qualify or maintain our qualification as a REIT, we engage in certain activities through wholly-owned taxable REIT subsidiaries ("TRS"). As such, we are subject to U.S. federal and state income and franchise taxes from these activities.

Current Environment

Our operating results as well as our investment opportunities are impacted by the health of the North American economies. Our business and financial performance may be adversely affected by current and future economic conditions, such as availability of credit, financial markets volatility, and recession.

Our business may be affected by market and economic challenges experienced by the U.S. and global economies. These conditions may materially affect the value and performance of our properties, and may affect our ability to pay distributions, the availability or the terms of financing that we have or may anticipate utilizing, and our ability to make principal and interest payments on, or refinance, any outstanding debt when due.

We are not aware of any other material trends or uncertainties, favorable or unfavorable, other than national economic conditions affecting real estate generally, that may be reasonably anticipated to have a material impact on either capital resources or the revenues or income to be derived from the acquisition and operation of real estate and real estate related investments, other than those referred to in this Form 10-Q.

Portfolio Summary –

Location	Year Built	Date Acquired	Year to Date Available Rooms	Percentage Occupied for the Six Months Ended June 30, 2016	Revenue per Available Room for the Six Months Ended June 30, 2016	Average Daily Rate For the Six Months Ended June 30, 2016
Des Moines, Iowa	1987	2/4/2015	21,840	66%	$ 79.99	$ 121.53
Durham, North Carolina	1996	5/15/2015	26,572	76%	$ 78.37	$ 103.57
Lansing, Michigan	2013	3/10/2016	9,718	76%	$ 98.36	$ 129.32
Warwich, Rhode Island	2003	3/23/2016	9,200	82%	$ 111.10	$ 135.18
Green Bay, Wisconsin	2007	5/2/2016	7,620	78%	$ 99.78	$ 128.78

Critical Accounting Policies and Estimates

There were no material changes during the three months ended June 30, 2016 to our critical accounting policies as reported in our Annual Report on Form 10-K for the year ended December 31, 2015.

Results of Operations

During 2015, we acquired our first investment property, the Hampton Inn – Des Moines on February 4, 2015 and subsequently acquired the Courtyard – Durham on May 15, 2015. During 2016, we acquired the Hampton Inn – Lansing on March 10, 2016, the Courtyard – Warwick on March 23, 2016 and the SpringHill Suites – Green Bay on May 2, 2016. As a result, we have five investment properties as of June 30, 2016. The operating results of these investment properties are reflected in our consolidated statements of operations commencing from their respective dates of acquisition.

Our primary financial measure for evaluating the operating performance of our properties is net operating income ("NOI"). NOI represents revenues less property operating expenses, real estate taxes and general and administrative expenses. We believe that NOI is helpful to investors as a supplemental measure of the operating performance of a real estate company because it is a direct measure of the actual operating results of our properties.

Comparison of the Three Months Ended June 30, 2016 vs. June 30, 2015

Consolidated

The rental revenue, property operating expenses, real estate taxes and depreciation and amortization for the three months ended June 30, 2016 is attributable to the Hampton Inn – Des Moines, the Courtyard – Durham, the Hampton Inn – Lansing, the Courtyard – Warwick and the SpringHill Suites – Green Bay.

The rental revenue, property operating expenses, real estate taxes and depreciation and amortization for the three months ended June 30, 2015 is attributable to the Hampton Inn – Des Moines and the Courtyard – Durham.

Rental revenue

Rental revenue increased by $3.4 million to $5.0 million during the three months ended June 30, 2016 compared to $1.6 million for the same period in 2015. Approximately $2.6 million of the increase was attributable to the hotels acquired subsequent to the 2015 period. Approximately $0.7 million of the increase was attributable to the Courtyard – Durham which was acquired on May 15, 2015 and did not have a full quarter of operations in the 2015 period.

Property operating expenses

Property operating expenses increased by $1.9 million to $2.8 million during the three months ended June 30, 2016 compared to $0.9 million for the same period in 2015. Approximately $1.4 million of the increase was attributable to the hotels acquired subsequent to the 2015 period. Approximately $0.4 million of the increase was attributable to the Courtyard – Durham which was acquired on May 15, 2015 and did not have a full quarter of operations in the 2015 period.

Real estate taxes

Real estate taxes increased by $153,000 to $218,000 during the three months ended June 30, 2016 compared to $65,000 for the same period in 2015. Approximately $98,000 of the increase was attributable to the hotels acquired subsequent to the 2015 period. Approximately $53,000 of the increase was attributable to the Courtyard – Durham which was acquired on May 15, 2015 and did not have a full quarter of operations in the 2015 period.

General and administrative expense

General and administrative expense increased by approximately $512,000 to $894,000 during the three months ended June 30, 2016 compared to $382,000 for the same period in 2015. The increase reflects (i) higher acquisition fees and acquisition-related costs of $416,000 in the 2016 period and (ii) an increase in accounting, legal and corporate filing fees.

Depreciation and amortization

Depreciation and amortization expense increased by $419,000 to $613,000 during the three months ended June 30, 2016 compared to $194,000 for the same period in 2015. Approximately $307,000 of the increase was attributable to the hotels acquired subsequent to the 2015 period. Approximately $55,000 of the increase was attributable to the Courtyard – Durham which was acquired on May 15, 2015 and did not have a full quarter of operations in the 2015 period.

Interest expense

Interest expense was approximately $287,000 during the three months ended June 30, 2016 and compared to $256,000 for the same period in 2015. Interest expense is attributable to financings associated with our hotels.

Comparison of the Six Months Ended June 30, 2016 vs. June 30, 2015

Consolidated

The rental revenue, property operating expenses, real estate taxes and depreciation and amortization for the six months ended June 30, 2016 is attributable to the Hampton Inn – Des Moines, the Courtyard – Durham, the Hampton Inn – Lansing, the Courtyard – Warwick and SpringHill Suites – Green Bay.

The rental revenue, property operating expenses, real estate taxes and depreciation and amortization for the six months ended June 30, 2015 is attributable to the Hampton Inn – Des Moines and the Courtyard – Durham.

Rental revenue

Rental revenue increased by $4.8 million to $6.9 million during the six months ended June 30, 2016 compared to $2.2 million for the same period in 2015. Approximately $2.9 million of the increase was attributable to the hotels acquired subsequent to the 2015 period and $1.7 million of the increase was attributable to the Courtyard – Durham which was acquired on May 15, 2015 and did not have a full six months of operations in the 2015 period.

Property operating expenses

Property operating expenses increased by $2.9 million to $4.1 million during the six months ended June 30, 2016 compared to $1.2 million for the same period in 2015. Approximately $1.7 million of the increase was attributable to the hotels acquired subsequent to the 2015 period and $1.1 million of the increase was attributable to the Courtyard – Durham which was acquired on May 15, 2015 and did not have a full six months of operations in the 2015 period.

Real estate taxes

Real estate taxes increased by $220,000 to $317,000 during the six months ended June 30, 2016 compared to $97,000 for the same period in 2015. Approximately $114,000 of the increase was attributable to the hotels acquired subsequent to the 2015 period and $90,000 of the increase was attributable to the Courtyard – Durham which was acquired on May 15, 2015 and did not have a full six months of operations in the 2015 period.

General and administrative expense

General and administrative expense increased by $0.8 million to $1.5 million during the six months ended June 30, 2016 compared to $0.7 million for the same period in 2015. The increase reflects (i) higher acquisition fees and acquisition-related costs of $0.7 million in the 2016 period and (ii) an increase in accounting and corporate filing fees.

Depreciation and amortization

Depreciation and amortization expense increased by $640,000 to $892,000 during the six months ended June 30, 2016 compared to $252,000 for the same period in 2015. Approximately $334,000 of the increase was attributable to the hotels acquired subsequent to the 2015 period and $215,000 of the increase was attributable to the Courtyard – Durham which was acquired on May 15, 2015 and did not have a full six months of operations in the 2015 period.

Interest expense

Interest expense was approximately $377,000 during the six months ended June 30, 2016 and compared to $352,000 for the same period in 2015. Interest expense is attributable to financings associated with our hotels.

Financial Condition, Liquidity and Capital Resources

Overview:

For the six months ended June 30, 2016, our primary source of funds were (i) $29.0 million of proceeds from our sale of shares of common stock under our Offering, (ii) $14.1 million in net proceeds from our revolving promissory notes payable – related party and (iii) $10.4 million from the purchase of approximately 208 Subordinated Participation Interests by the Special Limited Partner.

We have and intend to continue to utilize leverage either in connection with acquiring our properties or subsequent to their acquisition. The number of different properties we will acquire will be affected by numerous factors, including, the amount of funds available to us. When interest rates on mortgage loans are high or financing is otherwise unavailable on terms that are satisfactory to us, we may purchase certain properties for cash with the intention of obtaining a mortgage loan for a portion of the purchase price at a later time.

Our future sources of funds will primarily consist of (i) proceeds from our sale of shares of common stock under our Offering, (ii) cash flows from our operations, (iii) proceeds from our borrowings, (iv) proceeds from the sale of Subordinated Participation Interests and (v) our DRIP. We currently believe that these cash resources will be sufficient to satisfy our cash requirements for the foreseeable future, and we do not anticipate a need to raise funds from other than these sources within the next twelve months.

As of June 30, 2016, we had two revolving promissory notes, the $8.0 million Lansing Promissory Note and the $14.5 million Green Bay Promissory Note, both from the operating partnership of Lightstone Value Plus Real Estate Investment Trust II, Inc. ("Lightstone II"), a REIT also sponsored by our Sponsor. The Lansing Promissory Note and the Green Bay Promissory Note each had terms of one year, with an option to extend for an additional year that would have expired on May 15, 2017 with an aggregate outstanding principal balance and remaining aggregate availability of $16.2 million and $6.3 million, respectively. However, as discussed below, these two revolving promissory notes were repaid in full on July 13, 2016 and terminated.

Revolving Credit Facility

On July 13, 2016, we, through certain subsidiaries, entered into a $60.0 million revolving credit facility (the "Revolving Credit Facility"), with Western Alliance Bank ("Western"). The Revolving Credit Facility bears interest at Libor plus 4.95% and provides a line of credit over the next three years, with two, one-year options to extend solely at the discretion of Western. The Revolving Credit Facility may be accelerated upon the occurrence of customary events of default. Interest is payable monthly and the entire unpaid principal balance is due upon expiration of the Revolving Credit Facility. Under the terms of the Revolving Credit Facility, we may designate properties as collateral that allows us to borrow up to a 65.0% loan-to-value ratio of the properties. On July 13, 2016 we received initial advances aggregating $45.4 million under the Revolving Credit Facility which is secured by five hotel properties consisting of the SpringHill Suites - Green Bay, the Hampton Inn - Des Moines, the Hampton Inn - Lansing, the Courtyard - Durham, and the Courtyard - Warwick, and as a result, $14.6 million remained available under the Revolving Credit Facility.

Approximately $14.4 million of the financing proceeds were used to repay in full the aggregate outstanding principal and interest on the Lansing Promissory Note and the Green Bay Promissory Note, which were terminated in connection with the closing of the Revolving Credit Facility. The remaining financing proceeds of approximately $31.0 million may be used for acquisitions, capital expenditures, working capital and other general corporate funding purposes, including distributions.

We intend to limit our aggregate long-term permanent borrowings to 75% of the aggregate fair market value of all properties unless any excess borrowing is approved by a majority of the independent directors and is disclosed to our stockholders. Market conditions will dictate our overall leverage limit; as such our aggregate long-term permanent borrowings may be less than 75% of aggregate fair market value of all properties. We may also incur short-term indebtedness, having a maturity of two years or less.

Our charter provides that the aggregate amount of our borrowing, both secured and unsecured, may not exceed 300% of net assets in the absence of a satisfactory showing that a higher level is appropriate, the approval of our Board of Directors and disclosure to stockholders. Net assets means our total assets, other than intangibles, at cost before deducting depreciation or other non-cash reserves less our total liabilities, calculated at least quarterly on a basis consistently applied. Any excess in borrowing over such 300% of net assets level must be approved by a majority of our independent directors and disclosed to our stockholders in our next quarterly report to stockholders, along with justification for such excess. Market conditions will dictate our overall leverage limit; as such our aggregate borrowings may be less than 300% of net assets. As of June 30, 2016, our total borrowings were approximately $16.2 million which represented 24% of our net assets.

Our future borrowings may consist of single-property mortgages as well as mortgages cross-collateralized by a pool of properties. Such mortgages may be put in place either at the time we acquire a property or subsequent to our purchasing a property for cash. In addition, we may acquire properties that are subject to existing indebtedness where we choose to assume the existing mortgages. Generally, though not exclusively, we intend to seek to encumber our properties with non-recourse debt. This means that a lender's rights on default will generally be limited to foreclosing on the property. However, we may, at our discretion, secure recourse financing or provide a guarantee to lenders if we believe this may result in more favorable terms. When we give a guaranty for a property owning entity, we will be responsible to the lender for the satisfaction of the indebtedness if it is not paid by the property owning entity.

In general the type of future financing executed by us to a large extent will be dictated by the nature of the investment and current market conditions. For long-term real estate investments, it is our intent to finance future acquisitions using long-term fixed rate debt. However there may be certain types of investments and market circumstances which may result in variable rate debt being the more appropriate choice of financing. To the extent floating rate debt is used to finance the purchase of real estate, management will evaluate a number of protections against significant increases in interest rates, including the purchase of interest rate cap instruments.

We may also obtain lines of credit to be used to acquire properties. If obtained, these lines of credit will be at prevailing market terms and will be repaid from offering proceeds, proceeds from the sale or refinancing of properties, working capital and/or permanent financing. Our Sponsor and/or its affiliates may guarantee our lines of credit although they are not obligated to do so. We may draw upon lines of credit to acquire properties pending our receipt of proceeds from our public offerings. We expect that such properties may be purchased by our Sponsor's affiliates on our behalf, in our name, in order to minimize the imposition of a transfer tax upon a transfer of such properties to us.

In addition to making investments in accordance with our investment objectives, we have used and expect to continue use our capital resources to make certain payments to our Advisor, our Dealer Manager, and our Property Manager during the various phases of our organization and operation. During our organizational and offering stage, these payments include payments to our Dealer Manager for selling commissions and the dealer manager fee, and payments to our Advisor for the reimbursement of organization and other offering costs.

Selling commissions and dealer manager fees are paid to the Dealer Manager or soliciting dealers, as applicable, pursuant to various agreements, and other third-party offering costs such as registration fees, due diligence fees, marketing costs, and professional fees are accounted for as a reduction against additional paid-in capital as costs are incurred. Any organizational costs are accounted for as general and administrative costs. The following table represents the selling commissions and dealer manager fees and other offering costs for the periods indicated:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Selling commissions and dealer manager fees	$ 1,116,252	$ 556,508	$ 2,728,129	$ 1,067,615
Other offering costs	$ 367,127	$ 579,217	$ 491,487	$ 973,873

Since commencement of our Offering through June 30, 2016, we have incurred approximately $6.1 million in selling commissions and dealer manager fees and $4.5 million of other offering costs in connection with the public offering of shares of our common stock. Our Advisor has and we expect will continue to advance organization and offering costs to the extent that we do not have the funds available to pay such expenses, although our Advisor is under no obligation to continue to advance such expenses. As of December 31, 2015, we owed the Advisor and its affiliated entities an aggregate of approximately $1.2 million, which was principally for organization and offering costs paid on our behalf. During the six months ended June 30, 2016, we were (i) charged $75,963 for certain services and costs paid on our behalf, including $36,298 of offering-related costs that were recorded as a reduction of APIC, and (ii) made payments totaling approximately $1.2 million and as a result, the outstanding balance of $15,626 is included in due to related parties on the consolidated balance sheet as of June 30, 2016. Additionally, during the six months ended June 30, 2016, the Advisor charged us acquisition fees of $411,500, of which $182,500 was unpaid and is included in due to related parties on the consolidated balance sheet was as of June 30, 2016.

We expect that organization and offering costs, other than selling commissions and dealer manager fees, will amount to approximately 2.0% of our gross offering proceeds. In no event will aggregate organization and offering costs exceed 15.0% of gross offering proceeds over the life of the offering. During the initial stage of our Offering, the organization and offering costs may exceed 15.0% of gross offering proceeds since many of the expenses incurred in relation to the Offering are incurred prior to the sale of shares of our common stock.

During the acquisition and development stage, payments may include asset acquisition fees and financing coordination fees, and the reimbursement of acquisition related expenses to our Advisor. During the operational stage, we will pay our Property Managers and/or other third party property managers a property management fee and our Advisor an asset management fee or asset management participation or construction management fees. We will also reimburse our Advisor and its affiliates for actual expenses it incurs for administrative and other services provided to us. Upon liquidation of assets, we may pay our Advisor or its affiliates a real estate disposition commission. Additionally, our Operating Partnership may be required to make distributions to Lightstone SLP III LLC, an affiliate of the Advisor.

Summary of Cash Flows

The following summary discussion of our cash flows is based on the consolidated statements of cash flows and is not meant to be an all-inclusive discussion of the changes in our cash flows for the periods presented below:

	For the Six Months Ended June 30,	
	2016	2015
Net cash provided by operating activities	$ 1,878,104	$ 179,448
Net cash used in investing activities	(45,170,113)	(26,273,699)
Net cash provided by financing activities	47,543,041	26,960,383
Net change in cash	4,251,032	866,132
Cash, beginning of year	6,747,401	1,738,026
Cash, end of the period	$ 10,998,433	$ 2,604,158

Our principal sources of cash flow were derived from proceeds received from our Offering, proceeds received under our Revolving Promissory Notes Payable – Related Party, proceeds from the purchase of Subordinated Participation Interests by the Special Limited Partner and operating cash flows provided by our properties. In the future, we expect to acquire additional properties which we expect will provide us with a relatively consistent stream of cash flow to sufficiently fund our operating expenses, any scheduled debt service and any monthly distributions authorized by our Board of Directors.

Our principal demands for liquidity currently are expected to be acquisition and development activities, scheduled debt service and costs associated with our public offerings. The principal sources of funding for our operations are currently expected to be proceeds from the issuance of equity securities and financings.

Operating activities

The net cash provided by operating activities of $1.9 million during the six months ended June 30, 2016 consisted of our net loss of $0.3 million adjusted for depreciation and amortization, amortization of deferred financing costs and other non-cash items aggregating $1.0 million and net changes in operating assets and liabilities of $1.2 million.

Investing activities

The cash used in investing activities of $45.2 million during the six months ended June 30, 2016 primarily consisted of approximately $10.5 million for the purchase of the Hampton Inn –Lansing, $12.4 million for the purchase of the Courtyard – Warwick, $18.3 million for the purchase of the SpringHill Suites – Green Bay and refundable escrow deposits of $3.0 million.

Financing activities

The net cash provided by financing activities of $47.5 million during the six months ended June 30, 2016 consisted of $29.0 million of offering proceeds, $14.1 million in net proceeds from our Revolving Promissory Notes Payable – Related Party and $10.4 million for the purchase of approximately 208 Subordinated Participation Interests by the Special Limited Partner partially offset by the payment of $4.3 million of commissions and offering costs, cash distributions of $1.1 million to our common stockholders and the payment of loan fees and expenses of $0.5 million.

We believe that these cash resources will be sufficient to satisfy our cash requirements for the foreseeable future, and we do not anticipate a need to raise funds from other than these sources within the next twelve months.

DRIP and Share Repurchase Program

Our DRIP provides our stockholders with an opportunity to purchase additional shares of our common stock at a discount by reinvesting distributions. The Offering provides for 10.0 million shares available for issuance under our DRIP at a discounted price equivalent to 95% of the Primary Offering price per share. Through June 30, 2016, approximately 82,000 shares of common stock had been issued under our DRIP and approximately 9.9 million shares remain available for issuance.

Our share repurchase program may provide our stockholders with limited, interim liquidity by enabling them to sell their shares of common stock back to us, subject to certain restrictions.

As of June 30, 2016, approximately 5,000 shares of common stock have been repurchased under our share repurchase program.

Our Board of Directors reserves the right to terminate either program for any reason without cause by providing written notice of termination of the DRIP to all participants or written notice of termination of the share repurchase program to all stockholders.

Contractual Obligations

As of June 30, 2016, we had two revolving promissory notes, the $8.0 million Lansing Promissory Note and the $14.5 million Green Bay Promissory Note, both from the operating partnership of Lightstone II. The Lansing Promissory Note and the Green Bay Promissory Note each had terms of one year, with an option to extend for an additional year that would have expired on May 15, 2017 with an aggregate outstanding principal balance and remaining aggregate availability of $16.2 million and $6.3 million, respectively, as of June 30, 2016. However, as previously discussed, these two revolving promissory notes were repaid in full on July 13, 2016 and terminated.

Funds from Operations and Modified Funds from Operations

The historical accounting convention used for real estate assets requires straight-line depreciation of buildings, improvements, and straight-line amortization of intangibles, which implies that the value of a real estate asset diminishes predictably over time. We believe that, because real estate values historically rise and fall with market conditions, including, but not limited to, inflation, interest rates, the business cycle, unemployment and consumer spending, presentations of operating results for a REIT using the historical accounting convention for depreciation and certain other items may be less informative.

Because of these factors, the National Association of Real Estate Investment Trusts ("NAREIT"), an industry trade group, has published a standardized measure of performance known as funds from operations ("FFO"), which is used in the REIT industry as a supplemental performance measure. We believe FFO, which excludes certain items such as real estate-related depreciation and amortization, is an appropriate supplemental measure of a REIT's operating performance. FFO is not equivalent to our net income or loss as determined under GAAP.

We define FFO, a non-GAAP measure, consistent with the standards set forth in the White Paper on FFO approved by the Board of Governors of NAREIT, as revised in February 2004 (the "White Paper"). The White Paper defines FFO as net income or loss computed in accordance with GAAP, but excluding gains or losses from sales of property and real estate related impairments, plus real estate related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.

We believe that the use of FFO provides a more complete understanding of our performance to investors and to management, and, when compared year over year, reflects the impact on our operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses, and interest costs, which may not be immediately apparent from net income.

Changes in the accounting and reporting promulgations under GAAP that were put into effect in 2009 subsequent to the establishment of NAREIT's definition of FFO, such as the change to expense as incurred rather than capitalize and depreciate acquisition fees and expenses incurred for business combinations, have prompted an increase in cash-settled expenses, specifically acquisition fees and expenses, as items that are expensed under GAAP across all industries. These changes had a particularly significant impact on publicly registered, non-listed REITs, which typically have a significant amount of acquisition activity in the early part of their existence, particularly during the period when they are raising capital through ongoing initial public offerings.

Because of these factors, the Investment Program Association ("IPA"), an industry trade group, has published a standardized measure of performance known as modified funds from operations ("MFFO"), which the IPA has recommended as a supplemental measure for publicly registered, non-listed REITs. MFFO is designed to be reflective of the ongoing operating performance of publicly registered, non-listed REITs by adjusting for those costs that are more reflective of acquisitions and investment activity, along with other items the IPA believes are not indicative of the ongoing operating performance of a publicly registered, non-listed REIT, such as straight-lining of rents as required by GAAP. We believe it is appropriate to use MFFO as a supplemental measure of operating performance because we believe that, when compared year over year, both before and after we have deployed all of our offering proceeds and are no longer incurring a significant amount of acquisition fees or other related costs, it reflects the impact on our operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses, and interest costs, which may not be immediately apparent from net income. MFFO is not equivalent to our net income or loss as determined under GAAP.

We define MFFO, a non-GAAP measure, consistent with the IPA's Guideline 2010-01, Supplemental Performance Measure for Publicly Registered, Non-Listed REITs: Modified Funds from Operations (the "Practice Guideline") issued by the IPA in November 2010. The Practice Guideline defines MFFO as FFO further adjusted for acquisition and transaction-related fees and expenses and other items. In calculating MFFO, we follow the Practice Guideline and exclude the following items:

- acquisition fees and expenses; non-cash amounts related to straight-line rent and the amortization of above- or below-market and in-place intangible lease assets and liabilities (which are adjusted in order to reflect such payments from an accrual basis of accounting under GAAP to a cash basis of accounting);

- amortization of a premium and accretion of a discount on debt investments;

- non-recurring impairment of real estate-related investments;

- realized gains (losses) from the early extinguishment of debt;

- realized gains (losses) on the extinguishment or sales of hedges, foreign exchange, securities and other derivative holdings except where the trading of such instruments is a fundamental attribute of our business;

- unrealized gains (losses) from fair value adjustments on real estate securities, including CMBS and other securities, interest rate swaps and other derivatives not deemed hedges and foreign exchange holdings;

- unrealized gains (losses) from the consolidation from, or deconsolidation to, equity accounting;

- adjustments related to contingent purchase price obligations; and

- adjustments for consolidated and unconsolidated partnerships and joint ventures calculated to reflect MFFO on the same basis as above.

Certain of the above adjustments are also made to reconcile net income (loss) to net cash provided by (used in) operating activities, such as for the amortization of a premium and accretion of a discount on debt and securities investments, amortization of fees, any unrealized gains (losses) on derivatives, securities or other investments, as well as other adjustments.

MFFO excludes non-recurring impairment of real estate-related investments. We assess the credit quality of our investments and adequacy of reserves on a quarterly basis, or more frequently as necessary. Significant judgment is required in this analysis. We consider the estimated net recoverable value of a loan as well as other factors, including but not limited to the fair value of any collateral, the amount and the status of any senior debt, the prospects for the borrower and the competitive situation of the region where the borrower does business.

We believe that, because MFFO excludes costs that we consider more reflective of acquisition activities and other non-operating items, MFFO can provide, on a going-forward basis, an indication of the sustainability (that is, the capacity to continue to be maintained) of our operating performance after the period in which we are acquiring properties and once our portfolio is stabilized. We also believe that MFFO is a recognized measure of sustainable operating performance by the non-listed REIT industry and allows for an evaluation of our performance against other publicly registered, non-listed REITs.

Not all REITs, including publicly registered, non-listed REITs, calculate FFO and MFFO the same way. Accordingly, comparisons with other REITs, including publicly registered, non-listed REITs, may not be meaningful. Furthermore, FFO and MFFO are not indicative of cash flow available to fund cash needs and should not be considered as an alternative to net income (loss) or income (loss) from continuing operations as determined under GAAP as an indication of our performance, as an alternative to cash flows from operations as an indication of our liquidity, or indicative of funds available to fund our cash needs including our ability to make distributions to our stockholders. FFO and MFFO should be reviewed in conjunction with GAAP measurements as an indication of our performance. FFO and MFFO should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income or in its applicability in evaluating our operating performance. The methods utilized to evaluate the performance of a publicly registered, non-listed REIT under GAAP should be construed as more relevant measures of operational performance and considered more prominently than the non-GAAP measures, FFO and MFFO, and the adjustments to GAAP in calculating FFO and MFFO.

Neither the SEC, NAREIT, the IPA nor any other regulatory body or industry trade group has passed judgment on the acceptability of the adjustments that we use to calculate FFO or MFFO. In the future, NAREIT, the IPA or another industry trade group may publish updates.

The below table illustrates the items deducted from or added to net income/(loss) in the calculation of FFO and MFFO during the periods presented. The table discloses MFFO in the IPA recommended format and MFFO without the straight-line rent adjustment which management also uses as a performance measure.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Net income/(loss)	$ 137,444	$ (213,953)	$ (264,167)	$ (430,581)
FFO adjustments:				
Depreciation and amortization of real estate assets	613,436	194,427	891,752	251,872
FFO	750,880	(19,526)	627,585	(178,709)
MFFO adjustments:				
Acquisition and other transaction related costs expensed	733,426	316,955	1,199,266	509,571
MFFO	1,484,306	297,429	1,826,851	330,862
Straight-line rent[1]	-	-	-	-
MFFO - IPA recommended format	$ 1,484,306	$ 297,429	$ 1,826,851	$ 330,862
Net income/(loss)	$ 137,444	$ (213,953)	$ (264,167)	$ (430,581)
Less: net (income)/loss attributable to noncontrolling interests	(8)	39	2	73
Net income/(loss) applicable to Company's common shares	$ 137,436	$ (213,914)	$ (264,165)	$ (430,508)
Net income/(loss) per common share, basic and diluted	$ 0.02	$ (0.19)	$ (0.05)	$ (0.51)
FFO	$ 750,880	$ (19,526)	$ 627,585	$ (178,709)
Less: FFO attributable to noncontrolling interests	(25)	(3)	(25)	17
FFO attributable to Company's common shares	$ 750,855	$ (19,529)	$ 627,560	$ (178,692)
FFO per common share, basic and diluted	$ 0.11	$ (0.02)	$ 0.11	$ (0.21)
MFFO - IPA recommended format	$ 1,484,306	$ 297,429	$ 1,826,851	$ 330,862
Less: MFFO attributable to noncontrolling interests	(46)	(47)	(62)	(73)
MFFO attributable to Company's common shares	$ 1,484,260	$ 297,382	$ 1,826,789	$ 330,789
Weighted average number of common shares outstanding, basic and diluted	6,686,377	1,151,224	5,756,835	841,614

(1) Under GAAP, rental receipts are allocated to periods using various methodologies. This may result in income recognition that is significantly different than underlying contract terms. By adjusting for these items (to reflect such payments from a GAAP accrual basis to a cash basis of disclosing the rent and lease payments), MFFO provides useful supplemental information on the realized economic impact of lease terms and debt investments, providing insight on the contractual cash flows of such lease terms and debt investments, and aligns results with management’s analysis of operating performance.

Distributions Declared by our Board of Directors and Source of Distributions

The following table provides a summary of our quarterly distributions declared during the periods presented. The amount of distributions paid to our stockholders in the future will be determined by our Board of Directors and is dependent on a number of factors, including funds available for payment of dividends, our financial condition, capital expenditure requirements and annual distribution requirements needed to maintain our status as a REIT under the Internal Revenue Code. Additionally, our stockholders have the option to elect the receipt of shares in lieu of cash under our DRIP.

	Year to Date June 30, 2016		Three Months Ended June 30, 2016		Three Months Ended March 31, 2016	
Distribution period:		Percentage of Distributions	Q2 2016	Percentage of Distributions	Q1 2016	Percentage of Distributions
Date distribution declared			May 2, 2016		November 13, 2015 & March 14, 2016	
Date distribution paid			May 16, 2016, June 15, 2016, & July 15, 2016		February 15, 2016, March 15, 2016, & April 15, 2016	
Distributions paid	$ 1,188,844		$ 825,940		$ 362,904	
Distributions reinvested	533,619		174,361		359,258	
Total Distributions	$ 1,722,463		$ 1,000,301		$ 722,162	
Source of distributions:						
Cash flows provided by operations	$ 1,188,844	69%	$ 825,940	83%	$ 242,327	34%
Offering proceeds	-	0%	-	-	120,577	17%
Proceeds from issuance of common stock through DRIP	533,619	31%	174,361	17%	359,258	49%
Total Sources	$ 1,722,463	100%	$ 1,000,301	100%	$ 722,162	100%
Cash flows provided by operations (GAAP basis)	$ 1,878,104		$ 1,635,777		$ 242,327	
Number of shares of common stock issued pursuant to the Company's DRIP	57,126		19,309		37,817	

	Year to Date June 30, 2015		Three Months Ended June 30, 2015		Three Months Ended March 31, 2015	
Distribution period:		Percentage of Distributions	Q2 2015	Percentage of Distributions	Q1 2015	Percentage of Distributions
Date distribution declared			May 14, 2014		January 14, 2015	
Date distribution paid			May 15, 2015, June 15, 2015, & July 15, 2015		March 15, 2015 & April 15, 2015	
Distributions paid	$ 180,700		$ 112,612		$ 68,088	
Distributions reinvested	79,043		59,605		19,438	
Total Distributions	$ 259,743		$ 172,217		$ 87,526	
Source of distributions:						
Cash flows provided by operations	$ 179,448	69%	$ 112,615	65%	$ -	-
Offering proceeds	1,252	1%	-	-	68,088	78%
Proceeds from issuance of common stock through DRIP	79,043	30%	59,605	35%	19,438	22%
Total Sources	$ 259,743	100%	$ 172,220	100%	$ 87,526	100%
Cash flows provided by operations (GAAP basis)	$ 179,448		$ 285,757		$ (106,309)	
Number of shares of common stock issued pursuant to the Company's DRIP	8,320		6,274		2,046	

The table below presents our cumulative FFO attributable to the Company's common shares:

	For the period October 5, 2012 (date of inception) through June 30, 2016
FFO attributable to Company's common shares	$ 888,591
Distributions Paid	$ 2,394,369

New Accounting Pronouncements

See Note 2 of the Notes to Consolidated Financial Statements for further information of certain accounting standards that have been issued or adopted during 2016 and certain accounting standards that we have not yet been required to implement and may be applicable to our future operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. The primary market risk to which we are currently and expect to continue to be exposed is interest rate risk.

We are currently and expect to continue to be exposed to the effects of interest rate changes primarily as a result of borrowings used to maintain liquidity and fund the expansion and refinancing of our real estate investment portfolio and operations. Our interest rate risk management objectives have been and will continue to be to limit the impact of interest rate changes on our earnings, prepayment penalties and cash flows and to lower overall borrowing costs while taking into account variable interest rate risk. To achieve our objectives, we may borrow at fixed rates or variable rates. We may also enter into derivative financial instruments such as interest rate swaps and caps in order to mitigate our interest rate risk on a related financial instrument. We will not enter into derivative or interest rate transactions for speculative purposes. As of June 30, 2016, we did not have any derivative agreements outstanding.

The carrying amounts reported in the consolidated balance sheets for cash, deposits, accounts receivable (included in prepaid expenses and other assets), accounts payable and accrued expenses and due to related parties approximated their fair values because of the short maturity of these instruments.

As of June 30, 2016, the estimated fair value of the Revolving Promissory Note Payable – Related Party approximated its carrying value ($16.2 million) because of its floating interest rate.

In addition to changes in interest rates, the value of our real estate and real estate related investments is subject to fluctuations based on changes in local and regional economic conditions and changes in the creditworthiness of tenants, which may affect our ability to obtain or refinance debt in the future. As of June 30, 2016, we had no off-balance sheet arrangements.

ITEM 4. CONTROLS AND PROCEDURES.

As of the end of the period covered by this report, management, including our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based upon, and as of the date of the evaluation, our chief executive officer and chief financial officer concluded that the disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported as and when required.

There have been no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION:

ITEM 1. LEGAL PROCEEDINGS.

From time to time in the ordinary course of business, the Company may become subject to legal proceedings, claims or disputes.

As of the date hereof, the Company is not a party to any material pending legal proceedings of which the outcome is probable or reasonably possible to have a material adverse effect on its results of operations or financial condition, which would require accrual or disclosure of the contingency and possible range of loss. Additionally, the Company has not recorded any loss contingencies related to legal proceedings in which the potential loss is deemed to be remote.

ITEM 1A. RISK FACTORS

The Company discussed in its Annual Report on Form 10-K various risks that may materially affect its business. The Company uses this section to update this discussion to reflect material developments since its Form 10-K was filed. For the quarter ended June 30, 2016, there were no such material developments.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

During the period covered by this Form 10-Q, the Company did not sell any unregistered securities.

Use of Offering Proceeds

The Company's sponsor is David Lichtenstein ("Lichtenstein"), who does business as The Lightstone Group, LLC (the "Sponsor") and is the majority owner of the limited liability company of that name. The Company's advisor is Lightstone Value Plus REIT III LLC (the "Advisor"), which is wholly owned by its Sponsor.

The Company's registration statement on Form S-11 (File No. 333-195292) (the "Offering"), pursuant to which it is offering to sell up to 30,000,000 shares of its common stock, par value $0.01 per share, (which may be referred to herein as ''shares of common stock'' or as ''Common Shares'') for an initial offering price of $10.00 per share, subject to certain volume and other discounts, (the "Primary Offering") (exclusive of 10,000,000 shares available pursuant to its distribution reinvestment plan (the "DRIP") which are offered at a discounted price equivalent to 95% of the Primary Offering price per Common Share) was declared effective by the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933 on July 15, 2014. On June 30, 2016, the Company adjusted the offering price to $9.50 per Common Share in its Primary Offering, which was equal to the Company's estimated net asset value ("NAV") per Common Share as of March 31, 2016, and effective July 25, 2016, the Company's offering price was adjusted to $10.00 per Common Share in its Primary Offering, which is equal to the estimated NAV per Common Share as of June 30, 2016. As of June 30, 2016, the Company had received gross proceeds of $67.9 million from the sale of 6.9 million shares of its common stock (including $2.0 million in Common Shares at a purchase price of $9.00 per Common Share to an entity 100% owned by David Lichtenstein, who also owns a majority interest in the Company's Sponsor). The Company initially expected to offer the Common Shares offered in its Primary Offering over a two-year period, or until July 15, 2016. However, because the Company had not sold all the Common Shares offered in its Primary Offering within two years, the Company will continue the Primary Offering for an additional year, until July 15, 2017, provided that the Offering will be terminated if all 30.0 million shares of our common stock are sold before such date. The Company reserves the right to reallocate the shares of common stock it is offering between the Primary Offering and the DRIP. Additionally, the Offering may be terminated at any time.

On December 24, 2012, the Company sold 20,000 Common Shares to the Advisor for $10.00 per share.

On July 16, 2014, the Advisor contributed $2,000 to the Operating Partnership in exchange for 200 limited partner units in the Operating Partnership. The limited partner has the right to convert operating partnership units into cash or, at the option of the Company, an equal number of common shares of the Company, as allowed by the limited partnership agreement.

Lightstone SLP III LLC (the ‘‘Special Limited Partner’’), a Delaware limited liability company of which Mr. Lichtenstein is the majority owner, is a special limited partner in the Operating Partnership and has committed to make a significant equity investment in the Company of up to $36.0 million, which is equivalent to 12.0% of the $300.0 million maximum amount of the Offering. Specifically, the Special Limited Partner has committed to purchase subordinated participation interests in the Operating Partnership (the “Subordinated Participation Interests”) quarterly in an amount equal to the product of (i) $10.00 minus our then current estimated NAV per Common Share, multiplied by (ii) the number of our Common Shares outstanding. The Operating Partnership will issue one Subordinated Participation Interest for each $50,000 in cash or interests in real property of equivalent value that the Special Limited Partner contributes. The Special Limited Partner’s obligation will continue until the earlier of: (i) the termination of our Offering; (ii) the Special Limited Partner’s purchase of an aggregate of $36.0 million of Subordinated Participation Interests and (iii) our receipt of gross offering proceeds of $300.0 million. Through June 30, 2016, the Special Limited Partner purchased approximately 222 Subordinated Participation Interests in consideration of $11.1 million, including approximately 208 Subordinated Participation Interests in consideration of $10.4 million during the six months ended June 30, 2016. The Special Limited Partner may elect to purchase the Subordinated Participation Interests for cash or may contribute interests in real property of equivalent value. The Subordinated Participation Interests may be entitled to receive liquidation distributions upon the liquidation of Lightstone REIT III.

The Company has and expects to continue to utilize a portion of offering proceeds towards funding dealer manager fees, selling commissions and other offering costs.

Below is a summary of the expenses the Company has incurred from October 5, 2012 (date of inception) through June 30, 2016 in connection with the issuance and distribution of registered securities.

Type of Expense Amount		
Underwriting discounts and commissions	$	6,148,837
Other expenses incurred and paid to non-affiliates		4,502,903
Total offering expenses incurred	$	10,651,740

From the Company’s inception date through June 30, 2016, it has used the cumulative net offering proceeds received of approximately $68.2 million (including the purchase of an aggregate of $10.3 million of Subordinated Participation Interests by the Special Limited Partner), after deducting the offering costs incurred of $10.7 million, as follows:

(Dollars in thousands)		
Purchase of investment properties, net of financings	$	55,881,637
Cash and cash equivalents, as adjusted		9,270,488
Cash distributions not funded by operations		-
Funding of restricted escrows		3,000,000
Other uses (primarily timing of payables)		84,361
Total uses	$	68,236,486

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Pursuant to SEC Release 34-47551 this Exhibit is furnished to the SEC and shall not be deemed to be “filed.”
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Pursuant to SEC Release 34-47551 this Exhibit is furnished to the SEC and shall not be deemed to be “filed.”
101*	XBRL (eXtensible Business Reporting Language).The following financial information from Lightstone Value Plus Real Estate Investment Trust III, Inc. on Form 10-Q for the quarter ended June 30, 2016, filed with the SEC on August 8, 2016, formatted in XBRL includes: (1) Consolidated Balance Sheets, (2) Consolidated Statements of Operations, (3) Consolidated Statements of Stockholders’ Equity, (4) Consolidated Statements of Cash Flows, and (5) the Notes to the Consolidated Financial Statement.

*Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	LIGHTSTONE VALUE PLUS REAL ESTATE INVESTMENT TRUST III, INC.	
Date: August 8, 2016	By:	/s/ David Lichtenstein David Lichtenstein Chairman and Chief Executive Officer (Principal Executive Officer)
Date: August 8, 2016	By:	/s/ Donna Brandin Donna Brandin Chief Financial Officer (Duly Authorized Officer and Principal Financial and Accounting Officer)