

**COURTYARD**  
**Marriott**

## HOSPITALITY PORTFOLIO

*Courtyard Marriott—Warwick, RI  
This property is currently owned by Lightstone Value Plus REIT III, Inc. This property is  
representative of the type of property REIT III intends to invest in.*

**THIS SALES AND ADVERTISING LITERATURE MUST BE READ IN CONJUNCTION WITH THE PROSPECTUS IN ORDER TO UNDERSTAND FULLY ALL OF THE IMPLICATIONS AND RISKS OF THE OFFERING OF SECURITIES TO WHICH IT RELATES. A COPY OF THE PROSPECTUS MUST BE MADE AVAILABLE TO YOU IN CONNECTION WITH THIS OFFERING.**

This is neither an offer to sell nor a solicitation of an offer to buy the securities described herein. An offering is made only by prospectus. This literature must be preceded or accompanied by a current prospectus. You should read the current prospectus in order to understand fully all of the implications and risks of the offering of securities to which it relates. An investment in Lightstone Value Plus Real Estate Investment Trust III, Inc. should be made only after a careful review of the prospectus. All information contained in this material is qualified in its entirety by the terms of the current prospectus. The achievement of any goals is not guaranteed. For more complete information about investing in Lightstone Value Plus Real Estate Investment Trust III, Inc., including risks, charges and expenses, refer to our prospectus.



# Summary of Risk Factors

Risks of investing in the Lightstone Value Plus Real Estate Investment Trust III (“REIT III”) are described in detail in the Prospectus under “Risk Factors.” If we are unable to effectively manage the impact of these risks, we may not meet our investment objectives and, thus, you may lose some or all of your investment.

## Such Risk Factors Include:

- This is an initial public offering. There is no public trading market for our Common Shares, and there may never be one;
- We may be considered a “blind pool” because we own a limited number of properties and real estate-related investments and have not identified most of the investments we will make with the offering proceeds and we have a limited operating history and financing sources;
- We have paid and will continue to pay substantial fees to our advisor and its affiliates, and our advisor and its affiliates, including all our executive officers and some of our directors, will face conflicts of interest caused by their compensation arrangements with us;
- We may suffer from delays in locating suitable investments, which could adversely affect the return on your investment. Our ability to achieve our investment objectives and to make distributions to our stockholders is dependent upon the performance of our advisor in the acquisition of our investments and the determination of any financing arrangements, as well as the performance of our property managers in the selection of tenants and the negotiation of leases;
- You are limited in your ability to sell your Common Shares pursuant to our share repurchase program;
- There is limited liquidity in our Common Shares, and there can be no assurance that a liquidity event will ever occur;
- There is no guarantee of distributions; we have made and will continue to make distributions from sources other than cash flow from operations, including the proceeds of our public offering or from borrowings (including borrowings secured by our assets); our organizational documents do not limit the amount of distributions we can fund from sources other than operating cash flow;
- As of December 31, 2015, all of the distributions paid to stockholders of record since the date of inception were paid from offering proceeds and offering proceeds from the issuance of common stock pursuant to the DRIP;
- There is no limit on the amount of offering proceeds or borrowings we may use to fund distributions. Distributions paid from offering proceeds or borrowings may constitute a return of capital and reduce investor returns. Rates of distribution to you may not be indicative of our operating results;
- Even if we terminate our advisor for poor performance, the special limited partner (an affiliate of our advisor) may elect to (a) receive cash in an amount equal to its net investment, or (b) retain the subordinated participation interests, and in the case of (a), to receive liquidation distributions as well. Such amounts may be substantial and, as a result, may discourage us from terminating our advisor;
- We may employ substantial leverage to acquire assets and may acquire properties that are in depressed or overbuilt markets;
- Investors may lose their entire investment;
- Our failure to remain qualified as a REIT would subject us to U.S. federal income tax and potentially state and local tax, and would adversely affect our operations and the market price of our Common Shares;
- The share ownership restrictions of the Internal Revenue Code of 1986, as amended, for REITs and the share transfer and ownership restrictions in our charter may inhibit market activity in our Common Shares;
- The travel and tourism industry is very competitive, which may adversely limit the profitability and return to stockholders;
- As a REIT, we cannot directly operate our lodging properties, and will rely on independent property managers to oversee operations; and
- The travel and hotel industries may be affected by economic slowdowns, terrorist attacks and other world events.







# LIGHTSTONE

Lightstone believes there are currently opportunities throughout the United States within the hospitality sector. Since 2007, Lightstone has been an investor in the sector and currently owns numerous hotels through its public non-traded REITs.

Lightstone is a highly-regarded and diversified real estate company operating in the United States. Since 1988, founder David Lichtenstein has grown Lightstone to one of the largest privately-held real estate companies in the country, with holdings in 26 states. Operating in all sectors of the real estate market, Lightstone's \$2 billion portfolio currently includes:

- 3,843 hotel keys
- Over 6 million square feet of office, retail and industrial commercial properties
- 10,000 residential units, and

Additionally, Lightstone owns over 12,000 land lots across the country. Headquartered in New York City, Lightstone continues to grow its local presence with \$2.5 billion worth of projects currently under development in the residential and hospitality sectors.

*Investors in LVPR III will not obtain ownership interest in any of the portfolio discussed above.*

*Not owned by Lightstone*

# Lightstone Value Plus REIT III Offering Details

<b>Current Investment Parameters<sup>1</sup></b>	Target <b>75%</b> hotels, <b>25%</b> invested opportunistically throughout other asset classes.
<b>Offering Size (exclusive of DRIP)</b>	\$300 million
<b>Initial Offering Price per Share<sup>2</sup></b>	\$10.00 (subject to reduction for certain categories of investors, as described in the prospectus)
<b>Minimum Initial Investment</b>	\$1,000 (\$2,500 for NY investors)
<b>Investor Suitability<sup>3</sup></b>	\$70,000 income + \$70,000 net worth <sup>4</sup> or \$250,000 net worth <sup>4</sup>
<b>Distributions*</b>	6% per annum, paid monthly

\*There is no guarantee of distributions. We will make some of or all of our distributions from sources other than cash flow from operations, including the proceeds of our public offering or from borrowings (including borrowings secured by our assets); our organizational documents do not limit the amount of distributions we can fund from sources other than operating cash flow. Distributions paid from offering proceeds or borrowings may constitute a return of capital and reduce investor returns. Rates of distribution to you may not be indicative of our operating results. REIT III assets currently in the portfolio did not generate sufficient cash flow to cover distributions, which caused offering proceeds to be used as a source of distributions, constituting a return of capital, that may adversely impact the overall performance of the investment and allow fewer funds available for investment. From LVPR III's inception through September 30, 2016, distributions totaled \$4,093,161 and were paid from cash flows provided by operations (\$2,495,918, or 61%) and excess cash proceeds from the issuance of common stock through the distribution reinvestment program (\$1,597,243, or 39%).

## Lightstone—Participating Alongside Investors

### Lightstone's Co-Investment Commitment:

Lightstone's special limited partner (the "SLP"), majority-owned by Lightstone CEO David Lichtenstein, has committed to purchase up to \$36 million of subordinated participation interests with the intention of helping to maintain an estimated per share net asset value ("NAV") close to the initial share offering price of \$10.00. The SLP will only purchase subordinated participation interests in a given quarter if the estimated per share NAV for that quarter is below \$10.00. The subordinated participation interests held by the SLP will be valued at \$0 until REIT III's estimated NAV (based on a hypothetical assumed liquidation) exceeds the aggregate amount received from investors plus a cumulative, pre-tax, non-compounded annual return of 6.0%. If REIT III's estimated NAV exceeds such threshold, then the value of any subordinated participation interests held by the SLP will be subtracted from the value of the REIT's assets when the board of directors estimates the NAV.

The contribution increases the portion of the net proceeds of the offering that is available for investment in real estate assets, enabling more of an investor's investment to be invested directly into real estate assets.

In a liquidation scenario, the SLP's return is subordinate to an investor's 100% return of net investment + 6% cumulative, pre-tax, non-compounded annual return.<sup>5,6</sup> At that time, the SLP will receive all distributions until it realizes a 100% return of net investment plus 6% cumulative, pre-tax, non-compounded annual return. Thereafter, 85%/15% split (Investors/SLP).

### Subordinated Participation Interests:

- Up to \$36 million subordinated investment
- Valued at \$0 until estimated NAV exceeds the aggregate amount received from investors plus a cumulative, pre-tax, non-compounded annual return of 6.0%
- SLP investment subordinate to Investors
- In liquidation scenario, investors receive 100% return of net investment plus 6% cumulative, pre-tax, non-compounded annual return<sup>6</sup>
- Thereafter, SLP receives 100% return of net investment plus 6% cumulative, pre-tax, non-compounded annual return
- Thereafter, 85%/15% split (Investors/SLP)



## Current Investment Focus: Select-Service

### What is Select-Service?

Luxury
Upper Upscale
<b>Upscale</b>
<b>Upper Midscale</b>
Midscale
Economy

**REIT III Targets  
Select-Service  
Hotels in  
these Groups**

### TYPICAL AMENITIES:

#### SELECT-SERVICE

Self-Parking  
Comfortable Guestrooms  
Breakfast Room  
Pool or Cardio Room

#### FULL SERVICE

Valet Parking  
Premium Guestrooms  
Restaurant(s)  
Spa/Fitness Center/Pool  
Business Center  
Bar(s)  
Ballroom  
Gift Shop

## Why Select-Service?

Lightstone believes select-service hotels provide more stability within their daily operations and are less susceptible to market changes within the economy.



*Courtyard Marriott —Durham, NC*

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<sup>1</sup> REIT III is not bound by these investment parameters.

<sup>2</sup> It is anticipated that the Offering Price Per Share will be updated quarterly, based on the estimated appraised value of the portfolio. On July 25, 2016, REIT III adjusted its offering price to \$10.00 per Common Share in its primary offering, which is equal to the estimated net asset value per Common Share as of June 30, 2016. Price per share is subject to discount for some categories of investor.

<sup>3</sup> The following states have additional suitability requirements: AL, CA, IA, KS, KY, MA, ME, MI, MO, ND, NE, NJ, NM, NY, OH, OR, PA, TN, and WA.

<sup>4</sup> Excluding the value of an investor's home, furnishings and automobiles.

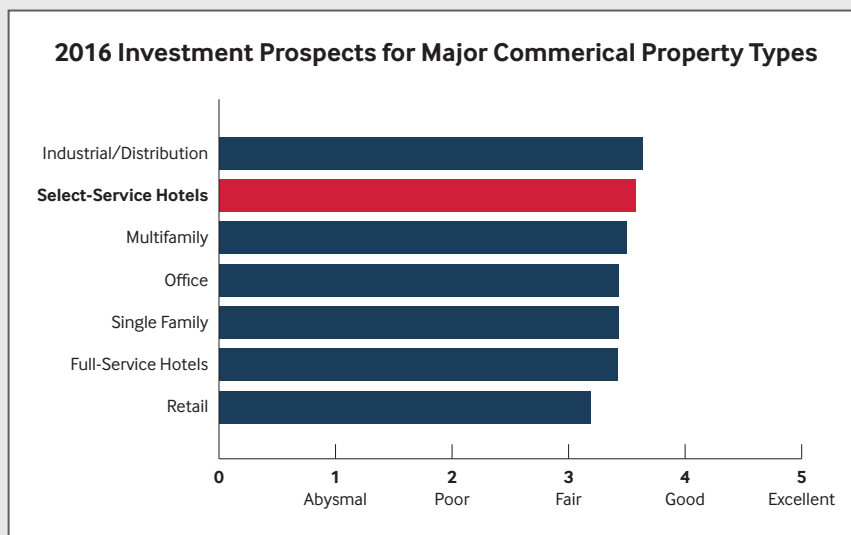
<sup>5</sup> There is no guarantee a liquidity event will occur.

<sup>6</sup> We cannot guarantee that this return will be achieved, but disclose it solely in order to describe the compensation arrangements to which REIT III is subject. Past performance is not indicative of future results.

# Hospitality Sector Opportunity<sup>7</sup>

## 1. Investment Prospects for Major Commercial Property Types<sup>8</sup>

We believe the select-service hospitality market presents an attractive investment opportunity when compared to other real estate sectors. According to PwC's, *Emerging Trends in Real Estate*, select-service hospitality is indicated as being a favorable sector in today's real estate market.



Source: "Emerging Trends in Real Estate," PwC, 2016.

## 2. Hospitality Sector Trends

### 2016 Demand Indicators

#### OCCUPANCY



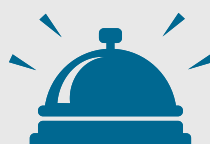
Anticipated to maintain a record 65.6% rate for the 2nd consecutive year<sup>9</sup>

#### SUPPLY



Projected to grow by 1.9%<sup>10</sup>

#### DEMAND



Projected to grow by 2.1%<sup>10</sup>

#### NOI



**11.8%**  
6 years of  
double digit growth<sup>11</sup>

**2015–2017:**  
Double Digit Returns  
(Forecasted)<sup>11</sup>

<sup>7</sup> REIT III follows the same investment thesis as Lightstone's previous REITs and intends to invest primarily in hospitality assets. 75% of REIT III investments are anticipated to be hotels, the remaining 25% of investments are anticipated to be invested opportunistically in assets that Lightstone believes may add significant value to the portfolio. Lightstone believes that given the current state of the real estate market, the most opportunity currently lies within hospitality. Please note the following real estate and hospitality risk factors: The real estate we purchase may not appreciate or may decrease in value; real estate investments are illiquid; our cash flows from real estate investments may become insufficient to pay our operating expenses and to cover the distributions we have paid and/or declared; The hotel industry is very competitive; as a REIT, we cannot directly operate our lodging properties; the travel and hotel industries may be affected by economic slowdowns, terrorist attacks and other world events.

<sup>8</sup> The investment prospects and sector trends set forth herein are forward-looking information and cannot be relied upon. There can be no guarantee that hospitality sector prospects and demand indicators will be favorable.

<sup>9</sup> PwC Hospitality Directions US, November 2015. STR Global is a nationally recognized firm that tracks supply and demand data for the hotel industry.

<sup>10</sup> PwC Hospitality Directions US, March 2016.

<sup>11</sup> "Trends in The Hotel Industry." PKF Hospitality Research (2015)

### 3. “Value-Add” Opportunity<sup>12</sup>

Additionally, REIT III strives to invest in assets that have a value-add component to them, which is another top investment prospect cited by PwC.\*



Source: “Emerging Trends in Real Estate,” PwC, 2016.

\* There can be no guarantee that value-add will prove to be a top investment prospect in 2016.

### Lightstone’s “Value-Add”

#### Acquisitions Discipline

- Seek discount to replacement costs
- Identify operational/management inefficiencies
- Target strong locational demand drivers

#### Operational Disciplines

- Launch sales/marketing initiatives
- Pursue profitable occupancy/room rate balance
- Implement expense management controls

#### Sell Discipline

- Assemble institutional scaled portfolio
- Increase/stabilize institutional scaled income
- Pursue aggregation premium sale

<sup>12</sup> There can be no guarantee that we will be able to add value or that we will be able to successfully execute any of the disciplines, above.



Des Moines, IA



Lansing MI



Durham, NC

The photos depicted represent actual images of the Property. The Property is currently held within Lightstone Value Plus REIT III, Inc.

### LIGHTSTONE BELIEVES...

#### Opportunistic Situations

enable buyers to acquire income (NOI) properties below replacement cost

#### Demand Drivers

help support consistent and/or growth in net operating income (NOI)





“Our co-investment  
is a reflection of  
our **commitment**  
to investors.”

**David Lichtenstein**

*Chairman & Chief Executive Officer  
Lightstone*

Home2 Suites — Tukwila, WA

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**Forward-Looking Statements:** All statements contained in this brochure, other than statements of historical fact, are forward-looking statements. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words “may,” “will,” “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project,” “forecast,” or similar expressions or variations thereof. These statements are based on REIT III’s current plans and expectations and involve risks and uncertainties that could cause actual future events or results to be different than those described in or implied by such forward-looking statements. Investors are cautioned not to place undue reliance on any forward-looking statements.

Securities offered through Orchard Securities, LLC, member FINRA/SIPC. Lightstone Capital Markets is a branch office of Orchard Securities, LLC.

460 Park Ave., 13th Floor—Suite B | New York, NY 10022 | 800.304.0210 (Sales) | [lightstonecapitalmarkets.com](http://lightstonecapitalmarkets.com)

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