

# DEVELOPMENT FUNDAMENTALS ARE BUILDING IN NEW YORK CITY

Lightstone believes New York City is in the midst of an economic rebirth that is attracting a record number of tourists and young professionals to Manhattan. Lightstone views the revitalization as an ideal time for development in a gateway city that, as indicated below, has experienced record high occupancy rates in the hotel and residential sectors.

## GROWING HOSPITALITY DEMAND: NYC TOURISM BACK ON THE UPSWING

Today's travelers are looking for tech savvy and affordable lodging options. Many top hotel chains are launching new brands to meet the expectations of today's travelers.

- New York City hotel occupancy rates exceed **90%** (May 2015), the fifth consecutive year the rate has increased.<sup>1/2</sup>
- The city's more than **100,000** hotel rooms saw a record number of bookings in 2015, with over **32.8 million** rooms booked.<sup>3</sup>
- New York City tourism climbs to record high of nearly **60 million** in 2015 for sixth year, and is targeting **67 million** visitors by 2021.<sup>3/4</sup>

Through a partnership with Marriott, Lightstone has committed **\$2 billion** to hotel projects in New York City and in other gateway cities across the U.S. to develop Moxy, a new hotel brand targeting today's young travelers.

## GROWING RESIDENTIAL DEMAND: RENT OR BUY IN NYC?

There are **75 million** Millennials (age 18 to 34) in the United States. Studies show **70%** of all Millennials say that buying a home isn't important.<sup>5</sup>

- New York City is an apartment city with occupancy in Manhattan reaching **97.9%** in August 2016.<sup>6/7</sup>
- Occupancy rates are a by-product of the expense to own with the average Manhattan apartment now going for over **\$2 million**.<sup>8</sup>
- Census projection for New York City, based on employment and job creation is expected to add more demand.<sup>9</sup>

In response to this growing demand, Lightstone is currently developing over **1,100** residential units in New York City.

**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 Real Estate Income Trust 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 Real Estate Income Trust Inc., including risks, charges and expenses, refer to our prospectus.



*The properties pictured are not owned by the issuer or its affiliates, but are representative of some of the types of properties that the issuer may finance.*

## ABOUT LIGHTSTONE:

Lightstone is a diversified real estate company. Since 1988, founder David Lichtenstein has grown Lightstone to one of the largest privately-held real estate companies in the country, with holdings in 26 states. Operating in all sectors of the real estate market, Lightstone's \$2 billion portfolio currently includes over 6 million square feet of office, retail and industrial commercial properties, 10,000 residential units and 3,843 hotel keys. It also owns over 12,000 land lots across the country. Headquartered in New York City, Lightstone continues to grow its local presence with \$2.5 billion worth of projects currently under development in the residential and hospitality sectors.

**Footnotes:** (1) "The Daily Lodging Report," AETHOS Consulting Group and Gaming USA Corporation, June 7, 2015. (2) "The Daily Lodging Report," AETHOS Consulting Group and Gaming USA Corporation, May 20, 2015. (3) Ax. "New York City tourism climbs to record high in 2015 for sixth year," Reuters, January 24, 2016. (4) "The Daily Lodging Report," AETHOS Consulting Group and Gaming USA Corporation, March 22, 2015. (5) Schulz. "Manhattan Millennials Who Can Afford to Buy Are Still Choosing to Rent," 6SqFt, April 3, 2015. (6) <http://www.nakedapartments.com/guides/nyc/renting-in-new-york-city/high-demand-low-supply> (7) "Elliman Report, Manhattan, Brooklyn & Queens Rentals," Douglas Elliman Real Estate, August 2016. (8) <http://rismedia.com/2016/10/03/manhattans-average-apartment-price-remains-more-than-2-million-for-third-straight-quarter-brokerage-report/#close> (9) "Residential Vacancies and Homeownership in the Second Quarter 2016," U.S. Census Bureau News, July 28, 2016.

**Summary of Risk Factors:** *Investing in our Common Shares involves a high degree of risk. Refer to the prospectus to read about risks you should consider before buying our Common Shares. These risks include the following:* (1) We and our advisor have no operating history and the performance of the prior real estate investment programs of our sponsor may not be indicative of our future results. (2) This is a "blind pool" offering, so you will not have the opportunity to evaluate all our investments before you invest. (3) There is no established trading market for our Common Shares, and there may never be one; therefore, it will be difficult for you to sell your Common Shares except pursuant to our share repurchase program. If you sell your Common Shares to us under our share repurchase program, you may receive less than the total price you paid for the Common Shares. (4) We have paid, and expect to continue to pay, some of or all our distributions from sources other than our cash flow from operations, including from the proceeds of this offering or other offerings, cash advances to us by our advisor, cash resulting from a waiver of fees, and borrowings, including borrowings secured by our assets; this will reduce our funds available for investments and your overall return may be reduced. (5) We expect to have a concentration of related-party investments. Therefore, if adverse business developments were to occur with respect to our sponsor or its related parties, our results of operations and the value of your Common Shares could be adversely affected. (6) We will be subject to the general market risks associated with real estate construction and development. (7) Our financial performance will depend on the successful development and redevelopment of properties that serve as security for the loans we make to developers or that are owned by entities in which we make preferred equity investments. (8) Our operating results may be negatively affected by potential development and construction delays and resultant increased costs and risks. (9) Payment of fees to our advisor and its affiliates will reduce cash available for investment and payment of distributions. (10) If we are unable to raise substantial funds, we will not be able to diversify our portfolio. (11) If we internalize our management functions, your interest in us could be reduced, and we could incur other significant costs associated with being self-managed. (12) Our sponsor's other public programs may be engaged in competitive activities, including the origination and acquisition of our targeted investments. (13) Our advisor will face conflicts of interest with respect to related-party investments, which could result in a disproportionate benefit to our sponsor, its affiliates or other Lightstone-sponsored real estate investment programs. (14) Our obligations under the subordinated agreement with our sponsor will entitle our sponsor to repayment of the outstanding advances under the subordinated agreement and accrued interest, in addition to the liquidation distributions to which our sponsor is entitled, that will reduce the liquidation distributions available to holders of our Common Shares. (15) A limit on the number of shares a person may own may discourage a takeover of our company. (16) Your interest could be diluted if we issue additional securities. (17) We have broad authority to incur debt, and high debt levels could hinder our ability to pay distributions and could decrease the value of your investment. (18) Our failure to qualify or 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.

**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," or similar expressions or variations thereof. These statements are based on LREIT'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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