



1407 Broadway, New York



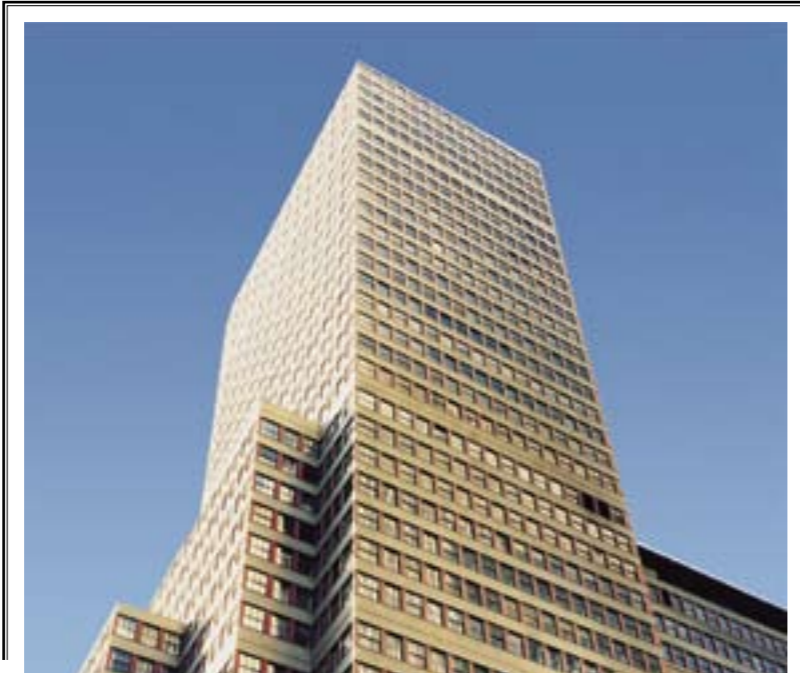
100 James Drive, New Orleans



Oak View Plaza, Omaha

LIGHTSTONE
Value Plus REIT

www.lightstonereit.com



The Lightstone Value Plus Real Estate Investment Trust is sponsored and advised by affiliates of the Lightstone Group.

Founded in 1985, the Lightstone Group today owns real estate valued in excess of \$3 billion, including more than 20,000 residential units and 30 million square feet of retail, office and industrial properties. It is among the top 25 privately held real estate firms in the nation, the largest office landlord in Chicago and the second largest owner of outlet malls in United States.

A major reason to invest in real estate is that **REAL ESTATE INVESTMENTS CAN PROVIDE APPRECIATION IN ADDITION TO INCOME.**

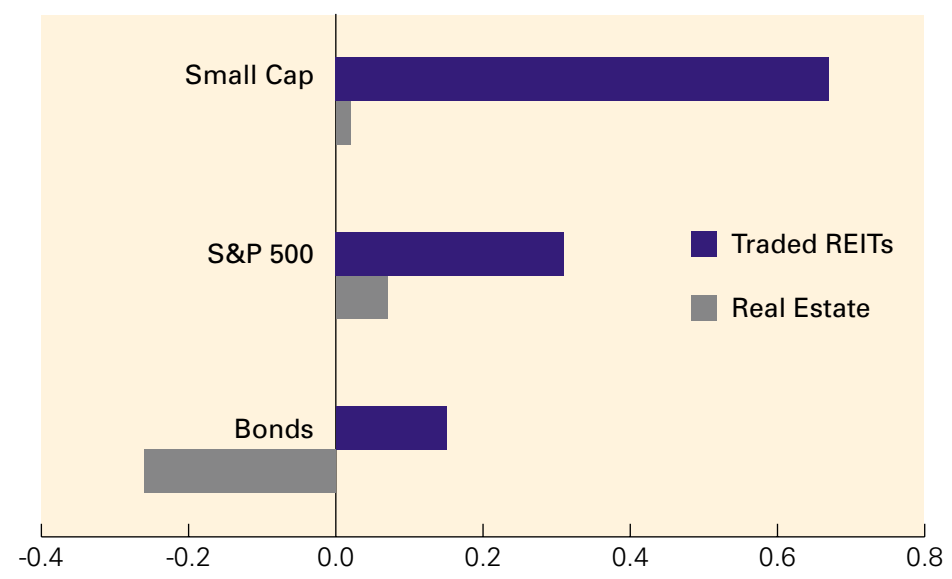


With four regional offices, Lightstone employs more than 1,000 professionals. The company runs and manages property operations itself, so it can keep a continuous eye on the bottom line. It doesn't contract out facilities management as many do. We think attention to detail and an inherent thriftiness serve Lightstone and its investor-partners well.

All the properties pictured in this brochure are owned by the Lightstone Value Plus REIT. This sales and advertising literature must be considered 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.

A major reason to invest in real estate is that real estate investments can provide appreciation in addition to income. Historically, though, two-thirds of REITs' total return has come from dividend income. Lightstone's current dividend is 7%, which could go down or up in the future.

Non-traded real estate has been less correlated with other investments



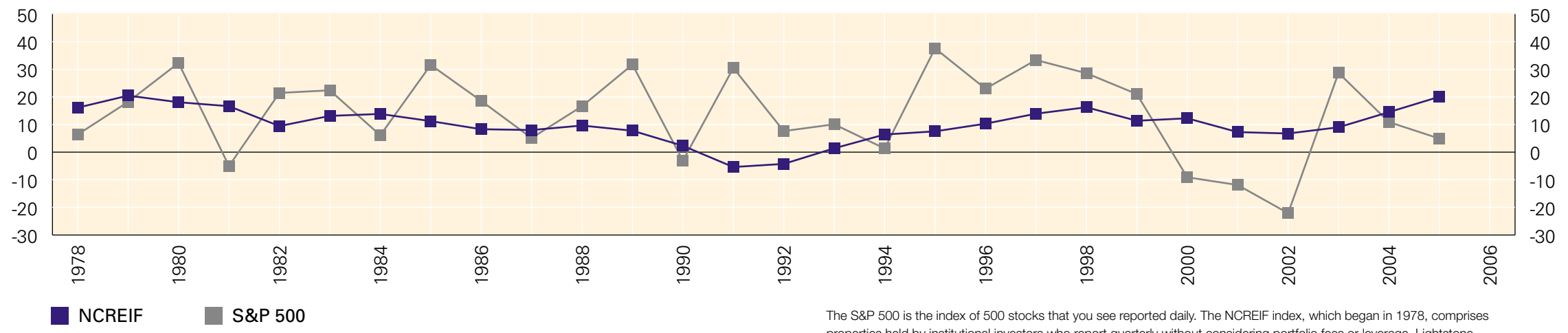
Source: UBS Global Asset Management Real Estate Research based on data obtained from the Ibbotson Small Stock Index, S&P 500 Stock Index, Lehman Aggregate Bond Index, NAREIT and the NCREIF Property Index for 1978-2005.

And real estate can offer tax advantages. Lightstone's 7% dividend was free of current income tax last year. While that won't always be the case, we expect the same to be true this year. Instead, it's treated as a return of capital for tax purposes. This means Lightstone shareholders will pay capital gains tax down the road when they sell their shares—rather than paying higher ordinary income tax rates today.

By real estate, we mean nontraded real estate—that is, real real estate in the real world as opposed to publicly traded stock or shares of companies that own real estate. If you already own stocks, buying publicly traded REITs may provide little diversification because traded REITs have gone up and down more in synch with the stock market. For true diversification, you may need to own real, nontraded real estate. Not as liquid as stocks, nontraded real estate has been less volatile. Added to your portfolio, it may reduce risk and volatility and increase returns.

Given their attractive, comparable returns as well as the prudence of diversification, we think it makes sense to consider investing a portion of your assets in nontraded real estate rather than concentrating on stocks alone.

Non-traded real estate has been less volatile than stocks



The S&P 500 is the index of 500 stocks that you see reported daily. The NCREIF index, which began in 1978, comprises properties held by institutional investors who report quarterly without considering portfolio fees or leverage. Lightstone makes opportunistic, value oriented investments, and returns from its REIT will differ.

Like any asset class, real estate does not rise steadily in value without interruptions or pauses. But since individual real estate properties can be individual opportunities, and less homogenous than traded markets, professional investors like David Lichtenstein's Lightstone Group seek out specific opportunities that can provide good returns whether or not the overall real estate market is advancing.

When you look at properties owned by the Lightstone fund, you'll see examples of Lightstone deciding to acquire a particular property because it recognized a way it could increase the income generated by that property. This illustrates value creation—making your investment worth more without depending on a rising real estate market. If the whole real estate market does go up, you would expect additional return, of course. But we're not depending on it. This is real estate investing with a real real estate professional.

Lightstone's Director of Utility and Energy Management, an engineer, points out that if just 2% of the toilets in an apartment complex are running, water bills can double. So it is not uncommon for Lightstone to buy an apartment complex and as a first step cut water and sewer bills in half by fixing running toilets.

In a similar fashion, Lightstone is aggressive about energy management and conservation in residential complexes. This includes programs such as direct metering that can significantly reduce energy use and costs—by making tenants responsible for their own energy bills. In complexes with central heating and cooling, Lightstone likes to install energy management systems to get the job done as efficiently as possible. In many of those cases, our management team can control the temperature in every unit via the Internet.

Management efforts like these can reduce expenses, increasing operating profit and the value of your investment.

“A successful real estate company does not happen by accident; it happens one property at a time.”

David Lichtenstein



- Choosing investments that can be made more valuable
- Reducing expenses means more income, another way we can make your investment worth more.

Risks of investing in the Lightstone Value Plus Real Estate Investment Trust 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. The most significant risks include:

- The profitability of our acquisitions is uncertain.
- We may not be able to make distributions or we may borrow to make distributions, which could reduce the cash available to us. We cannot assure you that in the future we will be able to achieve cash flows necessary to pay both our expenses and dividends, or to maintain dividends at any particular level, if at all.
- No public market currently exists for our shares of common stock, no public market for our shares may ever exist and our shares are illiquid.
- We have no operating history upon which to evaluate our likely performance or established financing sources. We do not have any management experience organizing and operating a REIT. Although our sponsor has substantial experience investing in and managing real estate, neither we nor our sponsor has participated in the organization or operation of a REIT.
- Our investment policies and strategies may be changed without stockholder consent.
- We are obligated to pay substantial fees to our advisor and its affiliates, including fees payable upon the sale of properties and termination of the advisory agreement.
- There are significant risks associated with maintaining the level of leverage permitted under our charter (which permits \$3 of debt for each \$1 of equity).
- There are numerous conflicts of interest between the interests of investors and our interests or the interests of our advisor, our sponsor, and their respective affiliates. For example, our advisor may have an incentive to incur high levels of leverage due to the fact that asset management fees payable to our advisor are based on total assets, including assets purchased with indebtedness. Our Dealer Manager is an affiliate and so cannot conduct an independent review of our prospectus.
- The special general partner interests our sponsor receives in return for paying our front-end costs will entitle our sponsor to distributions that will reduce the distributions available to stockholders after they receive a 7% cumulative return on their net investment.
- We may fail to qualify or continue to qualify to be treated as a REIT for taxation purposes.

Management invests its own cash.

Here’s an unusual element in the Lightstone REIT:

LIGHTSTONE ITSELF WILL BE THE BIGGEST INVESTOR.

That’s because Lightstone invests cash equal to **10%** of what’s invested by all other investors combined; so up to **\$30 million** of Lightstone’s own money will be invested and used to pay the up-front expenses of creating the Lightstone REIT. This means **100%** of your money is used to acquire real estate and makes Lightstone different from other REITs. It means you won’t have to make up front-end expenses before you can start earning a profit.

Here’s another point many financial advisors find important: Lightstone will not be paid back until investors get back their money plus **7% per year**. That’s also unique in the industry. You may like the fact that Lightstone stands to lose up to \$30 million unless you get back your initial investment, plus 7% per year. In Lightstone’s view, that’s just the right way to treat its partners. Or as David Lichtenstein says, “We’re all sharing the same cookie.”

Lightstone is in business for a profit, of course, so if and when all investors have received 7% per year, Lightstone begins to earn more of future distributions than its cash investment alone would warrant. In fact, if investors have received 12% per year, subsequent distributions will go 40% to Lightstone and 60% to investors. It’s on its share of subsequent profits that Lightstone expects to do well.

YOU GET YOURS FIRST.

The Lightstone Value Plus Real Estate Investment Trust will go through 3 phases:

1. The REIT is currently in its investment phase, assembling its portfolio one property at a time. During this phase, shares are available to investors.
2. Next will come the holding or operating period, which is expected to last seven to 10 years. During this time, investors expect to receive dividends while Lightstone works to increase income by adding tenants and minimizing expenses.

Also during property holding periods, Lightstone has historically sought to refinance or borrow more against appreciated properties in order to put that money in investors' pockets. This means appreciation can go in your pocket before a property is sold. And, of course, you still own the property.

3. Finally the REIT will liquidate in the fashion that creates the best result for investors. This could be by going public or it could be by selling the properties. We can't know today what option will provide investors the best return.

Along the way you will have the choice of taking your dividends in cash or reinvesting your dividend income, looking to produce an even bigger nest egg with a bigger income stream down the road. For example, reinvesting a 7% dividend will double your cash investment in a little more than 10 years and could give you twice the income stream down the road.

“The challenge is creating value. We make money by buying right and managing well. How we pick the fruit or eat the pie (i.e., sell, go public, refinance) varies.”

David Lichtenstein





LIGHTSTONE
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Lightstone Securities, LLC, Member NASD/SIPC and an affiliate of the Lightstone Group, is the Dealer-Manager for Lightstone Value Plus Real Estate Investment Trust, Inc.