

**Suburban Multifamily**  
**Dearborn Heights, Roseville and Westland, MI**

Acquisition Date: **April 2006**  
Purchase Price: **\$42 million**  
Appraised Value: **\$54.3 million**  
Average Occupancy: **93%**  
Year Built: **1965-1972**  
Total Units: **1,017**  
Amenities Include: **central air conditioning, private patios, cable access,  
swimming pool, business center**  
Cap Rate: **7.7%**  
Cap Rate equals net operating income divided by the purchase price.

### Location

- **The Carriage Hill** and **Carriage Park** properties are located near the Tournament Player Club of Dearborn Golf Course, close to a premium retail center and approximately 14 miles from Detroit Metropolitan Airport.
- **Macomb Manor apartments** is close to numerous national retailers, restaurants and shopping destinations with convenient access to I-94.
- **Scotsdale apartments** is located adjacent to the I-275 office market, a highly regarded employment center, and is a short drive from downtown Detroit and the Detroit Metropolitan Airport.

### Management

Beacon Property Management LLC, a subsidiary of our Sponsor and an affiliate of our Advisor, acts as property manager of properties listed.



### March 2007

This transmittal must be preceded or accompanied by a prospectus for the securities of the issuer described herein. This material must be read in conjunction with the prospectus in order to fully understand all the implications and risks of the offering of securities to which this material relates. For additional prospectuses, please call Lightstone Securities at 888-808-REIT (7348).

## The Investment Opportunity

Lightstone believes it was able to buy at the price it paid because these apartments were owned by a publicly traded REIT – Home Properties – whose stock was being downgraded by research analysts. The research analysts were focused on the weak auto sector and its potential impact on the Michigan economy. They downgraded Home Properties stock because some of its properties were in Michigan. Here's what Lightstone saw:

- The apartment complexes had a positive cash flow, were 93% occupied and had no significant deferred maintenance.
- With Home Properties stock down 10 points (a market value loss of hundreds of millions of dollars), Home Properties' management just wanted to get out of Michigan. For Lightstone, this represented an opportunity.
- Lightstone's analysis concluded that while rents in the area were only off 1.5%, the price of the properties had dropped by a third.
- The Lightstone REIT bought the properties from the stressed seller for \$42 million, significantly less than their appraised value of \$54 million.

**Lightstone recognizes there is a question of if or when prices recover. The operating profit from these properties has supported the 7% dividend that the Lightstone REIT has paid its investors. Ultimately, Lightstone anticipates a gain in the value of these properties at least back to appraised value.**

## We encourage you to read...

Detailed descriptions of this property, the rest of the portfolio and the risks of investing in the Lightstone Value Plus Real Estate Investment Trust are in the Prospectus and any subsequent Supplements. The risks include, but are not limited to the following:

- The profitability of our acquisitions is uncertain. We may lose some or all of our investment. Also, 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.
- 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 limitations on ownership and transferability of our shares. Our shares are illiquid and no public market for our shares may ever exist.
- 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. Additionally, we may fail to qualify or continue to qualify to be treated as a REIT for taxation purposes.”