



LECTOR85 PREFERRED EQUITY INVESTMENT (YBOR CITY, FL)

13%¹
Preferred Return
(Annualized)

We have secured a preferred equity investment in Lector85, a multifamily development project sponsored by Milhaus, LLC, an award-winning, mixed-use development, construction and property management company that specializes in Class A urban, multifamily residential buildings. Located on a 2.74 acre site in Ybor City, Florida, an established historic district of Tampa, construction has commenced on a 4-story, 254-unit urban-style apartment community that will include over 11,000 square feet of retail. Completion is slated for the Summer of 2021.

AT A GLANCE

Our Investment:	\$9.9 million (fully drawn upon as of 3/31/20)
Total Development Cost:	\$53.3 million
Term:	Estimated at 48 months**
Investment Type:	Preferred Equity
Preferred Return:	13% annualized (accrued, monthly compounding)*

TAMPA HIGHLIGHTS

#11 Best City to Start a Career ¹	#1 in Florida for High-wage STEM Jobs ²	#12 Best Place to Live ³	8 Fortune 1000 Companies located in Tampa ⁴
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* Such rate shall be reduced to an annualized rate of 10% upon either project stabilization, or 12 months following receipt of the project's final certificate of occupancy, (whichever occurs later) and subject to satisfaction of loan-to-value and debt service coverage ratio covenants. The 13% rate shown is not a measure of the REIT's investment performance nor is it necessarily indicative of distributions that the REIT may provide to investors. It should not be relied on to predict an investor's returns.
** Subject to one 12-month extension option.

Our investment is in a preferred equity position on the development of the property. We will not own the developed property. The photo shown is for illustrative purposes only and represents a rendering of the project. Actual results could vary.

DIVERSE BUSINESS ENVIRONMENT WITH CONCENTRATIONS OF TECH AND FINANCE

✓ STRONG JOB MARKET

Walking distance to trendy restaurants, retail and entertainment

✓ CONVENIENT ACCESS

PREMIER FEATURES AND AMENITIES

✓ LUXURY, CLASS A ASSET

1.5 miles from Downtown Tampa, 10 miles from the international airport and 3 miles from the University of Tampa

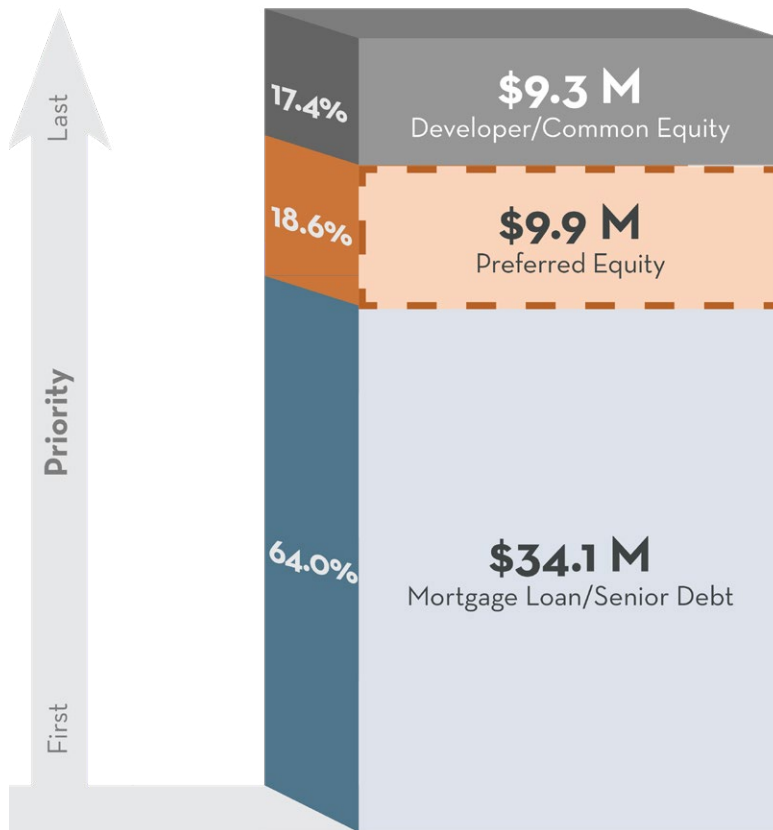
✓ WELL-LOCATED

It should be noted that the information/metrics provided regarding the investment and the to be developed property are as of the transaction date unless otherwise noted and subject to change.

This is neither an offer to sell nor a solicitation of an offer to buy the securities described in the Cottonwood Communities prospectus, as amended and supplemented (the "Prospectus"). The offering is made only by the Prospectus and this material must be preceded or accompanied by the Prospectus. Neither the Securities and Exchange Commission nor any other state securities regulator has approved or disapproved of the securities or determined if the Prospectus is truthful or complete. In addition, the Attorney General of the State of New York has not passed on or endorsed the merits of the offering. Any representation to the contrary is unlawful. Securities offered through Orchard Securities, LLC, a member of FINRA and SIPC. CW Markets Group is a Branch Office of Orchard Securities, LLC.

\$53 Million Lector85 Project

At a 13% annualized preferred return rate, we believe our \$9.9 million preferred equity investment can offer significant risk-adjusted return potential.



Construction Progress

(as of May 2020)



Our investment is in a preferred equity investment on the development of the property. We will not own the developed property.

For illustrative purposes only. Figures are subject to change. Our preferred equity investment of up to \$9.9 million was drawn upon in stages and fully drawn as of 3/31/20. The 13% annualized coupon rate will apply accordingly.

- 1) WalletHub "Best & Worst Places to Start a Career" May 14, 2019 (Information can be accessed at: <https://wallethub.com/edu/best-worst-cities-to-start-a-career/3626/>)
- 2) Tampa Bay Business Journal "Tampa leads the state in high-wage STEM job openings" July 20, 2018 (Information can be accessed at: <https://www.bizjournals.com/tampabay/news/2018/07/20/tampa-leads-the-state-in-high-wage-stem-job.html>)
- 3) Livability.com "2019 Top 100 Best Places to Live" (Information can be accessed at: <https://livability.com/list/top-100-best-places-to-live/2019/10>)
- 4) Tampa Hillsborough Economic Development Corporation (Information can be accessed at: <https://tampaedc.com/target-industries-2/corporate-hq/>)

RISK FACTORS

An investment in our shares is speculative, illiquid and involves a high degree of risk and there is no guarantee that investors will receive any return or that they will not lose their entire investment. No public market exists for our shares; our board of directors is not required to provide shareholders with a liquidity event by a specified date or at all; the offering price is arbitrarily set and is unrelated to the value of our assets or our operating income; we have no operating history; you will not have the opportunity to evaluate our investments before we make them; we may not achieve our investment objectives; we depend on our advisor and its affiliates to select investments and conduct our operations; we pay substantial fees to our advisor and its affiliates, which increases the risk that you will not earn a profit; our officers and certain of our directors are also officers and directors of our sponsor and its affiliates and thus will be subject to conflicts of interest; we will use leverage to acquire multifamily apartment communities, which increases your investment risk; there are restrictions on the ownership and transferability of our shares; our charter permits us to pay distributions from any source, including offering proceeds or borrowings, without limitation; if we pay distributions from sources other than our cash flow from operations, we will have less funds to invest; it is likely that we will use sources of funds which may constitute a return of capital to fund distributions; we may not be able to acquire a diverse portfolio of multifamily apartment communities and as a result the value of your investment may vary more widely; if we fail to qualify as a REIT, our operations and our ability to make distributions to our shareholders would be adversely effected; and we will be subject to development and operating risks of our real estate including economic risks, legislative risks, tax risks, environmental risks, financing risks, liquidity risks and lack of diversification.

CONTACT US TO LEARN MORE

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A copy of the most recent version of the Cottonwood Communities Prospectus may be obtained at www.cottonwoodcommunities.com or by requesting a copy from:

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