



417 CALLOWHILL

PREFERRED EQUITY INVESTMENT | PHILADELPHIA, PENNSYLVANIA

We have secured a preferred equity investment in 417 Callowhill, a 220-unit multifamily development project sponsored by Outlook Development Group, a full-service real estate group that has developed, acquired and/or invested in over \$500 million of commercial real estate across multiple geographical markets. Located in the Northern Liberties neighborhood of Philadelphia, construction on the project is expected to commence in the fourth quarter of 2022 and the property is expected to open in late 2024.

AT A GLANCE

Est. Total Development Cost: \$85.4 million
Our Investment: \$33.4 million, expected to be drawn upon in stages
Investment Type: Preferred equity
Term: Estimated to be at least 48 months¹
Preferred Return²: 12.75% accrued, monthly compounding (10% upon stabilization)

MARKET HIGHLIGHTS

8th

Largest U.S. City in 2022 by population (Philadelphia)³

\$115K+

Average income within a one-mile radius⁴

3.1%

Average annual population growth since 2010 within a one-mile radius⁴

96

Walk Score (Northern Liberties neighborhood)⁵

High-end amenities
✓ NEW LUXURY, CLASS A ASSET

Close proximity to City Center, the Central Business District + easy access to main thoroughways & excellent public transportation

✓ CONVENIENT LOCATION & ACCESS

New construction real estate taxes are abated for a period of ten years from the issuance of a certificate of occupancy

✓ BENEFITS FROM PHILADELPHIA TAX ABATEMENT PROGRAM⁶

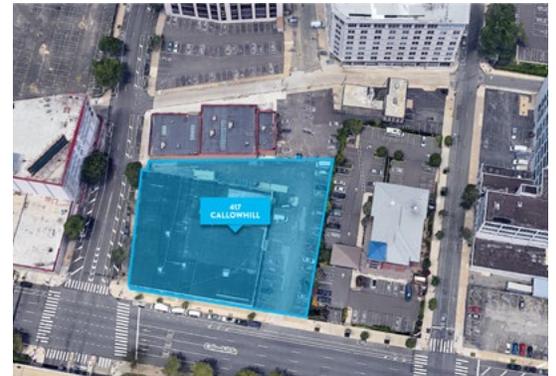
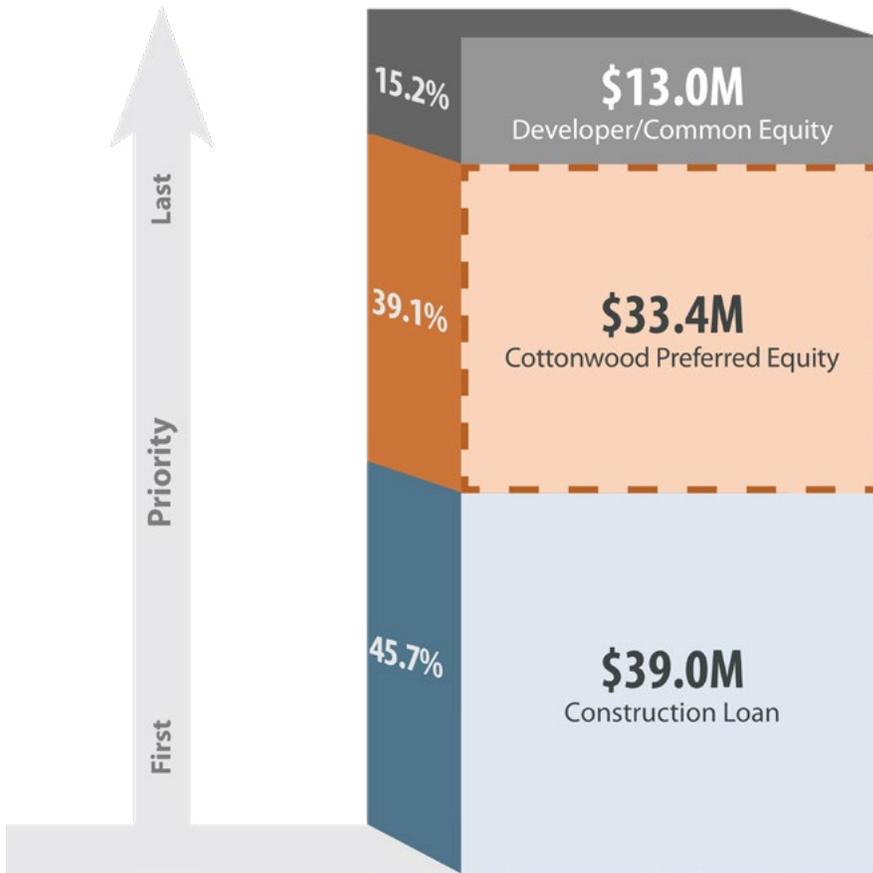
Photo above is for illustrative purposes only and represents a rendering of the project. Actual results could vary. Our investment is in a preferred equity investment on the development of the property. We will not own the developed property.

It should be noted that the information/metrics provided are as of the investment date and subject to change.

1) The term extends at least 24 months past the receipt of the certificate of occupancy for the last units of the project and construction of the project is expected to take approximately 24 months to complete. If the sponsor is otherwise in compliance with the partnership agreement, the term may extend to the maturity of the underlying construction loan (or November 3, 2027) at the election of the sponsor. **2)** The preferred return is contractual and only entitles Cottonwood Communities, Inc. ("CWREIT") to priority in distributions, if any. The 12.75% annualized rate shown is not a measure of CWREIT's investment performance and is not indicative of distributions that CWREIT may provide to investors. It should not be relied on to predict an investor's returns. The 12.75% is subject to the development and performance of the project and there is no guaranty that such return will be achieved. **3)** Macrotrends.net (<https://www.macrotrends.net/cities/largest-cities-by-population>) **4)** Source: CoStar. Data can be made available upon request. **5)** Philidelphiomag.com presented by J.P. Morgan, "The Most Walkable Philadelphia Suburbs and Neighborhoods" (<https://www.phillymag.com/property/walkable-suburbs-neighborhoods-philadelphia/>) **6)** Source: Philadelphia Bill No. 20065301. Further information available upon request.

This is neither an offer to sell nor a solicitation of an offer to buy the securities described in the CWREIT 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.**

417 Callowhill Project Capitalization



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SUMMARY OF 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. Risks include, but are not limited to, the following: no public market exists for our shares; a stockholders' ability to dispose of their shares will likely be limited to repurchase by us; our share repurchase program is subject to restrictions and our board of directors may modify or suspend our share repurchase program at any time; purchases and repurchases of shares of our common stock are made based on the most recently disclosed net asset value ("NAV") per share at such time and NAV does not currently represent our enterprise value and may not accurately reflect the actual prices at which our assets could be liquidated on any given day, the value a third party would pay for all or substantially all of our shares, or the price that our shares would trade at on a national stock exchange; our board of directors may amend our NAV procedures from time to time; distributions are not guaranteed and have in the past and may in the future be funded with offering proceeds and we have no limit on the amounts we may pay from such sources; we depend on our advisor to select investments and to manage our business; we pay substantial compensation to our advisor and its affiliates, which increases the risk that our stockholders will not earn a profit on their investment; certain of our officers and our directors are also officers and directors of our sponsor, advisor and their affiliates and, as a result, are subject to conflicts of interest, including conflicts arising from time constraints and the fact that the fees our advisor receives for services rendered to us are based on our NAV, which our advisor is responsible for determining; stockholders' interest in us will be diluted if we issue additional shares; stockholders' interest in our assets will also be diluted if our operating partnership issues additional units; there are restrictions on the ownership and transferability of our shares of common stock; if we fail to qualify as a real estate investment trust ("REIT") and no relief provisions apply, our NAV and cash available for distribution to our stockholders could materially decrease; we will be subject to risks generally associated with the development and operation of real estate including, but not limited to, economic risks, legislative risks, tax risks, environmental risks, financing risks, liquidity risks and lack of diversification; the outbreak of widespread contagious disease, such as the novel coronavirus, COVID-19, could adversely impact our operations and the value of our investments; inflation and its adverse consequences on our operations.



For more information, visit WWW.COTTONWOODCOMMUNITIES.COM
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