

## BUSINESS OVERVIEW

- As of the end of the third quarter of 2023, CWREIT had a gross asset value of \$2.5 billion with a total of 41 multifamily investments operating in 13 U.S. markets representing over 11,000 multifamily units, including 3,000 units associated with structured investments in which CWREIT does not own the underlying real estate. Average effective rents were \$1,786 with an average portfolio-wide occupancy of approximately 94%.
- Same-store communities net operating income ("same-store NOI") growth for the three and nine months ended September 30, 2023 was 4.2% and 6.3%, respectively, demonstrating healthy fundamental operating conditions during the period.<sup>3</sup>
- Net asset value ("NAV") per share as of September 30, 2023 was \$15.82, which is down from \$19.58 at year-end 2022.
  - The biggest impact to reductions in value come from CWREIT's Independent Valuation Advisor ("Altus Group") increasing assumed Average Terminal Cap Rates from 4.6% to 5.3% since September 30, 2022 and increased Average Discount Rates from 6.1% to 6.5% over the same period.

## MARKET INSIGHTS

- High interest rates are having a major impact on both the commercial real estate sector as a whole and specifically on multifamily properties. According to Green Street, commercial property values have dropped by 22% since reaching their peak in March 2022.<sup>6</sup> Although some of this downward movement in the multifamily space has been offset by NOI growth during 2023, the impacts of leverage and declining values continue to create downward pressure on NAVs and stock prices across the real estate universe.
- From an operational standpoint, the fundamentals of the business are expected to soften throughout 2024 and into 2025 due to a significant amount of new supply currently under construction in many markets. This increased supply will create more competition for renters. However, new development starts have significantly decreased in 2023, and most experts predict that fundamentals will rebound in late 2025 and into 2026 as a result.
- Despite the challenges posed by the new supply in the market, high interest rates have made it difficult for current renters to become homeowners. As a result, many renters are likely to continue delaying their home purchases, providing some stability in the fundamentals of the market during the 2024-2025 period.

## PERFORMANCE<sup>1</sup>

Share Class		Inception	YTD Return	1 Year Return	ITD Return
Class T <sup>2</sup>	no sales charges	12/1/21	-17.21%	-21.18%	<b>1.27%</b>
	with sales charges	12/1/21	-20.01%	-23.84%	<b>-0.62%</b>
Class D <sup>2</sup>		5/2/22	-16.84%	-20.71%	<b>-11.02%</b>
Class I		12/1/21	-16.69%	-20.51%	<b>2.13%</b>
Class A	w and w/o sales charges	12/18/18	-16.69%	-20.51%	<b>14.95%</b>

Past performance is not indicative of future results.

## KEY INVESTMENT UPDATES

- On July 18, 2023, CWREIT closed on a new investment towards the development of a \$155.7 million, 296-unit multifamily development project in Monrovia, California.
  - \$20.15 million** commitment from CWREIT
  - Mezzanine loan** structure
  - 48-month term** with two 12-month extension options
  - 16.5% fixed interest** per annum<sup>4</sup>
  - 1.43x** minimum multiple<sup>5</sup>
- On May 31, 2023, CWREIT's Cottonwood Broadway, 254-unit, ground-up development project in Salt Lake City was completed.
  - Initial move-ins occurred in mid-June and as of September 30, 2023, **occupancy is 32.3%**.
  - This marks the completion of **Cottonwood's third ground-up development project** – the first, Sugarmont, was completed in June 2021 and is currently stabilized at 91.2% occupancy and the second, Park Avenue, was completed in April 2022 and is currently stabilized at 96.2%.



Jefferson Monrovia (Monrovia, CA)



Cottonwood Broadway (Salt Lake City, UT)

## PLEASE SEE FOOTNOTES ON PAGE 2.

This is neither an offer to sell nor a solicitation of an offer to buy the securities described in the [Cottonwood Communities, Inc. 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.**

## SUMMARY OF PROPERTY-LEVEL DEBT CAPITAL

During the first quarter of 2023, we refinanced seven properties for \$326 million, receiving net proceeds of \$58 million and obtaining a weighted average term and rate of 6.8 years and 5.08%, respectively on those transactions.

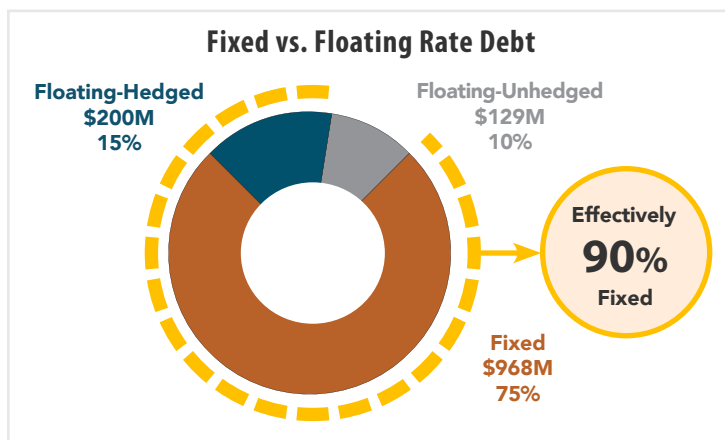
As of September 30, 2023, the graph shows portfolio-wide, the total of \$1.3 billion of property level debt currently has the following debt metrics:

- All-in rate: **4.92%**<sup>7</sup>
- Average term to maturity: **6.2 years**
- Property loan-to-value ("LTV"): **55.6%**
- Debt service coverage ratio ("DSCR"): **1.49**<sup>8</sup>
- Debt yield: **7.81%**<sup>8</sup>

## DISTRIBUTION HISTORY<sup>9</sup>

- CWREIT has **consistently paid distributions to investors since inception** (58 consecutive months).
- The current annualized distribution of \$0.73 per share represents a **46% increase** from the initial \$0.50 per share paid in 2019.

Note that distributions are not guaranteed and may be funded from any source, without limitation, including cash flow from operations, asset sales, borrowings, offering proceeds, advance or deferral of fees, expense reimbursements or return of capital.



1) Class A shares were offered from August 2018 through December 2020 and are no longer available for sale in the primary offering. Return information was prepared based on the NAV per share of common stock of CWREIT, as of September 30, 2023 of \$15.8195, the most significant component of which consists of estimated fair values of real property assets. As with any real property valuation, the estimated fair values of real properties are based on a number of judgments, assumptions or opinions about future events that may or may not prove to be correct. As return information is calculated based on NAV, return information presented will be impacted should the assumptions on which NAV was determined prove to be incorrect. Further, CWREIT stockholders may not realize CWREIT's most recently computed NAV per share of common stock in the event he or she attempts to sell his or her shares of common stock in CWREIT or upon the liquidation of CWREIT. See the prospectus as supplemented to date for information about the computed NAV and the valuation procedures followed by CWREIT in connection with its determination of NAV. Return information is not a measure used under GAAP. CWREIT has incurred \$44.4 million and \$34.0 million in net losses for the nine months ended September 30, 2023 and for the year ended December 31, 2022, respectively. This amount largely reflects the expense of real estate depreciation and amortization in accordance with GAAP. Additional information about our net losses as calculated under GAAP is included in our annual and interim financial statements. Our net losses as calculated under GAAP and a reconciliation of our GAAP equity to our NAV are provided in our annual and interim financial statements. Inception to date ("ITD") returns for CWREIT are annualized consistent with the IPA Practice Guideline 2018. 2) Inception-to-date returns are net of ongoing annual distribution fees of 0.85% (Class T) and 0.25% (Class D), and for Class T "with sales charges" only, also assume the full upfront Sales Load of 3.5% at initial subscription. 3) CWREIT defines same-store NOI as operating revenues less operating expenses for stabilized properties, both consolidated and unconsolidated, owned for the entirety of the periods presented. See CWREIT's Quarterly Report on Form 10-Q for the period ended September 30, 2023 for a reconciliation of NOI and additional information on how to review this metric. 4) The interest rate is not a measure of our investment performance, nor is it indicative of distributions that we may provide to investors. It should not be relied on to predict an investor's returns in us. 5) If mezzanine debt is redeemed prior to the initial term, we are entitled to a make-whole minimum multiple of the original investment amount. 6) Source: Green Street Commercial Property Price Index report dated December 6, 2023. 7) All-in rate is the blended at share effective interest rate (inclusive of rate caps) of all asset level debt as of 9/30/23. 8) DSCR and debt yield are calculated at share using trailing debt service and NOI. 9) Past performance is not indicative of future results. Distributions are not guaranteed. CWREIT funded total distribution paid during the nine months ended September 30, 2023, which includes net cash distributions and distribution reinvestment by stockholders, with \$4.7 million prior period cash provided by operating activities, \$29.2 million from additional borrowings and \$1.9 million of offering proceeds from issuance of common stock pursuant to the distribution reinvestment plan (the "DRP"). CWREIT funded total distributions paid during 2022, which includes net cash distributions and distributions reinvested by stockholders, with \$23.0 million prior period cash provided by operating activities, \$7.9 million from additional borrowings, \$9.1 million of offering proceeds, and \$1.9 million of offering proceeds from issuance of common stock pursuant to the DRP.

## 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.
- 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 NAV per share at such time, 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 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.
- Mezzanine loans and preferred equity investments have a greater risk of default than a first position loan.
- Development projects involve risk including development risks, construction risks, financing risks and lease-up risks.
- We recently restated our financial statements and identified a material weakness in our internal controls, each of which may adversely affect us, including due to an increased risk of litigation.