

# A Risk-Adjusted Real Estate Strategy

## Balancing Income & Growth



Given Cottonwood Communities, Inc.'s ("CWREIT's") risk-adjusted approach to investing, we aim to strike the optimal balance between income-generating and growth-driven investments, with the goal of providing the best possible returns to investors regardless of cyclical fluctuations in the broader markets.

INCOME FOCUS

### OPERATING PROPERTIES



- Acquire **high quality, income-focused** multifamily properties in major U.S. markets
- Utilize **moderate leverage** targeting 45% to 65% loan-to-value ratio
- **Effectively operate** our properties to help drive rent and long-term value

### REAL ESTATE-RELATED INVESTMENTS



- Invest in real estate-related investments that can offer **attractive yields** to our portfolio of investments
- May include **preferred equity, mezzanine loans, B-note loans, etc.**

### DEVELOPMENT



- Capitalize on the **multifamily supply shortage** as 4.6 million new apartments are needed by 2030 to meet the expected increase in demand<sup>1</sup>
- Engage in **ground-up multifamily** development projects

GROWTH FOCUS

There is no guarantee that these investment objectives will be met. Pictured (from top to bottom) is Cottonwood West Palm, located in West Palm Beach, FL, Parc Westborough, located in Westborough, MA, and Cottonwood on Broadway, located in Salt Lake City, UT.

1) Source: "Our Vision for 2030" The National Multifamily Housing Council and National Apartment Association. Material can be accessible at: <https://www.naahq.org/sites/default/files/naa-documents/government-affairs/vision-2030-report-naa-nmhc-170626.pdf>

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.



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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. 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, 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 increase 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 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.