



Invest with an **experienced partner**



cottonwood  
COMMUNITIES

## Multifamily Growth & Income Investment Strategy

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Cottonwood Communities, Inc. ("CWREIT") | [www.cottonwoodcommunities.com](http://www.cottonwoodcommunities.com)

Not for distribution in the states of New Jersey and Ohio.

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.**

# Risk Factors to Consider

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. You should read the prospectus carefully for a description of the risks associated with an investment in us. These risks include, but are not limited to, the following:

- There is no public trading market for the shares of our common stock and a stockholders' ability to dispose of their shares will likely be limited to repurchase by us. Stockholders' ability to have their shares repurchased through our share repurchase program is limited 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, which is generally the prior month's NAV per share of our common stock. 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. Furthermore, our board of directors may amend our NAV procedures from time to time. While there will be independent annual appraisals of our properties, the appraisal of properties is inherently subjective and our NAV may not accurately reflect the actual price at which our properties could be liquidated on any given day.
- We cannot guarantee that we will make distribution payments. We have previously paid distributions from offering proceeds and may continue to fund distributions with offering proceeds in the future. We have no limit on the amounts we may pay from such sources.
- We are dependent upon our advisor, CC Advisors III, LLC and its affiliates to select investments and to manage our business.
- We pay substantial compensation to our advisor and its affiliates. These fees, which are subject to change, increase the risk that our stockholders will not earn a profit on their investment. These fees were not negotiated at arm's length and therefore may be higher than fees payable to unaffiliated third parties.
- 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 the 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.
- Recent macroeconomic trends, including inflation and rising interest rates, may adversely affect our business, financial condition, and results of operations.
- 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.



# Why Invest with Cottonwood<sup>1</sup>?

## At a Glance

2004

Since Cottonwood was formed

~\$3B

Assets under management ("AUM")<sup>2</sup>

~12,000

Multifamily units under management<sup>3</sup>

200+

Years of combined industry related experience across executive management

## Fully Integrated Real Estate Investment Company

Headquartered in Salt Lake City, Utah, Cottonwood is a fully integrated real estate company with significant experience in:

- Acquisitions
- Asset and property management
- Third-party property management services for institutional owners
- Capital markets and financing
- Strategic institutional partnerships
- Structured investments
- Ground-up development
- Construction consulting

## Key Value Propositions

- **Alignment Of Ownership:**  
The officers of Cottonwood own approximately 10% of the interests in CWREIT<sup>4</sup>
- **CWREIT-Owned Property Management Business:**  
Control over property, asset and development management services, generating income with select upside participation
- **100% Multifamily Sector Focus:**  
A sector with demonstrated long-term resilience and growth

Data provided as of July 31, 2023. **1)** References to Cottonwood are to our sponsor, Cottonwood Communities Advisors, LLC, and its affiliates. Information about Cottonwood is included to evaluate the experience of our sponsor and its affiliates and includes information regarding real estate funds sponsored by our management team, Daniel Shaeffer, Chad Christensen and Gregg Christensen. This includes funds previously sponsored or advised, directly or indirectly by Cottonwood Residential II, Inc., Cottonwood Residential, Inc. and Cottonwood Capital, LLC. An investment in CWREIT is not an investment in our sponsor as CWREIT is a separate and distinct legal entity. **2)** AUM includes assets owned by Cottonwood-sponsored programs as well as third party managed assets. Of this amount, \$2.6 billion relates to the CWREIT portfolio for which Cottonwood receives an asset management fee and the remaining amount relates to assets for which CWREIT provides property management, asset management, or development services. **3)** Relates to multifamily units for which CWREIT provides property management, asset management or development services. **4)** Ownership consists of shares of common stock, CROP common units and CROP LTIP units. Percentage of shares are as of July 31, 2023 and can fluctuate depending on capital raised.



# Multifamily Growth & Income Investment Strategy

## OPERATING PROPERTIES

High quality, income-focused multifamily properties

## REAL ESTATE-RELATED INVESTMENTS

Preferred equity, mezzanine loans, B-note loans, etc.

## DEVELOPMENT

Ground-up development of new communities

### Location/Submarket

#### Higher Paying Job Sectors

- Such as technology, healthcare, financial and professional services

#### Favorable Demographics

- Well-employed and well-educated (i.e. Bachelor and advanced degrees)

#### Likely Renters “By Choice”

- More stability in finances and greater disposable income
- Less likely to face an immediate financial hardship upon economic downturn

### Property Classification

#### Newer Properties

- Generally less than 10 years old with attractive curb appeal
- Less deferred maintenance

#### Attractive Amenities/Features

- May include resort style pools, club houses, fitness centers, dog parks

### Financing/Loan Terms

#### Moderate Leverage

- Targeting 45% to 65% loan-to-value ratio
- May help mitigate the downside risk of short-term fluctuations in market values relative to a portfolio with higher leverage

### Property Preview<sup>5</sup>



Heights at Meridian, Durham, NC | 339 Units  
Operating Property Under Management by Cottonwood



Melrose, Nashville, TN | 220 units  
Operating Property Under Management by Cottonwood

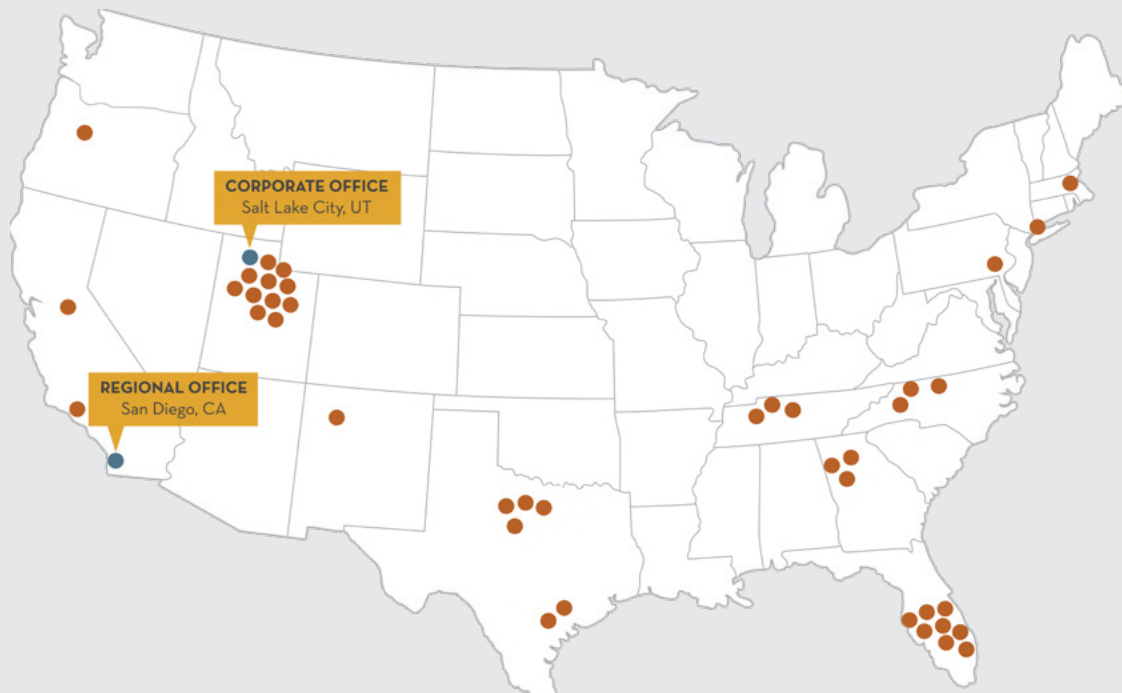


Sugarmont, Salt Lake City, UT | 341 Units  
New Property Developed by Cottonwood

<sup>5</sup>) Represents a snapshot of the properties and/or investments in our portfolio. Please refer to the Prospectus for information on our complete portfolio.



## Map of Current Investments (as of December 31, 2023)



Infield Apartments, Kissimmee, FL, Orlando Metro<sup>6</sup>  
Real Estate-Related Investment (Preferred Equity)



Cottonwood Westside, Atlanta, GA | 197 Units  
Operating Property Under Management by Cottonwood

## U.S. Target Markets<sup>7</sup>

Atlanta, GA  
Dallas, TX  
Austin, TX  
Boston, MA  
Salt Lake City, UT  
Charlotte, NC  
Raleigh-Durham, NC  
Nashville, TN  
Tampa, FL  
West Palm Beach, FL  
Phoenix, AZ  
Portland, OR  
Denver, CO



### Local Industry Profile

Certain employment sectors are better positioned for high earnings potential



### Target Demographics

High concentration of skilled labor and above average income



### Infill Locations

Generally exhibit high barriers to entry and may be undergoing favorable redevelopment



### Accessibility

Close proximity to transportation, dining, entertainment, retail venues and schools



### Unique Opportunities

Utilizing our ability to identify market dislocation or mispriced assets

<sup>6</sup>) Photo is for illustrative purposes only and represents an investment to finance the development of the property. The to-be developed property pictured will not be owned by CWREIT. <sup>7</sup>) As of 12/31/23. Based on changing market conditions, among other variables, the list of cities that CWREIT is targeting may change. Refer to the Prospectus for any changes.

# Multifamily Real Estate Overview

## Why Invest in Multifamily?

### A Level Of Consistency

Of the 45+ full years of data taken into account in our bar graph, only three produced negative returns for multifamily, while sector volatility remained lower relative to the average of other core sectors.

### Low Correlation

Real estate total returns, and specifically private real estate, has historically displayed a low correlation to stocks and bonds, serving as a meaningful diversifier to investment portfolios.

### Hedge Against Inflation

We believe the multifamily sector provides a hedge against inflation with attractive risk-adjusted returns relative to other core real estate sectors.

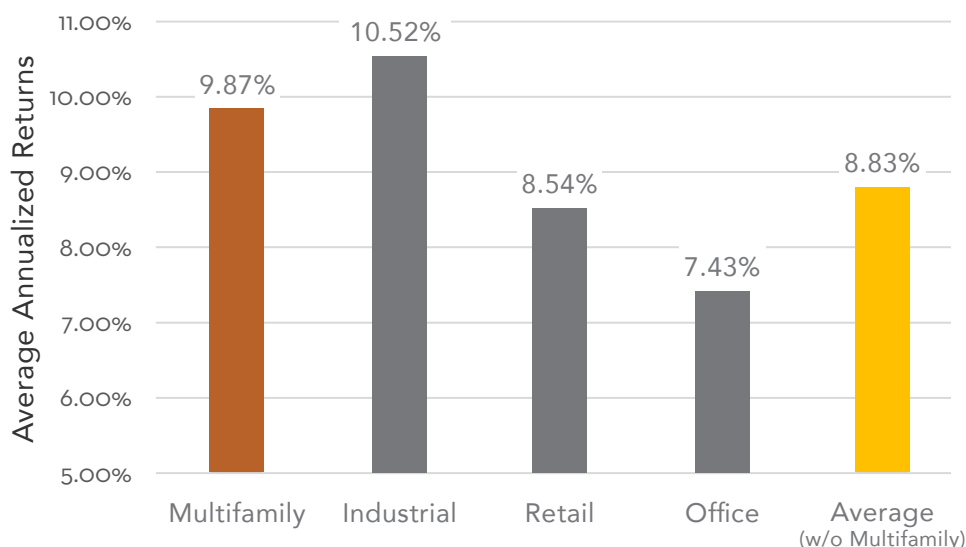
## What is Multifamily Real Estate?

Multifamily real estate generally refers to properties that contain multiple residential housing units, most commonly known as apartment properties.

## How Does It Compare to Other Real Estate Sectors?

Regardless of macroeconomic conditions, people still need a place to live. Given this inherent demand, the multifamily sector has performed well with the least amount of volatility relative to its other real estate counterparts.<sup>8</sup>

## Historical Return Performance by Sector (1977 through 9/30/23)



Graph Source: National Council of Real Estate Investment Fiduciaries (NCREIF). Information as of September 30, 2023. Our sponsor created all graphs and calculations based on the referenced data pertaining to the period from 1977 (when NCREIF first began making the data available) through Q3 2023. Past performance is no guarantee of future results. There is no guarantee that these trends in the multifamily sector will continue.

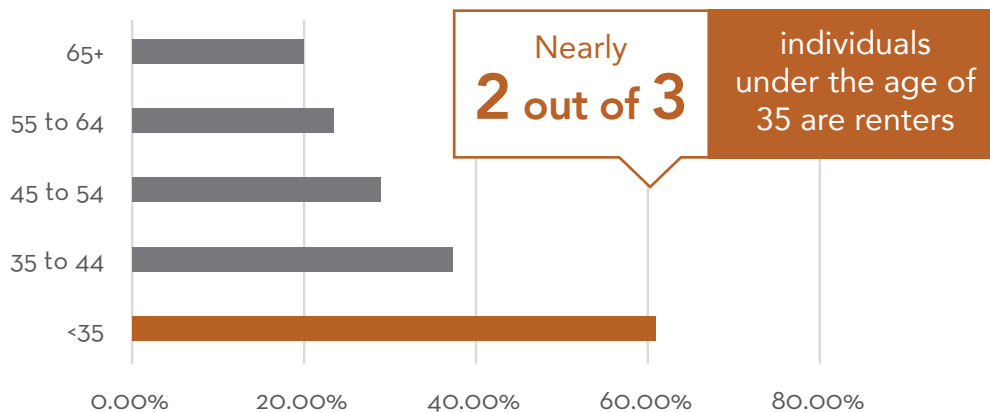
8) The NCREIF Apartment Property Index is an index of quarterly returns on an unleveraged basis reported by institutional investors on investment grade commercial properties owned by those investors. The index is used as an industry benchmark to compare an investor's own returns against the industry average. While not a measure of non-traded REIT performance, our management feels that this index is an appropriate and accepted index for the purpose of evaluating the performance of multifamily real estate relative to the performance of other property types. The index does not reflect management fees and other investment-entity fees and expenses, to which we are subject, that lower returns. Indices are not available for direct investment. Past performance does not guarantee future results. Investors should not expect to receive the same returns as illustrated above.

# Multifamily Demand Drivers

## The Millennial Factor

The next wave in residential growth is expected over the next ten years as the millennial generation (generally those born between 1980 and 2000) enter adulthood, cultivate their skills in the work force and obtain their own housing for the first time.

## Propensity to Rent By Age Group



Graph Source: Data as of 12/31/20. Census Bureau, Table 19. Quarterly Homeownership Rates by Age of Householder which can be found at: <https://www.census.gov/housing/hvs/data/histtabs.html>

**Why do millennials continue to rent?**

**Student Loan Debt**  
at an all-time high<sup>9</sup>

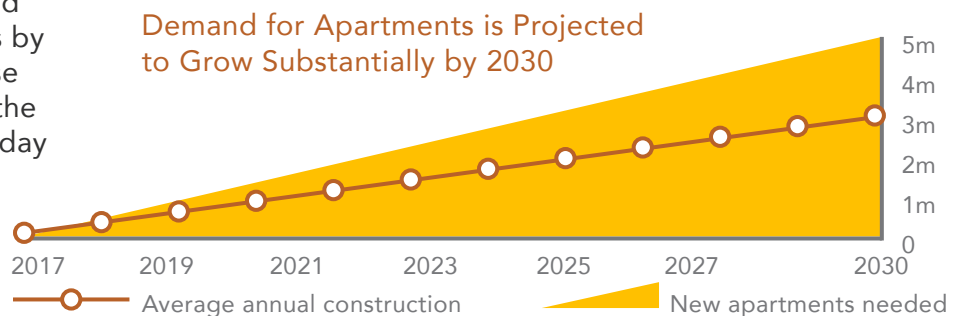
**Delay In Major Life Decisions**  
such as marriage and children

**Desire For A Flexible Lifestyle**

**Tight Credit Standards**  
for single-family home mortgages

## Supply Shortage: "Unprecedented Demand for Apartments"

The data now shows a need to build at least 4.6 million new apartments by 2030 to meet the expected increase in demand for housing; otherwise the affordability problems that exist today may get worse.



Graph 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>  
9) "Student Loan Debt Statistics In 2020: A Record \$1.6 Trillion" FORBES, February 3, 2020. Material can be accessible at: <https://www.forbes.com/sites/zackfriedman/2020/02/03/student-loan-debt-statistics/?sh=bac8d41281fe>

**With 92 million people, the Millennial Generation is the biggest in U.S. history**

# CWREIT Investment Objectives<sup>10</sup>

## ✓ Preserve, Protect and Return

investor capital

## ✓ Provide Current Income

by paying stable cash distributions to investors

## ✓ Realize Capital Appreciation

in the value of its investments over the long term through

## ✓ Serve as an Attractive Investment

with lower expected volatility relative to public real estate companies whose securities trade daily on a stock exchange

## Key Offering Terms

Structure	Non-traded, net asset value ("NAV"), perpetual-life real estate investment trust
Advisor	CC Advisors III, LLC, a wholly owned subsidiary of our sponsor, Cottonwood Communities Advisors, LLC
Maximum Offering <sup>11</sup>	\$1,000,000,000
Transaction Price/NAV	Determined Monthly
Distribution Frequency <sup>12</sup>	Paid Monthly
Distribution Reinvestment Plan ("DRP")	Shareholders may reinvest distributions through the purchase of additional shares at NAV
Minimum Initial Investment	\$2,500 for Class D and T; \$1 million for Class I (unless waived)
Subscription	<ul style="list-style-type: none"><li>• Subscription agreements may be submitted throughout the month and must be received as least five days prior to the first calendar day of the month</li><li>• Purchases are effective as of the first calendar day of each month</li></ul>
Share Repurchase Program (for Classes T, D and I only)	<ul style="list-style-type: none"><li>• Monthly repurchases will be made at a price equal to the prior month's NAV (the "transaction price")</li><li>• Shares of the Company's common stock not held for at least one year will be repurchased at 95% of that month's transaction price</li></ul>
Investor Suitability <sup>13</sup>	Investors are required to have a net worth of at least \$250,000, or gross annual income of at least \$70,000 and a net worth of at least \$70,000
Tax Reporting	Form 1099-DIV

<sup>10</sup>) There is no assurance that these objectives will be met. <sup>11</sup>) Includes \$900,000,000 of shares of common stock in the primary offering plus \$100,000,000 of shares pursuant to our distribution reinvestment plan. <sup>12</sup>) There is no guarantee that distributions will be paid and they are subject to change at any time at the discretion of the board of directors. <sup>13</sup>) Other suitability requirements, including state-specific requirements are applicable as described in the Prospectus.