



Our Three Investment Pillars

Offering a Risk Adjusted Complement to Your Current Real Estate Strategy

As with most things, real estate has its cycles – its share of both ups and downs. Cottonwood Communities, Inc. is focused on investment opportunities that we believe are best positioned to weather the unpredictable downturns while capitalizing on key growth opportunities with the goal of providing the best possible returns to investors.

Cottonwood’s “endurance” based strategy means it seeks to: i) invest in enduring locations, ii) invest in enduring asset quality and iii) utilize an enduring leverage strategy – collectively, this represents its Three Investment Pillars.

Enduring Locations (Submarkets)	Enduring Asset Quality	Enduring Leverage Strategy
<ul style="list-style-type: none"> ✓ Jobs and Employment ✓ Demographics ✓ Supply Constrained Infill Locations 	<ul style="list-style-type: none"> ✓ Asset Age ✓ Deferred Maintenance/Obsolescence ✓ Attractive Amenities 	<ul style="list-style-type: none"> ✓ Financial Leverage ✓ Operating Leverage

Who Do You Want Renting at Your Community?

Generally Higher Paying Job Sectors

Information, Financial Activities, Professional & Business Services, Education & Health Services

MORE LIKELY

- ✓ To Receive Significant Raises/Bonuses
- ✓ To Have Discretionary Income



often “renter by choice”



Who Do You Think is More Likely Able to Afford Rent Increases?

Generally Lower Paying Job Sectors

Mining and Logging, Construction, Manufacturing, Trade, Transportation & Utilities, Leisure & Hospitality, Government

LESS LIKELY

- ✓ To Receive Significant Raises/Bonuses
- ✓ To Have Discretionary Income



often “renter by necessity”

How Old is the Property and How Much Will it Cost to Upkeep?¹

	Less Than 5 Years	5 to 9 Years	10 to 19 Years	20+ Years
Avg. Expenses Per Unit Per Year (\$)	\$556	\$1,014	\$1,657	\$1,854
% of Rent That Goes Towards These Expenses Per Unit	3.3% 	6.7% 	11.4% 	14.2%

1) Data Source: National Apartment Association 2018 Survey of Operating Income & Expenses in Rental Apartment Communities.

How Much is Being Borrowed For an Investment?

MORE CONSERVATIVE Target Leverage Policy: **45% - 65%** loan-to-value ratio²

MORE AGGRESSIVE Target Leverage Policy: **70%+** loan-to-value ratio⁴

may mitigate downside risk³ of short-term fluctuations in market values/cash flow

During market corrections, can result in having to **sell or liquidate assets at inopportune times**



FOR ILLUSTRATIVE PURPOSES ONLY. THERE IS NO GUARANTEE THAT SUCH TRENDS WOULD CONTINUE.

2) It should be noted that figures represent what we target for leverage at the REIT level. Actual results may vary. 3) The reference to mitigating downside risk is at an entity level. This does not in any way imply that Cottonwood Communities is a low risk investment. In general, the use of leverage increases the risk of your investment. Loans we obtain may be collateralized by some or all of our investments, which will put those investments at risk of forfeiture if we are unable to pay our debts. Principal and interest payments on these loans reduce the amount of money that would otherwise be available for other purposes. 4) Hypothetical figure provided for illustrative purposes only.

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 supplement (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.

Did You Know...?

Notable Trends During the Great Recession (2008- 2009)

1. Generally lower paying jobs were lost earlier, more extensively and recovered more slowly⁵
2. Significant job losses and higher unemployment experienced amongst lower education levels⁶
3. 72% of property level revenue was determined by submarket (location)⁷



For more information, contact us at **855.816.9112** or **info@cwmarketsgrp.com**

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

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5) Source: Bureau of Labor Statistics. Data accessed at: <https://www.bls.gov/webapps/legacy/cesbtb1.htm>. The sponsor has categorized generally low and generally high paying jobs. 6) Source: Bureau of Labor Statistics, from the Current Population Survey (1992 through 2018). 7) Source: REAL ESTATE ISSUES Published by The Counselors of Real Estate, Special Issues Global Cities in an Era of Change. Data contained in the article based on data obtained from REIS, a provider of commercial real estate data. Report can be accessed at: <https://www.reis.com/app/uploads/2018/07/Submarkets-Still-Matter-.pdf>.

RISK FACTORS

Investing in our common stock involves a high degree of risk and uncertainties which should be carefully considered before making an investment. If any of the risks were to occur, our business, financial condition or results of operations could be materially and adversely affected. In these circumstances, the value of our common stock may decline, and you could lose some or all of your investment. Some of these risks include the following: no public market exists for our shares and our board of directors is not required to provide our shareholders with a liquidity event by a specified date, or at all; we set the offering price of our shares arbitrarily; we have no operating history; we have not identified any investments to acquire with the proceeds of this offering and are considered to be a "blind pool"; we depend on our advisor and its affiliates to select investments and to conduct our operations; we pay substantial fees to our advisor and its affiliates and such fees increase the risk that investors will not earn a profit on their investment; our officers and certain of our initial directors may be subject to conflicts of interest; we will use leverage to acquire multifamily apartment communities; there are restrictions on the ownership and transferability of our shares of common stock; our charter permits us to pay distributions from any source including offering proceeds or borrowings; and if we raise substantially less than the maximum offering amount, we may not be able to invest in a diverse portfolio of assets. Refer to the Prospectus for a complete set of risk factors.