cottonwood COMMUNITIES

REAL ESTATE DEVELOPMENT FINANCING INVESTMENT

THE ASTORIA INVESTMENT

PREFERRED EQUITY INVESTMENT

(ASTORIA, QUEENS, NY)

13%[1] Coupon (Annualized)

We have made a preferred equity investment in a multifamily development project sponsored by a New York-based real estate development, investment and management firm. Our preferred equity investment is structured as a co-investment with a publicly-traded real estate investment trust ("REIT").

Situated on a 2.5-acre waterfront site in the Astoria neighborhood of Queens, New York City, construction has commenced (with the majority of foundation work now complete) on a high-end apartment community that will be comprised of three buildings totaling approximately 534 units. Completion is slated for the second quarter of 2022.

AT A GLANCE

Total Development Cost:	$342 million
Our Investment:	$15 million
Term:	Estimated to be approx. 60 months
Investment Type:	Preferred Equity
Preferred Return[1]:	13% annualized (accrued, monthly compounding)[1]

QUEENS, NY HIGHLIGHTS

- **2nd** Most populous county in New York[2]
- **#8** Ranked "Coolest Neighborhood in the World" (Astoria)[3]
- **4th** Most densely populated county in the U.S.[4]
- **TWO TOP 25** Busiest U.S. Airports (JFK, LaGuardia)[5]

1) Also receives a profit participation upon a liquidity event. The 13% annualized rate shown is not a measure of the REIT's investment performance and is not indicative of distributions that the REIT may provide to investors. It should not be relied on to predict an investor's returns. The 13% is subject to the development and performance of the project. There is no guaranty that a 13% return will be achieved.

Our investment is in a preferred equity position on the development of the property. We will not own the developed property. The photo shown is a rendering of the project. Actual results could vary.

In-fill, waterfront property with ready access to Manhattan by ferry or subway

✓ WELL-LOCATED

Extensive amenities including rooftop pool, barbeque and lounge area, 50,000 sf of courtyard/green space and stunning Manhattan skyline views

✓ LUXURY, CLASS A ASSET

New York has long been a leading multifamily market due to limited new supply deliveries and robust demand

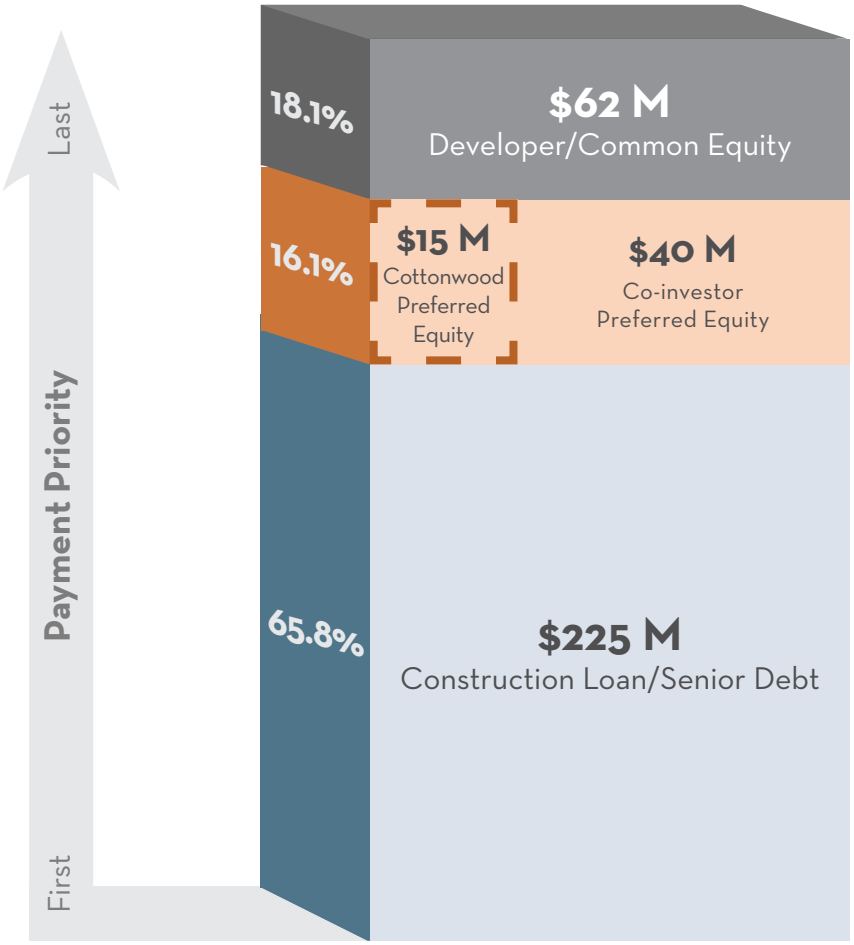
✓ ATTRACTIVE MARKET

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

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.

$342 Million Astoria Investment Project

At a 13%[1] annualized coupon rate, we believe our $15 million preferred equity investment can offer significant risk-adjusted return potential.[1] It should be noted that the current outstanding preferred equity (held by Cottonwood and its co-investor, a publicly-traded multifamily REIT) is structured on a pari passu basis, meaning payment priority is equal.



The photos shown are for illustrative purposes only and represent renderings of the project. Actual results could vary. Our investment is a preferred equity investment in a limited liability company that is developing the project. We will not own the developed property.

These amounts are anticipated and for illustrative purposes only. These amounts are subject to change.

1) There is potential upside participation that could result in a maximum internal rate of return ("IRR") equal to 15%. The 13% annualized rate shown is not a measure of the REIT's investment performance and is not indicative of distributions that the REIT may provide to investors. It should not be relied on to predict an investor's returns. The 13% is subject to the development and performance of the project. There is no guaranty that a 13% return will be achieved. **2)** New York Demographics by Cubit (information can be accessed at: https://www.newyork-demographics.com/counties_by_population) **3)** Timeout.com "The 50 Coolest Neighborhoods in the World" September 17, 2019 (information can be accessed at: https://www.timeout.com/coolest-neighbourhoods-in-the-world) **4)** Gizmodo.com "Half of the U.S. Lives in these 146 Counties – is yours one of them?" (information can be accessed at: https://io9.gizmodo.com/half-of-the-u-s-lives-in-these-146-counties-is-yours-1258718775) **5)** Trip Savvy "The 25 Busiest Airports in the United States" Updated 3/31/20 (information can be accessed at: https://www.tripsavvy.com/busiest-airports-in-the-usa-3301020

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; our board of directors is not required to provide shareholders with a liquidity event by a specified date or at all; the offering price is arbitrarily set and is unrelated to the value of our assets or our operating income; we have no operating history; the impact of the COVID-19 outbreak on our operations and value; you will not have the opportunity to evaluate our investments before we make them; we may not achieve our investment objectives; we depend on our advisor and its affiliates to select investments and conduct our operations; we pay substantial fees to our advisor and its affiliates, which increases the risk that you will not earn a profit; our officers and certain of our directors are also officers and directors of our sponsor and its affiliates and thus will be subject to conflicts of interest; we will use leverage to acquire multifamily apartment communities, which increases your investment risk; there are restrictions on the ownership and transferability of our shares; our charter permits us to pay distributions from any source, including offering proceeds or borrowings, without limitation; if we pay distributions from sources other than our cash flow from operations, we will have less funds to invest; it is likely that we will use sources of funds which may constitute a return of capital to fund distributions; we may not be able to acquire a diverse portfolio of multifamily apartment communities and as a result the value of your investment may vary more widely; if we fail to qualify as a REIT, our operations and our ability to make distributions to our shareholders would be adversely effected; and we will be subject to development and operating risks of our real estate including economic risks, legislative risks, tax risks, environmental risks, financing risks, liquidity risks and lack of diversification.

CONTACT US TO LEARN MORE

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

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