ANNEX F

CROP FINANCIAL STATEMENTS

Cottonwood Residential O.P., LP
Consolidated Financial Statements
December 31, 2024 and 2023

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KPMG LLP
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Denver, CO 80202-5598

Independent Auditors' Report

The Partners of Cottonwood Residential O.P., LP
Cottonwood Residential O.P., LP:

Opinion

We have audited the consolidated financial statements of Cottonwood Residential O.P., LP and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2024 and December 31, 2023, and the related consolidated statements of operations, capital, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and December 31, 2023, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Denver, Colorado
August 6, 2025

Cottonwood Residential O.P., LP
Consolidated Balance Sheets
(In thousands)

	December 31, 2024	December 31, 2023
Assets		
Real estate assets, net	$ 1,679,497	$ 1,649,146
Investments in unconsolidated real estate entities	111,556	185,716
Investments in real-estate related loans, net	30,027	8,703
Cash and cash equivalents	58,268	62,975
Restricted cash	33,560	27,013
Other assets	30,947	30,289
Total assets	$ 1,943,855	$ 1,963,842
Liabilities and Capital		
Liabilities		
Mortgage notes and revolving credit facility, net	$ 1,151,514	$ 1,022,452
Construction loans, net	44,046	129,991
Preferred units, net	221,072	201,621
Preferred interest liability	—	15,300
Unsecured promissory notes, net	21,350	41,883
Accounts payable, accrued expenses and other liabilities	60,944	81,048
Total liabilities	1,498,926	1,492,295
Commitments and contingencies (Note 14)		
Capital		
Partners' capital		
Series A Convertible Preferred Units	48,413	1,555
General Partner Class T Units	60,321	59,278
General Partner Class D Units	4,970	3,225
General Partner Class I Units	87,054	69,662
General Partner Class A Units	30,058	85,224
Common Units	186,032	221,617
Total partners' capital	416,848	440,561
Noncontrolling interests	28,081	30,986
Total capital	444,929	471,547
Total liabilities and capital	$ 1,943,855	$ 1,963,842

See accompanying notes to consolidated financial statements

Note: The consolidated balance sheets as of December 31, 2024 and 2023 include assets of consolidated variable interest entities, or VIEs of $498.9 million and $511.3 million, respectively, and liabilities of $409.7 million and $405.2 million, respectively. Refer to Note 12 for additional discussion of our VIEs.

Cottonwood Residential O.P., LP

Consolidated Statements of Operations

(in thousands, except share and per share data)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Revenues		
Rental and other property revenues	$ 145,749	$ 142,833
Property management revenues	8,322	9,699
Other revenues	4,412	1,873
Total revenues	158,483	154,405
Operating expenses		
Property operations expense	56,701	52,765
Property management expense	17,896	17,290
Asset management fee	12,485	17,304
Depreciation and amortization	65,343	59,041
General and administrative expenses	9,083	11,371
Total operating expenses	161,508	157,771
Loss from operations	(3,025)	(3,366)
Equity in earnings of unconsolidated real estate entities	5,761	6,466
Interest income	1,866	1,906
Interest expense	(83,598)	(74,431)
Loss on debt extinguishment	(2,554)	(1,037)
Gain on sale of real estate assets	47,311	24,075
Gain on legal settlement	16,020	—
Gain on consolidation of development	—	4,225
Other (expense) income	(2,366)	(2,433)
Loss before income taxes	(20,585)	(44,595)
Income tax expense	(38)	(303)
Net loss	(20,623)	(44,898)
Net (loss) income attributable to noncontrolling interests	(1,152)	295
Net loss attributable to controlling interests	$ (21,775)	$ (44,603)
Less preferred unit distributions	2,241	—
Net loss attributable to unitholders	$ (24,016)	$ (44,603)

See accompanying notes to consolidated financial statements

Cottonwood Residential O.P., LP
Consolidated Statements of Capital
(in thousands, except unit data)

	Series A Convertible Preferred Units	General Partner Class T Units	General Partner Class D Units	General Partner Class I Units	General Partner Class A Units	Common Units	Total Partners' Capital	Noncontrolling Interests	Total Capital
Balance at December 31, 2022	—	$ 76,295	$ 1,067	$ 65,437	$ 162,133	$ 272,536	$ 577,468	$ 32,431	$ 609,899
Issuance of Series A Convertible Preferred Units	2,140	—	—	—	—	—	2,140	—	2,140
Offering costs - Series A Convertible Preferred Units	(571)	—	—	—	—	—	(571)	—	(571)
Issuance of General Partner Units	—	12,431	2,864	11,836	—	—	27,131	—	27,131
Offering costs - General Partner Units	—	(424)	(408)	(968)	—	—	(1,800)	—	(1,800)
Distribution reinvestment	—	556	12	434	1,351	—	2,353	—	2,353
Units repurchased	—	(25,843)	(173)	(12,315)	(56,955)	(3,665)	(98,951)	—	(98,951)
Exchanges and transfers	—	—	—	8,642	—	(8,642)	—	—	—
Units issued for real estate interests	—	—	—	—	—	22,939	22,939	—	22,939
Share-based compensation	—	47	1	41	101	2,821	3,011	—	3,011
Distributions	(14)	(2,780)	(129)	(3,075)	(18,082)	(23,276)	(47,356)	(1,150)	(48,506)
Other	—	—	—	—	—	(1,200)	(1,200)	—	(1,200)
Net loss	—	(3,299)	(128)	(2,887)	(16,934)	(21,355)	(44,603)	(295)	(44,898)
Reallocation of capital and noncontrolling interests	—	2,295	119	2,517	13,610	(18,541)	—	—	—
Balance at December 31, 2023	$ 1,555	$ 59,278	$ 3,225	$ 69,662	$ 85,224	$ 221,617	$ 440,561	$ 30,986	$ 471,547
Issuance of Series A Convertible Preferred Units	55,261	—	—	—	—	—	55,261	—	55,261
Offering costs - Series A Convertible Preferred Units	(6,162)	—	—	—	—	—	(6,162)	—	(6,162)
Issuance of General Partner Units	—	8,392	2,395	24,625	—	—	35,412	—	35,412
Offering costs - General Partner Units	—	(792)	(340)	(1,685)	—	—	(2,817)	—	(2,817)
Distribution reinvestment	—	873	58	731	1,520	—	3,182	—	3,182
Units repurchased	—	(4,246)	(132)	(9,935)	(36,622)	(5,460)	(56,395)	—	(56,395)
Exchanges and transfers	—	—	—	8,356	—	(8,356)	—	—	—
Units issued for real estate interests	—	—	—	—	—	14,213	14,213	—	14,213
Share-based compensation	—	68	4	79	97	3,781	4,029	—	4,029
Distributions	(2,241)	(2,551)	(204)	(3,942)	(15,986)	(23,737)	(48,661)	(4,057)	(52,718)
Net loss	—	(1,417)	(101)	(1,866)	(7,572)	(10,819)	(21,775)	1,152	(20,623)
Reallocation of capital and noncontrolling interests	—	716	65	1,029	3,397	(5,207)	—	—	—
Balance at December 31, 2024	$ 48,413	$ 60,321	$ 4,970	$ 87,054	$ 30,058	$ 186,032	$ 416,848	$ 28,081	$ 444,929

See accompanying notes to consolidated financial statements

Cottonwood Residential O.P., LP

Consolidated Statements of Cash Flows

(in thousands)

	For the Year Ended December 31, 2024	2023
Cash flows from operating activities:		
Net loss	$ (20,623)	$ (44,898)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	65,343	59,041
Gain on sale of real estate assets	(47,311)	(24,075)
Gain on legal settlement	(16,020)	—
Gain on consolidation of development	—	(4,225)
Share-based compensation	4,029	3,011
Deferred taxes	(418)	35
Amortization of debt issuance costs, discounts and premiums	6,510	9,342
Paid-in-kind interest on construction loans	1,387	341
Derivative fair value adjustments	3,643	2,162
Loss on debt extinguishment	2,554	1,037
Other operating	(601)	(318)
Equity in earnings of unconsolidated real estate entities	(5,761)	(6,466)
Distributions from unconsolidated real estate entities - return on capital	14,731	4,122
Changes in operating assets and liabilities:		
Other assets	(1,247)	(6,945)
Performance participation allocation payment	—	(20,320)
Accounts payable, accrued expenses and other liabilities	9,227	5,587
Net cash provided by (used in) operating activities	15,443	(22,569)
Cash flows from investing activities:		
Cash acquired on consolidation of real estate	4,485	5,807
Proceeds from sale of real estate assets, net	87,704	117,771
Capital expenditures and development activities	(52,363)	(50,401)
Investments in unconsolidated real estate entities	(2,558)	(40,885)
Proceeds from sale of investments in unconsolidated real estate entities	24,934	—
Distributions from unconsolidated real estate entities - return of capital	—	18,106
Contributions to investments in real estate-related loans	(21,279)	(8,777)
Net cash provided by investing activities	40,923	41,621

Cottonwood Residential O.P., LP

Consolidated Statements of Cash Flows (continued)

(in thousands)

	Year Ended December 31,	
	2024	2023
Cash flows from financing activities:		
Principal payments on mortgage notes	(466)	(976)
Borrowings from revolving credit facility	139,851	111,000
Repayments on revolving credit facility	(73,000)	(152,600)
Borrowings under mortgage notes	106,082	366,963
Repayments of mortgage notes	(87,892)	(284,702)
Deferred financing costs on mortgage notes	(1,029)	(4,704)
Borrowings from construction loans	8,440	22,066
Repayments of construction loans	(95,771)	(37,000)
Payoff of preferred interest liability	(15,300)	—
Repayments of related party notes assumed on acquisition	(1,332)	—
Proceeds from issuance of preferred units	24,005	86,267
Redemption of preferred units	(4,348)	(2,587)
Offering costs paid on issuance of preferred units	(3,160)	(10,378)
Repurchase of unsecured promissory notes	(20,763)	(1,206)
Proceeds from issuance of Series A Convertible Preferred Units	54,511	1,700
Offering costs paid on issuance of Series A Convertible Preferred Units	(6,155)	(513)
Proceeds from issuance of General Partner Units	35,328	27,101
Repurchase of General Partner Units and Common Units	(61,145)	(95,404)
Offering costs paid on issuance of General Partner Units	(3,189)	(3,152)
Distributions to general partner - Series A Convertible Preferred Units	(1,885)	(4)
Distributions to general partner - General Partner Units	(19,544)	(21,871)
Distributions to limited partners - Common Units	(23,708)	(23,233)
Distributions to noncontrolling interests	(4,056)	(1,150)
Net cash used in financing activities	(54,526)	(24,383)
Net increase (decrease) in cash and cash equivalents and restricted cash	1,840	(5,331)
Cash and cash equivalents and restricted cash, beginning of period	89,988	95,319
Cash and cash equivalents and restricted cash, end of period	$ 91,828	$ 89,988
Reconciliation of cash and cash equivalents and restricted cash to the consolidated balance sheets:		
Cash and cash equivalents	$ 58,268	$ 62,975
Restricted cash	33,560	27,013
Total cash and cash equivalents and restricted cash	$ 91,828	$ 89,988

Cottonwood Residential O.P., LP

Consolidated Statements of Cash Flows (continued)

(in thousands)

	Year Ended December 31,	
	2024	**2023**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 82,321	$ 67,357
Income taxes paid	397	582
Supplemental disclosure of non-cash investing and financing activities:		
Changes in accrued deferred offering costs	$ (353)	$ (1,387)
Distributions reinvested in General Partner Units	3,182	2,353
Changes in accrued capital expenditures	(11,493)	(6,773)
Paid-in-kind interest related to construction	2,297	4,293
Changes in accrued redemptions	(4,666)	3,497
Cottonwood Lighthouse Point Acquisition		
Real estate assets, net of cash acquired	$ 86,961	$ —
Mortgage note assumed	(47,581)	—
Other assets and liabilities assumed, net	(2,426)	—
Value of Common Units issued for interests acquired	3,322	—
Alpha Mill Acquisitions		
Real estate assets, net of cash acquired	$ 73,253	$ —
Mortgage note assumed	(38,295)	—
Other assets and liabilities assumed, net	181	—
Value of Common Units issued for interests acquired	10,891	19,829
Melrose Phase II Acquisition		
Real estate assets, net of cash acquired	$ —	$ 39,582
Mortgage note assumed	—	(31,387)
Other assets and liabilities assumed, net	—	(280)
Value of Common Units issued for interests acquired	—	3,110
805 Riverfront Acquisition		
Real estate assets, net of cash acquired	$ —	$ 99,153
Mortgage note assumed	—	(45,306)
Other assets and liabilities assumed, net	—	15,300
Value of Common Units issued for interests acquired	—	(14,907)

See accompanying notes to condensed consolidated financial statements

Cottonwood Residential O.P., LP
Notes to Consolidated Financial Statements

1. Organization and Business

Cottonwood Residential O.P., LP ("CROP," the "Company," "we," "us," or "our") is a limited partnership that invests in a diverse portfolio of multifamily apartment communities and multifamily real estate-related assets throughout the United States. Our general partner is a wholly owned subsidiary of Cottonwood Communities, Inc. ("CCI"), a non-listed, perpetual net asset value ("NAV"), real estate investment trust ("REIT"). CCI utilizes an "umbrella partnership real estate investment trust" or "UPREIT" structure in which all of its investments consist of preferred or general partnership units in us. CCI has full, complete and exclusive discretion to manage and control us. As the operating partnership of CCI, our business is limited to and conducted in such a manner as to permit CCI at all times to qualify as a REIT. We are also obligated to pay all expenses of CCI, including administrative, organization and offering costs.

Our limited partners consist of (i) those who contribute their interests in properties to us in exchange for limited partner units ("Common Units"), (ii) those who may purchase common or preferred units for cash in an offering (iii) those who are issued common or preferred units in us from time to time, including long-term incentive plan ("LTIP") unitholders, and (iv) CC Advisors—SLP, LLC (the "Special Limited Partner"), an affiliate of CCI's advisor, who is our special limited partner and entitled to receive distributions of the performance participation interest as described in Note 10.

A major source of capital comes from funds received from CCI through CCI's private placement offerings of preferred stock and CCI's public offerings of common stock. When CCI receives proceeds from the sale of shares of its preferred or common stock, CCI contributes such proceeds to us and receive units in us that correspond to the classes of CCI shares sold. Conversely, for each share of preferred stock or common stock CCI redeems from its investors, we repurchase a corresponding preferred or general partner unit from CCI. Thus, a mirrored relationship is maintained between the shares of preferred and common stock issued by CCI to its investors and the preferred and General Partner Units we issue to CCI.

The following table shows partnership unit information and the accounting treatment:

Partnership Unit	Holder	Accounting
General Partner Units [(1)]	CCI	Equity
Series 2019 Preferred Units	CCI	Liability
Series 2023 Preferred Units	CCI	Liability
Series 2023-A Preferred Units	CCI	Liability
Series A Convertible Preferred Units	CCI	Equity
Series 2025 Preferred Units	CCI	Liability
Common Units	Limited Partners	Equity
LTIP Units	Executives, employees and directors	Equity

[(1)] Includes Class T, Class D, Class I and Class A partnership units that correspond to shares of CCI common stock issued and outstanding.

Information about preferred units accounted for as liabilities is included in Note 8 and information about preferred units accounted for as equity is included in Note 9. CCI is authorized to cause us to issue additional partnership interests for any purpose and at any time on terms and conditions established by CCI in its sole discretion and without the approval of any limited partner.

We own and operate a diverse portfolio of investments in multifamily apartment communities located in targeted markets throughout the United States. As of December 31, 2024, our portfolio consists of ownership interests or structured investment interests in 34 multifamily apartment communities in 11 states with 9,583 units, including 452 units in two multifamily apartment communities under construction or in lease-up and another 1,080 units in four multifamily apartment communities in which we have a structured investment interest. In addition, we have an ownership interest in four land sites we plan to develop.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). In the opinion of management, the accompanying consolidated financial statements contain all adjustments and eliminations, consisting only of normal recurring adjustments necessary for a fair presentation in conformity with GAAP.

Principles of Consolidation

The consolidated financial statements include our accounts and the accounts of our subsidiaries for which we have a controlling interest. All intercompany balances and transactions have been eliminated in consolidation.

Some of our partially owned and unconsolidated properties are owned through a tenant in common ("TIC interest") structure. TIC interests constitute separate and undivided interests in real property. TIC interests in properties for which we exercise significant influence are accounted for using the equity method of accounting until we have acquired a 100% interest in the property.

Number of units and certain other measures used to describe real estate assets included in the notes to the consolidated financial statements are presented on an unaudited basis.

The preparation of the consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Variable Interest Entities

We invest in entities that qualify as variable interest entities ("VIEs"). All VIEs for which we are the primary beneficiary are consolidated. VIEs for which we are not the primary beneficiary are accounted for under the equity method. See Note 12 for more details on our VIEs.

Investments in Real Estate

In accordance with Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*, we determine whether an acquisition qualifies as a business combination or as an asset acquisition.

We account for business combinations by recognizing assets acquired and liabilities assumed at their fair values as of the acquisition date and expensing transaction costs. Differences between the transaction price and the fair value of identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree, are accounted for as goodwill, or conversely, as a gain on bargain purchase. Transaction costs are included within general and administrative expenses on our consolidated statements of operations as incurred.

We account for asset acquisitions by allocating the total cost to the individual assets acquired and liabilities assumed on a relative fair value basis. Real estate assets and liabilities include land, building, furniture, fixtures and equipment, other personal property, in-place lease intangibles and debt. Asset acquisition accounting is also used when we acquire a controlling interest through the acquisition of additional interests in partially owned real estate.

Fair values are determined using methods similar to those used by independent appraisers, and include using replacement cost estimates less depreciation, discounted cash flows, market comparisons, and direct capitalization of net operating income. The fair value of debt assumed is determined using a discounted cash flow analysis based on remaining loan terms and principal. Discount rates are based on management's estimates of current market interest rates for instruments with similar characteristics, and consider remaining loan term and loan-to-value ratio. The fair value of debt is a present value application which discounts the difference between the remaining contractual and market debt service payments at an equity discount rate. The equity discount rate is an estimated levered return and is calculated using the loan-to-value ratio, unlevered property discount rate, and a market rate.

Real Estate Assets, Net

We state real estate assets at cost, less accumulated depreciation and amortization. We capitalize costs related to the development, construction, improvement, and significant renovation of properties, which include capital replacements such as scheduled carpet replacement, new roofs, HVAC units, plumbing, concrete, masonry and other paving, pools and various exterior building improvements. We also capitalize salary costs directly attributable to significant renovation work.

We compute depreciation on a straight-line basis over the estimated useful lives of the related assets. Intangible lease assets are amortized to depreciation and amortization over the remaining lease term. The useful lives of our real estate assets are as follows (in years):

Land improvements	5 - 15
Buildings	30
Building improvements	5 - 15
Furniture, fixtures and equipment	5 - 15
Intangible lease assets	Over lease term

We expense ordinary maintenance and repairs to operations as incurred. We capitalize significant renovations and improvements that improve and/or extend the useful life of an asset and amortize over their estimated useful life, generally five to 15 years.

Impairment of Long-Lived Assets

Long-lived assets include real estate assets and acquired intangible assets. Long-lived assets are depreciated or amortized on a straight-line basis over their estimated useful lives. On an annual basis, we assess potential impairment indicators of long-lived assets. We also review for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Indicators that may cause an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant market or economic trends and substantial reduction in the expected holding period of an asset.

When we determine the carrying value of a long-lived asset may not be recoverable based upon the existence of one or more of the above indicators, we determine recoverability by comparing the carrying amount of the asset to the net future undiscounted cash flows the asset is expected to generate. We recognize, if appropriate, an impairment equal to the amount by which the carrying amount exceeds the fair value of the asset. No impairment losses were recognized for the years ended December 31, 2024 and 2023 related to our long-lived assets.

Investments in Unconsolidated Real Estate Entities

Real estate investments where we have significant noncontrolling influence and VIEs where we are not the primary beneficiary are accounted for under the equity method.

Equity method investments in unconsolidated real estate entities are recorded at cost, adjusted for our share of net earnings or losses each period, and reduced by distributions. Equity in earnings or losses is generally recognized based on our ownership interest in the earnings or losses of the unconsolidated real estate entities. We follow the “look through” approach for classification of distributions from unconsolidated real estate entities in the consolidated statements of cash flows. Under this approach, distributions are reported under operating cash flow unless the facts and circumstances of a specific distribution clearly indicate that it is a return of capital (e.g., a liquidating dividend or distribution of the proceeds from the entity’s sale of assets), in which case it is reported as an investing activity.

We assess potential impairment of investments in unconsolidated real estate entities whenever events or changes in circumstances indicate that the fair value of the investment is less than its carrying value. To the extent impairment has occurred, and is not considered temporary, the impairment is measured as the excess of the carrying amount of the investment over the fair value of the investment. No impairment losses were recognized for the years ended December 31, 2024 and 2023 related to our investments in unconsolidated real estate entities.

Investments in Real Estate-Related Loans

Investments in Real Estate-Related Loans are mezzanine loans issued to entities pursuing apartment developments. Interest is recorded over the life of the mezzanine loan as other revenues on the consolidated statements of operations.

We estimate an allowance for credit losses for each mezzanine loan using relevant available information relating to past events, current conditions and reasonable forecasts. As of December 31, 2024 and 2023, the allowance for credit losses on our mezzanine loans was not significant.

Cash and Cash Equivalents

We consider all cash on deposit, money market funds and short-term investments with original maturities of three months or less to be cash and cash equivalents. We maintain cash in demand deposit accounts at several major commercial banks where balances in individual accounts at times exceeds FDIC insured amounts. To reduce the risk associated with the failure of such financial institutions, we periodically evaluate the credit quality of the financial institutions in which we hold deposits. We have not experienced any losses in such accounts.

Restricted Cash

Restricted cash primarily consists of a construction bond, escrow deposits held by title companies or by lenders for property taxes, insurance, debt service, future funding and replacement reserves, residents' security deposits and cash in escrow for self-insurance retention.

Unsecured Promissory Notes

The 2019 6% Notes are unsecured notes issued to investors outside of the United States. These unsecured promissory notes are described in Note 6. These instruments are similar in nature, have fixed interest rates and maturity dates, and are denominated in U.S. dollars.

Preferred Units

Series 2019 Preferred Units, Series 2023 Preferred Units, Series 2023-A Preferred Units and Series 2025 Preferred Units are described in Note 8. These instruments are similar in nature and are classified as liabilities on the consolidated balance sheets due to the mandatory redemption of these instruments on a fixed date for a fixed amount. Preferred unit distributions for these series of preferred units are recorded as interest expense.

Series A Convertible Preferred Units are described in Note 9. These instruments are perpetual preferred units and classified as equity. The Series A Convertible Preferred Units are convertible into Class I General Partner Units at the option of the unitholder and by us, subject to certain terms and conditions, including hold periods. Upon conversion of the CCI Class I common stock, distributions are recorded as preferred distributions to the general partner.

Debt Financing Costs

Debt financing costs are presented as a direct deduction from the carrying amount of the associated debt liability, which includes mortgage notes, unsecured promissory notes, our revolving credit facility and mandatorily redeemable preferred units. Debt financing costs are amortized over the life of the related liability through interest expense.

Revenue Recognition

We lease our multifamily residential units with rents generally due on a monthly basis. Terms are generally one year or less, renewable upon consent of both parties on an annual or monthly basis. Rental and other property revenues is recognized in accordance with ASC No. 842, *Leases* ("Topic 842"). Rental and other property revenues consist of rents and other fees charged to tenants and represent 92% of our total revenue for the year ended December 31, 2024.

Our non-lease related revenue consists of income earned from our property management, development, asset management and interest income from our investments in real estate-related loans. Property management and development revenue is derived primarily from our property management services, development and construction work, and internet services. Other revenues consists of interest revenue from our investments in real estate-related loans.

Non-lease revenues are recognized in accordance with Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("Topic 606") ("ASU 2014-09"), as subsequently amended. The guidance requires that revenue (outside of the scope of Topic 842) is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services.

Performance Participation Allocation

Under the terms of our operating partnership agreement, the Special Limited Partner, an affiliate of the advisor to CCI, is entitled to an allocation of the total return to our capital account. The receipt of the performance participation allocation is subject to the ongoing effectiveness of CCI's advisory agreement and the achievement of certain hurdles. As the performance participation allocation is associated with the performance of a service, it is expensed in our consolidated statements of operations.

Income Taxes

We are generally not subject to federal and state income taxes. Our unitholders are subject to tax on their respective allocable shares of our taxable income. There are certain states that assess entity level taxes.

Taxable income from activities managed through our taxable REIT subsidiary ("TRS") is subject to federal, state and local income taxes. Provision for such taxes has been included in income tax expense on our consolidated statements of operations.

We determine deferred tax assets and liabilities applicable to the TRS based on differences between financial reporting and tax bases of existing assets and liabilities. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, only to the extent that it is more likely than not that future taxable profits will be available against which they can be utilized. We recognize interest and penalties relating to uncertain tax positions in income tax expense when incurred.

For the years ended December 31, 2024 and 2023, we had an income tax provision of approximately $38,000 and $0.3 million, respectively, of which all but an insignificant amount was current.

As of December 31, 2024 and 2023, our net deferred tax liability was $9.4 million and $9.8 million, respectively, and is included in accounts payable, accrued expenses and other liabilities on the consolidated balance sheets.

Noncontrolling Interests

Noncontrolling interests represent the share of consolidated entities owned by third parties. We recognize each noncontrolling interests' respective share of the estimated fair value of the net assets at the date of formation or acquisition. Noncontrolling interests are subsequently adjusted for the noncontrolling interests' share of additional contributions, distributions and their share of the net earnings or losses of each respective consolidated entity. Equity and net income (loss) attributable to noncontrolling interests are presented separately on the consolidated financial statements. Changes in noncontrolling ownership interests are accounted for as equity transactions. Net income (loss) is allocated to noncontrolling interests based on ownership percentage in those entities.

Refer to Note 13 for more information on our noncontrolling interests.

Share-Based Compensation

Share-based compensation is accounted for in accordance with ASC 718, Compensation - Stock Compensation, which requires that all share-based payments to employees and non-employee directors be recognized in the consolidated statements of operations over the service period based on expected vesting. Fair value is determined based on the grant date NAV.

Organization and Offering Costs

Organization and offering costs for Series A Convertible Preferred Units and for General Partner Units are recorded as an offset to equity. As of December 31, 2024, we incurred \$6.7 million and \$20.7 million in total organization and offering costs related to the issuance of Series A Convertible Preferred Units and General Partner Units, respectively.

Organization and offering costs for preferred units accounted for as liabilities, with the exception of preferred units issued through CCI's exchange offering, are deferred and amortized up to the redemption date through interest expense. We have incurred \$13.2 million and \$13.3 million in total organization and offering costs for Series 2019 Preferred Units and Series 2023 Preferred Units, respectively. As of December 31, 2024, we have incurred an insignificant amount of organization and offering costs related to the issuance of Series 2023-A Preferred Units and Series 2025 Preferred Units.

Recent Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board ("FASB") issued ASU 2024-03, Disaggregation of Income Statement Expenses, which requires disclosure of additional information about specific cost and expense categories in the notes to the financial statements. The ASU will be applied either prospectively or retrospectively and is effective for us for the year ended December 31, 2027, and interim reporting periods commencing in 2028. We are currently evaluating the effect that the ASU will have on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU No. 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which intends to improve the transparency of income tax disclosures. ASU No. 2023-09 is effective for us for the year ended December 31, 2025 and is to be adopted on a prospective basis with the option to apply retrospectively. We are currently assessing the impact of this guidance, however, we do not expect the adoption to have a material impact on our consolidated financial statements.

3. Real Estate Assets, Net

The following table summarizes the carrying amounts of our consolidated real estate assets (\$ in thousands):

	Balance at December 31,	
	2024	2023
Land	\$ 265,635	\$ 257,553
Building and improvements	1,459,787	1,429,689
Furniture, fixtures and equipment	67,131	63,015
Intangible assets	37,782	37,158
Construction in progress [(1)]	46,965	17,995
	1,877,300	1,805,410
Less: Accumulated depreciation and amortization	(197,803)	(156,264)
Real estate assets, net	\$ 1,679,497	\$ 1,649,146

[(1)] Includes construction in progress for our development projects and capitalized costs for improvements not yet placed in service at our stabilized properties.

Sale of Cottonwood West Palm

On February 29, 2024, we sold Cottonwood West Palm for net proceeds of \$34.0 million. We recorded a net gain on sale of \$26.6 million.

The Marq Highland Park Tenant in Common Sale

On July 23, 2024, we sold 25.9% of tenant in common interests in The Marq Highland Park Apartments to unaffiliated third parties for net cash consideration of \$7.2 million. As a result of this transaction, The Marq Highland Park was deconsolidated with our remaining ownership interest of 74.1% recorded at fair value as an investment in unconsolidated real estate. We engaged third-party specialists to assist in determining the fair value of the various components of this transaction, including the remaining ownership interest. Refer to Note 4.

The following table summarizes the gain calculation, recorded in gain on sale of real estate assets on the consolidated statements of operations ($ in thousands):

Total consideration, net of loan assumptions and transaction costs	$	7,227
Fair value of remaining ownership interest		24,211
Book value of remaining ownership interest		(10,765)
Gain on sale	$	20,673

Cottonwood Lighthouse Point Transaction

On February 14, 2023, we sold tenant in common interests in Cottonwood Lighthouse Point to certain unaffiliated third parties for net proceeds of $7.2 million, reducing our ownership from 100% to 86.8%. As a result of this transaction, Cottonwood Lighthouse Point was deconsolidated on February 14, 2023 and our remaining ownership in Lighthouse Point is recorded as an investment in unconsolidated real estate. Refer to Note 4. We recorded a gain on sale of $1.0 million related to this transaction.

Sale of Cottonwood One Upland

On December 15, 2023, we sold Cottonwood One Upland for net proceeds of $38.8 million. We recorded a net gain on sale of $23.0 million.

Asset Acquisitions

The following table summarizes the purchase price allocation of the real estate assets acquired during the year ended December 31, 2024 ($ in thousands):

			Allocated Amounts					
Property	**Location**	**Date Consolidated**	**Building**	**Land**	**Land Improvements**	**Personal Property**	**Lease Intangibles**	**Total**
Cottonwood Lighthouse Point	Pompano Beach, FL	3/28/24	$ 72,046	$ 12,156	$ 1,114	$ 1,167	$ 2,360	$ 88,843
Alpha Mill	Charlotte, NC	4/26/24	$ 58,277	$ 11,586	$ 1,789	$ 2,231	$ 1,812	$ 75,695

Cottonwood Lighthouse Point was consolidated in March 2024 when we issued 259,246 Common Units and assumed $1.3 million in related party notes and interest to acquire the remaining 13.2% tenant in common interests in the property. The value of the Common Units was $3.3 million. Cottonwood Lighthouse Point was previously accounted for as an equity method investment.

Alpha Mill was consolidated in April 2024 when we issued 858,158 Common Units to acquire the remaining 26.3% tenant in common interests in the property. The value of the Common Units was $10.9 million. Alpha Mill was previously accounted for as an equity method investment.

The following table summarizes the purchase price allocation of the real estate assets acquired during the year ended December 31, 2023 ($ in thousands):

			Allocated Amounts						
Property	**Location**	**Date Consolidated**	**Building**	**Land**	**Land Improvements**	**Personal Property**	**Lease Intangibles**	**Debt Fair Value Adjustment**	**Total**
Melrose Phase II	Nashville, TN	8/2/23	$ 32,115	$ 5,156	$ 248	$ 1,021	$ 1,043	$ 1,013	$ 40,596

Melrose Phase II was consolidated in August 2023 when we issued 175,077 Common Units to acquire the remaining 20.2% tenant in common interests in the property. The value of the Common Units was $3.1 million. Melrose Phase II was previously accounted for as an equity method investment.

4. Investments in Unconsolidated Real Estate Entities

Our investments in unconsolidated real estate entities consist of ownership interests in stabilized properties and preferred equity investments as follows as of December 31, 2024 and 2023 ($ in thousands):

Property / Development	Location	% Owned	Balance at December 31, 2024	Balance at December 31, 2023
Stabilized Properties				
Cottonwood Bayview [1]	St. Petersburg, FL	71.0%	$ 10,314	$ 11,817
Toscana at Valley Ridge [1]	Lewisville, TX	58.6%	6,036	6,713
Fox Point [1]	Salt Lake City, UT	52.8%	12,570	13,533
The Marq Highland Park [1][2]	Tampa, FL	74.1%	22,265	—
Alpha Mill [1][3]	Charlotte, NC	100.0% [3]	—	29,522
Cottonwood Lighthouse Point [1][4]	Pompano Beach, FL	100.0% [4]	—	38,852
Preferred Equity Investments				
Lector85 [5]	Ybor City, FL		—	11,387
Astoria West (formerly Vernon) [6]	Queens, NY		—	23,406
417 Callowhill	Philadelphia, PA		44,733	38,028
Infield	Kissimmee, FL		15,408	11,942
Other			230	516
Total			$ 111,556	$ 185,716

(1) We account for our tenant in common interests in these properties as equity method investments. Refer to Note 2.

(2) On July 23, 2024, we sold tenant in common interests in The Marq Highland Park Apartments and the property was deconsolidated. Refer to Note 3.

(3) On April 26, 2024, we acquired the remaining 26.3% tenant in common interests in Alpha Mill and consolidated the property. Refer to Note 3.

(4) On March 28, 2024, we acquired the remaining 13.2% tenant in common interests in Cottonwood Lighthouse Point and consolidated the property. Refer to Note 3.

(5) On June 11, 2024, we received $12.1 million from the payoff of our preferred equity investment in Lector85, consisting of $9.9 million of principal and $2.2 million of accrued interest.

(6) On July 29, 2024, we received $25.5 million from the payoff in full of our preferred equity investment in Astoria West, consisting of $15.0 million of principal and $10.5 million of accrued interest and participation.

Equity in losses for our stabilized properties for the years ended December 31, 2024 and 2023 was $4.6 million and $5.4 million. During February 2023, we received $16.9 million and $1.2 million in distributions as a return of capital from debt refinances at Cottonwood Bayview and Toscana at Valley Ridge, respectively.

Our preferred equity investments are development projects with liquidation rights and priorities that are different from ownership percentages. As such, equity in earnings is determined using the hypothetical liquidation book value ("HLBV") method. Income or loss is recorded based on changes in what would be received should the entity liquidate all of its assets (as valued in accordance with GAAP) and distribute the resulting proceeds based on the terms of the respective agreements. The HLBV method is a balance sheet focused approach commonly applied to equity investments where cash distribution percentages vary at different points in time and are not directly linked to an equity holder's ownership percentage. Equity in earnings for our preferred equity investments for the years ended December 31, 2024 and 2023 were $10.4 million and $11.9 million, respectively.

5. Investments in Real Estate-Related Loans

Our investments in real estate-related loans consist of the following as of December 31, 2024 and 2023 ($ in thousands):

				December 31, 2024			December 31, 2023		
Property Name	Investment Type	Fixed Interest Rate	Maturity Date	Amortized Cost	Allowance for Credit Losses	Carrying Value	Amortized Cost	Allowance for Credit Losses	Carrying Value
2215 Hollywood [1]	Mezzanine Loan	14.5%	April 14, 2026	$ 10,045	$ (42)	$ 10,003	$ 2,000	$ (15)	$ 1,985
Monrovia Station [2]	Mezzanine Loan	16.5%	July 31, 2027	20,150	(126)	20,024	6,777	(59)	6,718
Total				$ 30,195	$ (168)	$ 30,027	$ 8,777	$ (74)	$ 8,703

[1] The 2215 Hollywood loan was originated in April 2023 and has one 12-month extension option. As of December 31, 2024, interest receivable was $2.9 million.

[2] The Monrovia Station loan was originated in July 2023 and has two 12-month extension options. As of December 31, 2024, interest receivable was $3.1 million.

6. Debt

Mortgage Notes and Revolving Credit Facility

The following table is a summary of the mortgage notes and revolving credit facility secured by our properties as of December 31, 2024 and 2023 ($ in thousands):

			Principal Balance Outstanding	
Indebtedness	Weighted-Average Interest Rate	Weighted-Average Remaining Term [1]	December 31, 2024	December 31, 2023
Fixed rate loans				
Fixed rate mortgages	4.45%	4 Years	$ 808,056	$ 891,319
Total fixed rate loans			808,056	891,319
Variable rate loans [2]				
Floating rate mortgages	6.45% [3]	4 Years	273,416	131,153
Variable rate revolving credit facility [4]	7.07%	3 Years	79,250	12,400
Total variable rate loans			352,666	143,553
Total secured loans			1,160,722	1,034,872
Unamortized debt issuance costs and discounts			(4,220)	(7,067)
(Discount) premium on assumed debt, net			(4,988)	(5,353)
Mortgage notes and revolving credit facility, net			$ 1,151,514	$ 1,022,452

[1] For loans where we have the ability to exercise extension options at our own discretion, the maximum maturity date has been assumed, subject to certain debt service coverage ratio, loan to cost or debt yield requirements.

[2] The interest rates of our variable rate loans are based on 30-Day Average SOFR or one-month SOFR (CME Term).

[3] Includes the impact of interest rate caps in effect on December 31, 2024.

[4] Our variable rate revolving credit facility was amended and restated on December 15, 2023 when One Upland was sold and removed as collateral. The facility remains secured by Parc Westborough and Alpha Mill, which was refinanced and added to the facility on August 29, 2024. The interest rate on the amended facility is one-month SOFR + 2.60% and the maturity date was reset to a three-year term maturing on December 14, 2026, with the option to extend for one additional year, subject to the satisfaction of certain conditions. We may obtain advances on the facility up to $100.0 million, as long as certain loan-to-value ratios and other requirements are maintained. At December 31, 2024, the amount on our variable rate revolving credit facility was capped at $79.8 million primarily due to the interest rate environment and the applicable debt-service coverage ratio.

Included in the 2024 principal balances outstanding are $48.0 million of variable rate mortgage debt on Cottonwood Lighthouse Point, which was consolidated in March 2024, and $33.3 million of borrowings on the variable rate revolving credit facility for Alpha Mill, which was consolidated in April 2024.

Included in the 2023 principal balance outstanding is $36.0 million of fixed rate mortgage debt and $12.0 million of variable rate mortgage debt on Cottonwood West Palm, which was sold in February 2024. Also included in the 2023 principal balance outstanding is $46.8 million of fixed rate mortgage debt on The Marq Highland Park, which was deconsolidated in July 2024.

Refer to Note 3 above for additional discussion on these transactions.

In May 2024, we refinanced constructions loans on Cottonwood Broadway and 805 Riverfront with variable rate bridge loans in the amount of $46.1 million and $60.2 million, respectively. Both bridge loans mature in 2025 and are included in floating rate mortgages as of December 31, 2024. In conjunction with the 805 Riverfront refinance, a preferred interest liability of $15.3 million was extinguished and $5.4 million of accrued preferred interest was paid.

As described in Note 15, we sold Cottonwood Broadway in February 2025 and repaid the $46.1 million bridge loan. We also repaid the $60.2 million Riverfront bridge loan through refinance in June 2025.

As also described in Note 15, we sold Parc Westborough in May 2025 and repaid the full amount on the variable rate revolving facility with those proceeds and sold Sugarmont in May 2025 and repaid the $91.2 million mortgage on that property.

We are in compliance with all covenants associated with our mortgage notes and revolving credit facility as of December 31, 2024.

Construction Loans

Information on our construction loans is as follows ($ in thousands):

Development	Interest Rate	Final Expiration Date	Loan Amount	Amount Drawn at December 31, 2024	Amount Drawn at December 31, 2023
Cottonwood Highland	30-Day Average SOFR + 2.55%	May 1, 2029	$ 44,250	$ 44,046	$ 39,790
The Westerly [1]	One-Month SOFR + 3.0%	July 12, 2028	42,000	—	—
			$ 86,250	$ 44,046	$ 39,790

[1] In July 2023, we entered into a construction loan agreement for The Westerly, a development project in Millcreek, UT. Construction is expected to be completed in 2026. No amounts have been drawn on the construction loan as of December 31, 2024.

Unsecured Promissory Notes, Net

We issued notes to foreign investors outside of the United States. These notes are unsecured and subordinate to all of our debt. The notes have extension options, at our discretion, during which the interest rate increases 0.25% for each year extended.

Information on our unsecured promissory notes is as follows ($ in thousands):

	Offering Size	Interest Rate	Maturity Date [1] [2]	Maximum Extension Date	December 31, 2024	December 31, 2023
2017 6% Notes [1]	$ 35,000	6.50%	December 31, 2024 [1]	December 31, 2024	$ —	$ 20,308
2019 6% Notes [2]	25,000	6.25%	December 31, 2025 [2]	December 31, 2025	21,350	21,575
	$ 60,000				$ 21,350	$ 41,883

[1] We exercised the option to extend the maturity date on our 2017 6% Notes for one final year to December 31, 2024, which increased the interest rate to 6.5% for the period from January 1, 2024 to December 31, 2024. These notes were repaid in full on December 31, 2024.

[2] We exercised the option to extend the maturity date on our 2019 6% Notes for one additional year to December 31, 2024, which increased the interest rate to 6.25% for the period from January 1, 2024 to December 31, 2024. On December 31, 2024, we extended the maturity date to December 31, 2025, which will increase the interest rate to 6.5% for the period January 1, 2025 to December 31, 2025.

The aggregate maturities, including amortizing principal payments on our debt for years subsequent to December 31, 2024 are as follows ($ in thousands):

Year	Mortgage Notes and Revolving Credit Facility	Construction Loans	Unsecured Promissory Notes	Total
2025 [1]	$ 107,332	$ —	$ 21,350	$ 128,682
2026	171,926	—	—	171,926
2027	363,759	—	—	363,759
2028	72,077	—	—	72,077
2029	1,745	44,046	—	45,791
Thereafter	443,883	—	—	443,883
	$ 1,160,722	$ 44,046	$ 21,350	$ 1,226,118

(1) Of the amounts maturing in 2025, $46.1 million was repaid with the sale of Cottonwood Broadway in February 2025 and $60.2 million was repaid with the refinance of 805 Riverfront. Refer to Note 15.

7. Fair Value of Financial Instruments

We estimate the fair value of our financial instruments using available market information and valuation methodologies we believe to be appropriate. As of December 31, 2024 and 2023, the fair values of cash and cash equivalents, restricted cash, other assets, related party payables, and accounts payable, accrued expenses and other liabilities approximate their carrying values due to the short-term nature of these instruments.

Fair value measurements are determined based on the assumptions that market participants would use in pricing the asset or liability. Fair value measurements are categorized into one of three levels of the fair value hierarchy based on the lowest level of significant input used. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. Considerable judgment and a high degree of subjectivity are involved in developing these estimates. These estimates may differ from the actual amounts that we could realize upon settlement.

The fair value hierarchy is as follows:

Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 - Other observable inputs, either directly or indirectly, other than quoted prices included in Level 1, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets/liabilities in non-active markets (e.g., few transactions, limited information, non-current prices, high variability over time);
- Inputs other than quoted prices that are observable for the asset/liability (e.g., interest rates, yield curves, volatility, default rates); and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Unobservable inputs that cannot be corroborated by observable market data.

The table below includes the carrying value and fair value for our financial instruments for which it is practicable to estimate fair value ($ in thousands):

	As of December 31, 2024		As of December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Asset:				
Investments in real estate-related loans	$ 30,027	$ 30,195	$ 8,703	$ 8,777
Total	$ 30,027	$ 30,195	$ 8,703	$ 8,777
Financial Liability:				
Fixed rate mortgages	$ 808,056	$ 787,680	$ 891,319	$ 869,248
Floating rate mortgages	273,416	273,301	131,153	129,540
Variable rate revolving credit facility	79,250	79,250	12,400	12,400
Construction loans	44,046	44,046	129,991	129,991
Series 2019 Preferred Units	120,119	120,119	124,266	124,266
Series 2023 Preferred Units	107,277	107,277	83,567	83,567
Series 2023-A Preferred Units	2,950	2,950	2,850	2,850
Preferred interest liability	—	—	15,300	15,300
Unsecured promissory notes, net	21,350	21,350	41,883	41,883
Total	$ 1,456,464	$ 1,435,973	$ 1,432,729	$ 1,409,045

All financial instruments in the table above are categorized as Level 2 in the fair value hierarchy.

8. Preferred Units

We have four classes of preferred units that correspond with CCI's classes of preferred stock. They are accounted for as liabilities on the consolidated balance sheets as they are mandatorily redeemable. Each class of preferred units receives a fixed preferred distribution based on a cumulative, but not compounded, annual return. The Series 2019, Series 2023 and Series 2025 Preferred Units have redemption dates with extension options at CCI's discretion, subject to an increase in the preferred distribution rate. CCI can also redeem its preferred stock early for cash plus all accrued and unpaid dividends. Any issuance or redemption of preferred stock by CCI will cause us to issue or redeem the corresponding number of preferred units held by CCI. With respect to distribution rights and rights upon liquidation, dissolution or winding up (i) the Series 2019, Series 2023, Series 2023-A, Series 2025 Preferred Units rank senior to General Partner Units and our convertible preferred units, (ii) the Series 2019, Series 2023 and Series 2025 Preferred Units rank senior to the Series 2023-A Preferred Units, (ii) the Series 2019 and Series 2023 Units rank senior to the Series 2025 Preferred Units, (iii) the Series 2023-A Preferred Units rank senior to our convertible preferred units, and (iv) the Series 2019 and Series 2023 Preferred Units rank on parity with each other.

Information on these classes of preferred units as of December 31, 2024 and 2023 is as follows:

	Current Distribution Rate	Redemption Date	Maximum Extension Date	Units Outstanding at December 31, 2024	Units Outstanding at December 31, 2023
Series 2019 Preferred Units	6.0%	December 31, 2024 (1)	December 31, 2025	12,011,899	12,426,596
Series 2023 Preferred Units	6.0% (2)	June 30, 2027	June 30, 2029	10,727,658	8,356,724
Series 2023-A Preferred Units	7.0%	December 31, 2027	N/A	295,000	285,000
Series 2025 Preferred Units	6.5%	December 31, 2028	December 31, 2030	—	—

(1) In 2023, CCI exercised the first extension option for its 2019 Preferred Units. This increased the distribution rate to 6.0% and extended the redemption date to December 31, 2024. In 2024, CCI exercised its second extension option and extended the redemption date to December 31, 2025.

(2) The first-year extension distribution rate, applicable from July 1, 2027 to June 30, 2028, is 6.25%. The fully extended distribution rate, applicable from July 1, 2028 to June 30, 2028, is 6.5%.

	December 31, 2024	December 31, 2023
Preferred units outstanding	$ 230,346	$ 210,683
Unamortized offering costs and discounts	(9,274)	(9,062)
Preferred units, net	$ 221,072	$ 201,621

CCI currently has an offering of Series 2025 Preferred Stock (i) for cash at a purchase price of $10.00 per share (with discounts available to certain categories of purchasers) and (ii) through August 31, 2025 (which date may be extended), in exchange for the outstanding shares of CCI's Series 2019 Preferred Stock at a ratio between 1:1 and 1:1.0782 and CCI's Series 2023 Preferred Stock at a ratio of 1:1. CCI's Series 2025 Preferred Stock offerings are ongoing, with CCI's first shares issued in January 2025, see Note 15 for more details.

During the year ended December 31, 2024, we issued $24.5 million of Series 2023 Preferred Units and we issued $0.1 million of Series 2023-A Preferred Units. During the year ended December 31, 2024, we incurred $7.3 million, $5.7 million, and $0.2 million, respectively, in distributions on Series 2019 Preferred Units, Series 2023 Preferred Units and Series 2023-A Preferred Units. During the year ended December 31, 2023, we incurred $6.9 million, $3.2 million and $0.1 million, respectively, in distributions on our Series 2019 Preferred Units, Series 2023 Preferred Units and Series 2023-A Preferred Units.

During the years ended December 31, 2024 and 2023, we repurchased 414,697 shares for $4.0 million and 279,889 shares for $2.7 million, respectively, of Series 2019 Preferred Units. During the years ended December 31, 2024 and 2023, we repurchased 81,200 shares for $0.7 million and 5,000 shares for $45,000, respectively, of Series 2023 Preferred Units.

9. Capital

Convertible Preferred Units

Convertible Preferred Units are accounted for as equity. CCI receives monthly cash distributions at the rate of 8.0% per annum of $10.00 per share for the Convertible Preferred Units it holds when and as authorized and declared by CCI's board of directors. CCI's board of directors may increase the distribution rate from time to time in its sole discretion. Subject to certain terms and conditions, Convertible Preferred Units are convertible into Class I Units in an amount equal to the purchase price divided by the net asset value for the Class I Units at the time of conversion. Series A Convertible Preferred Units rank senior to Common Units and junior to Series 2019, Series 2023, Series 2023-A Preferred, and Series 2025 Preferred Units with respect to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of our business.

As of December 31, 2024, there were 5,825,457 shares of Convertible Preferred Units issued and outstanding. During the year ended December 31, 2024, we paid aggregate distributions on Convertible Preferred Units of $1.9 million. During the year ended December 31, 2023, we incurred an insignificant amount of distributions on our Convertible Preferred Units as the first shares of Convertible Preferred Units were issued in November 2023.

Common and LTIP Units

The following table summarizes the changes in the units outstanding for each class of units for the periods presented below:

	General Partner Units				Limited Partner Units		
	Class T	Class D	Class I	Class A	Common	LTIP [2]	Total
Balance at December 31, 2022	4,815,122	64,673	3,861,049	26,604,864	30,368,951	1,221,918	66,936,577
Issuance of partnership units	644,374	148,629	650,383	—	1,238,370	250,661	2,932,417
Distribution reinvestment	31,289	682	24,344	74,304	—	—	130,619
Exchanges and transfers [1]	(1,723)	—	480,749	—	(479,026)	—	—
Repurchases of partnership units	(1,571,844)	(11,241)	(720,082)	(3,447,291)	(242,097)	—	(5,992,555)
LTIP vesting	—	—	—	—	272,579	(272,579)	—
Balance at December 31, 2023	3,917,218	202,743	4,296,443	23,231,877	31,158,777	1,200,000	64,007,058
Issuance of partnership units	652,724	189,549	1,933,849	—	1,114,404	387,754	4,278,280
Distribution reinvestment	68,355	4,574	57,429	118,774	—	—	249,132
Exchanges and transfers [1]	(20,174)	—	674,236	—	(654,062)	—	—
Repurchases of partnership units	(328,617)	(10,389)	(799,154)	(2,991,807)	(468,573)	—	(4,598,540)
LTIP vesting	—	—	—	—	332,091	(332,091)	—
Balance at December 31, 2024	4,289,506	386,477	6,162,803	20,358,844	31,482,637	1,255,663	63,935,930

[1] Exchanges represent the number of shares unitholders have exchanged for CCI Class I shares during the period. During the years ended December 31, 2024 and 2023, transfers represent Class T shares that were converted to Class I shares during the period.

[2] Includes both time and performance LTIP units.

LTIP Units

Certain executives, directors and key employees receive LTIP Units as equity incentive compensation. LTIP Units are a separate series of limited partnership units, which are convertible into Common Units upon achieving certain time vesting and performance requirements. Unless otherwise provided, the time vesting LTIP Units (whether vested or unvested) entitle the holder to receive current distributions, and the performance LTIP Units (whether vested or unvested) entitle the holder to receive 10% of current distributions during the applicable performance period. When the LTIP Units have vested and sufficient income has been allocated to the holder of the vested LTIP Units, the LTIP Units will automatically convert to Common Units on a one-for-one basis. LTIP Units constitute profits interests and have no voting rights.

As of December 31, 2024, there were 733,910 unvested time LTIP awards and 521,753 unvested performance LTIP awards outstanding. Share-based compensation, included within other in the consolidated statements of capital, was $3.8 million and $2.8 million for the years ended December 31, 2024 and 2023, respectively. Total unrecognized compensation expense for LTIP Units at December 31, 2024 is $3.6 million and is expected to be recognized on a straight-line basis through December 2027.

Distributions

Distributions are determined by CCI's board of directors based on our financial condition and other relevant factors. CCI may choose to receive cash distributions or purchase additional shares through CCI's distribution reinvestment plan. The following table summarizes our distribution activity for the years ended December 31, 2024 and 2023 ($ in thousands):

	Year Ended December 31,	
	2024	2023
General Partner Unit Distributions		
Paid in cash	$ 19,544	$ 21,871
Reinvested in shares	3,182	2,353
Common Unit Distributions- Paid in cash	23,708	23,233
Total	$ 46,434	$ 47,457

Distributions are declared monthly for each share of General Partner and Common Units. The following table summarizes monthly distributions declared over the last two years, as well as on an annualized basis:

	Declared per unit, monthly	Declared per unit, annually
January 2023 through December 2024	$ 0.06083333	$ 0.73

Repurchases

Below is a summary of General Partner and Common Unit repurchases for the years ended December 31, 2024 and 2023 ($ in thousands, except per share data):

	Year Ended December 31,	
	2024	2023
Number of units repurchased	4,598,540	5,992,555
Aggregate dollar amount of units repurchased	$ 56,400	$ 98,942
Average repurchase price	$ 12.26	$ 16.51

10. Related-Party Transactions

Advisor Compensation

CC Advisors III manages our business as CCI's external advisor and, under the terms of the advisory agreement with CCI, performs certain services for us, including the identification, evaluation, negotiation, origination, acquisition and disposition of investments; and the management of our business. These activities are all subject to oversight by CCI's board of directors. The advisor is entitled to receive fees and compensation for services provided as described below.

Management Fee. We pay CCI's advisor a monthly management fee equal to 0.0625% of GAV (gross asset value, calculated pursuant to our valuation guidelines and reflective of the ownership interest held by us in such gross assets), subject to a cap. Through September 19, 2023, the cap was equal to 0.125% of net asset value. Effective September 19, 2023, the cap was amended to be based on “adjusted net asset value”, which is defined to include the value attributable to preferred units that are convertible into common units in the calculation of net asset value.

Management fees to CCI's advisor for the years ended December 31, 2024 and 2023 were $12.5 million and $17.3 million, respectively.

Acquisition Expense Reimbursement. We will reimburse CCI's advisor for out-of-pocket expenses in connection with the selection, evaluation, structuring, acquisition, financing and development of investments, whether or not such investments are acquired, and make payments to third parties or possibly certain of CCI's advisor’s affiliates in connection with providing services to us. There were no acquisition expense reimbursements for the years ended December 31, 2024 or 2023.

Performance Participation Allocation. In addition to the fees paid to CCI's advisor for services provided pursuant to the advisory agreement, CC Advisors - SLP, LLC, an affiliate of CCI's advisor and our Special Limited Partner, holds a performance participation interest in us that entitles it to receive an allocation of the total return to our capital account. The performance participation allocation is an incentive fee indirectly paid to CCI's advisor and receipt of the allocation is subject to the ongoing effectiveness of the advisory agreement. As the performance participation allocation is associated with the performance of a service by the advisor, it is expensed in our consolidated statements of operations.

Total return is defined as all distributions accrued or paid (without duplication) on Participating Partnership units (all of our units with the exception of preferred units and the Special Limited Partner Interest) plus the change in the aggregate net asset value of such Participating Partnership units. The annual total return will be allocated solely to the Special Limited Partner only after the other unitholders have received a total return of 5% (after recouping any loss carryforward amount) and such allocation will continue until the allocation between the Special Limited Partner and all other unitholders is equal to 12.5% and 87.5%, respectively. Thereafter, the Special Limited Partner will receive an allocation of 12.5% of the annual total return. The performance participation allocation is ultimately determined at the end of each calendar year, accrues monthly and will be paid in cash or Class I Units at the election of the Special Limited Partner after the completion of each calendar year.

Due to the decrease in the value of our net assets, no performance participation allocation was incurred during the years ended December 31, 2024 or 2023. During the year ended December 31, 2022, we recognized $20.3 million of expense for the performance participation allocation as a result of the increase in the value of our net assets and distributions paid to unitholders, which was paid in cash during the first quarter of 2023.

Block C

We, through our subsidiaries, have a joint venture investment in Block C for the purpose of developing three multifamily development projects near Salt Lake City, Utah: The Westerly, Millcreek North, and The Archer. As of December 31, 2024, entities affiliated with us and CCI's advisor (the “Affiliated Members”) have made aggregate capital contributions of $10.9 million towards the joint venture. The Affiliated Members are owned directly or indirectly by our officers or directors, as well as certain employees of us and CCI's advisor or its affiliates. The Affiliated Members participate in the economics of Block C on the same terms and conditions as us. The development projects are located in an Opportunity Zone, which provides tax benefits for development programs located in designated areas as established by Congress in the Tax Cuts and Jobs Act of 2017. As of December 31, 2024, our ownership in the Block C joint venture was 82.4%. On January 31, 2025, we entered into a contract to sell The Archer to an unrelated party for $3.0 million. This transaction is expected to close in the third quarter of 2025.

Reimbursable Operating Expenses

CCI's advisor must reimburse us the amount by which our aggregate total operating expenses for the four fiscal quarters then ended exceed the greater of 2% of our average invested assets or 25% of our net income, unless the conflicts committee has determined that such excess expenses were justified based on unusual and non-recurring factors. CCI's conflicts committee determined that no reimbursement was required as of December 31, 2024 or 2023.

Assumption of Related Party Notes and Interest

On March 28, 2024, we acquired all of the outstanding tenant in common interests in Cottonwood Lighthouse Point from an unaffiliated third party. As part of the transaction, we assumed $1.3 million of notes and accrued interest held by an affiliate of the seller of the tenant in common interests in favor, directly and indirectly, of nine of our executive officers. Subsequent to the transaction, we paid the amount outstanding under the notes to the executive officers.

APT Cowork, LLC

APT Cowork, LLC (“APT”) engages in the business of converting underutilized and unused common space in multifamily apartment communities or retail space to revenue producing co-working space. Our officers and directors own 93.14% of APT through direct or indirect ownership interests. We and several of our properties have entered into agreements with APT as described below.

Reimbursement and Cost Sharing Agreement. Under the Reimbursement and Cost Sharing Agreement, we make certain employees available to APT. In exchange, APT reimburses us its allocable share of all direct and indirect costs related to the employees utilized by APT, subject to an annual limit of $120,000.

Coworking Space Design Agreement. Under the Coworking Space Design Agreement, APT may advise, design and upgrade common areas at our multifamily properties. In exchange, our properties pay APT a one-time fee of $60,000, which may increase to $75,000.

Services Agreement. Under the Services Agreement, APT provides ongoing administration services in exchange for $10.00 per apartment unit per month (the "Service Fee") paid by the property. Under the agreement, APT will pay us 50% of coworking revenue it receives at the properties from non-residents. Each of our properties with Services Agreements must also have a Coworking Space Design Agreement with APT.

The following are the fees paid or incurred to APT under these agreements for the periods presented ($ in thousands):

	Year Ended December 31,	
	2024	2023
Reimbursement and Cost Sharing Agreement	$ 14	$ —
Coworking Space Design Agreement	452	250
Services Agreement, net revenue share	328	410

APT is transitioning its services from a coworking agreement to a license agreement based on occupied units instead of total units. We amended the Services Agreement effective September 1, 2024 which reduced the Service Fee from $10.00 per apartment unit per month to $5.00 per occupied apartment unit per month for any unit not covered under the license agreement. In addition, the amendment provides that the services agreement will terminate upon the earlier of i) the unit-by-unit transition resulting in no additional units receiving payment under the coworking agreement; and (ii) September 30, 2025. Under the license agreement, new leases and renewal of existing leases with our residents will have the Service Fee charged directly to them and remitted to APT.

Independent Director Compensation

For the year ended December 31, 2024, each independent director of CCI was paid an annual cash retainer of $60,000 for their service and received an annual grant of time-based LTIP Units with a value of $95,000 at the time of grant. For the year ended December 31, 2023, each independent director was paid an annual cash retainer of $50,000 for their service and received an annual grant of time-based LTIP Units with a value of $85,000 at the time of grant. The LTIP Units have a one-year vesting schedule.

For the year ended December 31, 2024, independent board members who served as chairperson of each of the audit, compensation and conflicts committees received an additional annual cash retainer of $20,000, $15,000 and $15,000. For the year ended December 31, 2023, independent board members who served as chairperson of each of the audit, compensation and conflicts committees received an additional annual cash retainer of $15,000, $10,000 and $10,000, respectively.

11. Other Assets and Accounts Payable, Accrued Expenses and Other Liabilities

The following table is a summary of other assets as of December 31, 2024 and 2023 ($ in thousands):

	December 31,	
	2024	2023
Intangible assets, net	$ 12,939	$ 15,572
Interest receivable from real estate-related loans	5,957	1,567
Other operating receivables	3,158	3,157
Prepaid expenses	3,116	3,181
Derivative assets	2,417	4,310
Tenant receivables	547	768
Other assets	2,813	1,734
Total other assets	$ 30,947	$ 30,289

The following table is a summary of accounts payable, accrued expenses and other liabilities as of December 31, 2024 and 2023 ($ in thousands):

	December 31,	
	2024	2023
Deferred revenue	$ 12,042	$ 4,240
Deferred tax liabilities	9,359	9,777
Real estate taxes payable	7,209	7,366
Development and capital accruals	6,693	13,849
Accrued interest	5,798	10,544
Accrued distributions	5,377	4,888
Accrued redemptions	4,993	9,659
Accounts payable and accrued operating expenses	3,906	3,018
Accrued commissions	3,052	3,456
Security deposits	2,325	2,392
Other payables	190	89
Contingent losses	—	11,770
Total accounts payable, accrued expenses and other liabilities	$ 60,944	$ 81,048

12. Variable Interest Entities

A VIE is a legal entity in which the equity investors at risk lack sufficient equity to finance the entity's activities without additional subordinated financial support or, as a group, the equity investors at risk lack the power to direct the entity's activities and the obligation to absorb the entity's expected losses or the right to receive the entity's expected residual returns. Qualitative and quantitative factors are considered in determining whether we are the primary beneficiary of a VIE, including, but not limited to, which activities most significantly impact economic performance, which party controls such activities, the amount and characteristics of our investments, the obligation or likelihood for us or other investors to provide financial support, and the management relationship of the property.

As of both December 31, 2024 and 2023, we had eight consolidated properties not wholly owned by us that are VIEs. As with our wholly owned properties, the debt is collateralized by the real estate for each respective property and assets can only be used to settle obligations of each respective VIE. With the exception of Cottonwood Highland, a recently completed development, creditors of consolidated VIEs do not have recourse to our general credit. We have a payment guarantee to cover a specified percent of the Cottonwood Highland loan during the lease up and stabilization periods. The percentage reduces from 50%, to 25% to 0% as milestone debt coverage ratios are achieved. At December 31, 2024, the payment guarantee was at 50%.

In cases where we become the primary beneficiary of a VIE, we recognize a gain or loss for the difference between the sum of (1) the fair value of any consideration paid, the fair value of the noncontrolling interest, and the reported amount of our equity method investment and (2) the net fair value of identifiable assets and liabilities of the VIE.

The following table details the assets and liabilities of our consolidated VIEs ($ in thousands):

	December 31, 2024	December 31, 2023
Assets:		
Real estate assets, net	$ 482,871	$ 495,384
Cash and cash equivalents	5,257	4,501
Restricted cash	8,447	8,060
Other assets	2,347	3,360
Total assets	$ 498,922	$ 511,305
Liabilities:		
Mortgage notes and revolving credit facility, net	$ 354,761	$ 354,064
Construction loans, net	44,046	39,790
Accounts payable, accrued expenses and other liabilities	10,905	11,386
Total liabilities	$ 409,712	$ 405,240

13. Noncontrolling Interests

As of December 31, 2024, noncontrolling interests in entities not wholly owned by us ranged from 1% to 63%, with the average being 11%.

14. Commitments and Contingencies

Economic Dependency

We are dependent on CCI, its advisor and affiliates and the dealer manager for certain services that are essential to us, including the sale of our shares in our public and private offering; the identification, evaluation, negotiation, origination, acquisition and disposition of investments; management of the daily operations of our investment portfolio; and other general and administrative responsibilities. In the event that these companies are unable to provide the respective services, we will be required to obtain such services from other sources.

Litigation

We are subject to a variety of legal actions in the ordinary course of our business, most of which are covered by liability insurance. While the resolution of these matters cannot be predicted with certainty, as of December 31, 2024, we believe the final outcome of such legal proceedings and claims will not have a material adverse effect on our liquidity, financial position or results of operations.

In May 2021, we acquired Sugarmont, a project under development. Disputes and claims between Sugarmont and certain contractors occurred during construction of the project. We accrued contingent losses of $11.8 million as a result of claims made against Sugarmont. In September 2024, Sugarmont entered into an agreement to settle all matters in dispute through a payment of $4.3 million to Sugarmont and the previously accrued contingent losses were reversed. The aggregate impact of the $4.3 million settlement and contingent loss reversal resulted in a gain on settlement of $16.0 million. The one percent interest in Sugarmont not owned by us had limited rights which included the right to control the prosecution and resolution of all litigation on behalf of Sugarmont and to receive 70% of favorable settlements after reimbursements of legal costs. Approximately $4.0 million of the settlement was distributed to this limited member and is recorded in noncontrolling interest.

Richmond Guaranty

We have a 50% payment guarantee for certain obligations of Villas at Millcreek, LLC (“Richmond Borrower”) with respect to a construction loan in the amount of $53.6 million obtained in connection with the development of Richmond at Millcreek, a development project sponsored by High Traverse Development, LLC. Certain of our officers and directors own an aggregate 13.91% of Richmond Borrower. A wholly owned subsidiary receives fees from High Traverse Development, LLC related to the development of Richmond at Millcreek. On January 28, 2025, the development of Richmond at Millcreek was completed.

Environmental

As an owner of real estate, we are subject to various federal, state and local environmental laws. Compliance with existing laws has not had a material adverse effect on us. However, we cannot predict the impact of new or changed laws or regulations on our properties or on properties that we may acquire in the future.

Distribution Reinvestment Plan

CCI's distribution reinvestment plan allows their common stockholders to apply their dividends and other distributions towards the purchase of additional shares of CCI common stock. The purchase price is the transaction price for such shares in effect on the distribution date, which is generally the most recently disclosed NAV per share. CCI will receive a corresponding class of partnership units from us for all shares issued to CCI's investors under this plan.

Share Repurchase Programs

Preferred Units

CCI has a redemption program for holders of each class of preferred stock whereby, upon the request of a holder of the preferred stock, CCI may, at the sole discretion of its board of directors, repurchase their preferred shares. The redemption price is dependent on how long such preferred stockholder has held each share. When a share of preferred stock is redeemed at CCI, we redeem a corresponding preferred unit.

Refer to Note 8 for repurchase information on our mandatorily redeemable preferred units. There have been no repurchases of Series A Convertible Preferred Units as of December 31, 2024.

General Partner Units

CCI has a redemption program for holders of its common stock whereby, upon the request of a holder of its common stock, CCI may, at the sole discretion of its board of directors, repurchase common shares with an aggregate value of up to 2% of the aggregate NAV each month and up to 5% of the aggregate NAV each quarter. The redemption price will vary based on share class and the length of time held. When a share of common stock is redeemed at CCI, we redeem a corresponding General Partner Unit. There are no restrictions on the source of funds used to repurchase General Partner Units pursuant to CCI's share repurchase program.

Common Units

Beginning one year after acquiring any Common Units, limited partners have the right to request we repurchase their Common Units as described below. We may, in our sole discretion, honor the repurchase request at the following prices:

1. Beginning one year after acquisition of a Common Unit and continuing for the three-year period thereafter, the purchase price for the repurchased Common Unit shall be equal to 80% of the NAV of the Common Units.
2. Beginning four years after acquisition of a Common Unit and continuing for the two-year period thereafter, the purchase price for the repurchased Common Units shall be equal to 85% of the NAV of the Common Units.
3. Beginning six years after acquisition of a Common Unit and continuing thereafter, the purchase price for the repurchased Common Unit shall be equal to 90% of the NAV of the Common Units.

Subject to CCI's discretion, in the case of the death or complete disability of a limited partner, the repurchase of the Common Units may occur at any time after acquisition of a Common Unit and, if accepted by us, the purchase price for the repurchased Common Units will be equal to 95% of the NAV of the Common Units.

15. Subsequent Events

We have evaluated subsequent events from December 31, 2024 up until the date the consolidated financial statements are issued for recognition or disclosure and have determined there are none to be reported or disclosed in the consolidated financial statements other than those mentioned below.

Status of the Series A Convertible Preferred Units

Through July 28, 2025, we sold 3,790,538 shares of Series A Convertible Preferred Units for aggregate gross offering proceeds of $37.2 million. We paid aggregate selling commissions of $1.6 million and placement fees of $1.1 million. As of July 28, 2025, there were 9,563,306 shares of our Series A Convertible Preferred Units outstanding.

Status of the Series 2025 Preferred Units

Through July 28, 2025, we sold 2,008,700 shares of Series 2025 Preferred Units for aggregate gross offering proceeds of $20.0 million and exchanged 6,496,423 shares of Series 2019 Preferred Units and Series 2023 Preferred Units for 6,530,561 shares of Series 2025 Preferred Units. We paid aggregate selling commissions of $4.5 million and placement fees of $2.5 million. As of July 28, 2025, there were 8,539,261 shares of our Series 2025 Preferred Units outstanding.

Status of General Partner Units

Through July 28, 2025, we sold the following General Partner Units to CCI ($ in thousands):

	Class				
	T	**D**	**I**	**A**	**Total**
General Partner Units	221,697	80,979	662,743	—	965,419
Shares issued through CCI's distribution reinvestment plan	50,635	6,958	43,410	71,365	172,368
Gross Proceeds	$ 2,724	$ 961	$ 7,912	$ —	$ 11,597

Grant of LTIP Unit Awards

On January 8, 2025, we issued LTIP Units as approved by CCI's compensation committee. The compensation committee approved awards of time-based LTIP Units in an aggregate amount of $1,897,625. Each award will vest approximately one-quarter of the awarded amount on January 1, 2026, 2027, 2028 and 2029.

The compensation committee also approved awards of performance-based LTIP Units in an aggregate target amount of $2,994,875. The actual amount of each performance-based LTIP Unit award will be determined at the conclusion of a three-year performance period and will depend on the internal rate of return as defined in the award agreement. The earned LTIP Units will become fully vested on the first anniversary of the last day of the performance period, subject to continued employment with the advisor or its affiliates. The number of units granted was valued by reference to our November 30, 2024 NAV per share as announced on December 16, 2024 of $12.1688.

Financing Activity

On January 22, 2025, we closed on a $4.74 million loan on 3300 Cottonwood, land we are holding for development, receiving net proceeds of $4.69 million. The loan matures on January 22, 2026, carries a 7.3% fixed interest rate and can be extended for one twelve month period.

On February 25, 2025, we closed on a $14.5 million loan on Galleria, land we are holding for development, receiving net proceeds of $14.3 million. The loan matures on February 25, 2026 and carries a variable interest rate of one-month SOFR + 3.0%. It can be extended for six-months subject to a 25% reduction of the principal balance.

Management Contract

On February 1, 2025, we obtained management of 805 Riverfront from a third-party manager, resulting in the addition of approximately 285 units under management.

Sale of Cottonwood Broadway

On February 28, 2025, we sold Cottonwood Broadway for net proceeds of $41.0 million after repayment of associated mortgage debt. We recorded a net gain on sale of $7.9 million.

As part of the sale, we provided a 10-year, $7.0 million unsecured promissory note to the buyer. The note bears an interest rate of 6.78%. The promissory note can be prepaid anytime with the first payment due on 25th month of the loan. The promissory note is included in other assets on the condensed consolidated balance sheet at June 30, 2025.

Prospect Mezzanine Loan

On April 16, 2025, we entered into an agreement to provide a $5.1 million mezzanine loan to Prospect on Central, a mixed-use property in Denver, Colorado. We provided the first $3.8 million of our commitment upon the execution of the agreement, while the remaining $1.3 million is held in reserve. The mezzanine loan is paid current interest at a rate of 15.0% on the entire commitment and matures on May 8, 2027 with two 12-month extension options, subject to conditions being met.

Infield Funding

On April 25, 2025, we increased our commitment by an additional $2.0 million on the Infield preferred equity investment, and funded $1.0 million on April 30, 2025, bringing our total funding to $13.7 million.

Sale of Parc Westborough

On May 14, 2025, we sold Parc Westborough for a purchase price of $96.2 million, and used these proceeds for repayment of the entire drawn balance allocated to Parc Westborough and Alpha Mill on the revolving credit facility. We recorded a net gain on sale of $32.3 million.

Bowline Mezzanine Loan

On May 20, 2025, we entered into an agreement to provide a $8.4 million mezzanine loan to the sponsor of Bowline, a ground-up development in Santa Rosa Beach, Florida. We funded $2.6 million upon the execution of the agreement and an additional $0.5 million on June 20, 2025. The mezzanine loan accrues interest at a rate of 14.75% on the entire commitment drawn from the debt service reserve and matures on May 20, 2029 with two 12-month extension options, subject to conditions being met.

Sale of Sugarmont

On May 30, 2025, we sold Sugarmont for net proceeds of $56.6 million after repayment of associated mortgage debt. We recorded a net gain on sale of $24.6 million.

RealSource Merger Agreement

On June 25, 2025, CCI signed a merger agreement with RealSource Properties, Inc., a private owner of multifamily properties, based in Salt Lake City, Utah. Under the terms of the merger agreement, RealSource Properties, Inc., which has a portfolio comprised of, among other assets, 11 multifamily properties, consisting of 3,565 units located in six states, will merge into a wholly owned subsidiary of CCI that will survive the merger. In addition, the operating partnership of RealSource Properties, Inc. ("RSOP") will merge with us, with us surviving the merger.

At the effective time of the merger, each issued and outstanding share of RealSource Properties, Inc. common stock that is not cancelled and retired under the merger agreement will be converted into the right to receive 0.8893 shares of CCI's Class I common stock, and each issued and outstanding RSOP common unit that is not cancelled and retired under the merger agreement will be converted into the right to receive 0.8893 of our Common Units. The exchange ratio is subject to adjustment both prior to and after completion of the merger per the terms of the merger agreement.

The transaction is expected to close in the third or fourth quarter of 2025, pending lender approvals, approval of the transaction by RealSource Properties, Inc. stockholders and limited partners as well as other closing conditions.

805 Riverfront

On June 27, 2025, we sold 805 Riverfront to Cottonwood Riverfront DST, an entity in which we currently own 100% of the interests. In connection with this sale, we refinanced the bridge loan on the property with a mortgage loan and reduced the outstanding debt from $60.2 million to $42.5 million. The loan bears interest at 5.08% and has a 7 year term. We plan to syndicate our interests in Cottonwood Riverfront DST starting in the third quarter of 2025.

Regenerant Joint Venture

On July 31, 2025, we formed a joint venture with Regenerant Housing Partners (the “Regenerant Venture”) focused on affordable housing investment opportunities. The Regenerant Venture will pursue, among other strategies, the acquisition or recapitalization of general and limited partnership interests in low-income housing tax credit and workforce housing projects. On August 4, 2025, we contributed $11.2 million to fund the acquisition of partnership interests in three projects (two located in Boulder, CO and one located in Kansas City, MO).

Cottonwood Residential O.P., LP

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Cottonwood Residential O.P., LP
Condensed Consolidated Balance Sheets
(in thousands)

	June 30, 2025	December 31, 2024
Assets	(Unaudited)	
Real estate assets, net	$ 1,413,322	$ 1,679,497
Investments in unconsolidated real estate entities	114,008	111,556
Investments in real estate-related loans, net	37,018	30,027
Cash and cash equivalents	128,419	58,268
Restricted cash	25,929	33,560
Other assets	39,124	30,947
Total assets	$ 1,757,820	$ 1,943,855
Liabilities and Capital		
Liabilities		
Mortgage notes, net	$ 919,434	$ 1,151,514
Construction loans, net	44,052	44,046
Land loans, net	19,100	0
Preferred units, net	238,488	221,072
Unsecured promissory notes, net	20,490	21,350
Accounts payable, accrued expenses and other liabilities	61,273	60,944
Total liabilities	1,302,837	1,498,926
Capital		
Partners' capital		
Series A Convertible Preferred Units	$ 74,854	48,413
General partner - Class T Units	61,220	60,321
General partner - Class D Units	5,865	4,970
General partner - Class I Units	89,889	87,054
General partner - Class A Units	17,375	30,058
Common Units	178,590	186,032
Total partners' capital	427,793	416,848
Noncontrolling interests	27,190	28,081
Total capital	454,983	444,929
Total liabilities and capital	$ 1,757,820	$ 1,943,855

Note: The condensed consolidated balance sheets as of June 30, 2025 and December 31, 2024 include assets of consolidated variable interest entities, or VIEs of $491.2 million and $498.9 million, respectively, and liabilities of $409.5 million and $409.7 million, respectively. Refer to Note 11 for additional discussion of our VIEs.

Cottonwood Residential O.P., LP

Condensed Consolidated Statement of Operations

(Unaudited)

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues				
Rental and other property revenues	$ 35,185	$ 37,066	$ 72,493	$ 71,421
Property management revenues	1,659	2,043	3,451	4,382
Other income	2,140	989	3,706	1,774
Total revenues	38,984	40,098	79,650	77,577
Operating expenses				
Property operations expense	13,543	13,433	27,125	27,465
Property management expense	4,785	4,559	9,367	9,137
Asset management fee	3,032	3,129	6,123	6,273
Depreciation and amortization	14,236	17,199	29,186	32,153
General and administrative expenses	2,930	1,178	5,489	2,945
Impairment loss	—	—	957	—
Total operating expenses	38,526	39,498	78,247	77,973
Income (loss) from operations	458	600	1,403	(396)
Equity in earnings of unconsolidated real estate entities	1,516	2,250	2,885	3,618
Interest income	481	495	815	968
Interest expense	(18,312)	(21,257)	(38,359)	(41,675)
Loss on debt extinguishment	(1,634)	(201)	(1,732)	(1,440)
Gain on sale of real estate assets	56,834	5	64,766	26,643
Gain on legal settlement	—	—	400	—
Other income (expense)	(3,144)	(1,105)	(7,118)	117
Income (loss) before income taxes	36,199	(19,213)	23,060	(12,165)
Income tax benefit (expense)	295	(47)	420	(32)
Net income (loss)	36,494	(19,260)	23,480	(12,197)
Net loss attributable to noncontrolling interests	408	861	744	1,573
Net income (loss) attributable to controlling interests	$ 36,902	$ (18,399)	$ 24,224	$ (10,624)
Less preferred unit distributions	1,684	471	3,017	614
Net income (loss) attributable to unitholders	$ 35,218	$ (18,870)	$ 21,207	$ (11,238)

Cottonwood Residential O.P., LP

Condensed Consolidated Statements of Capital

(Unaudited)

(in thousands)

	Series A Convertible Preferred Units	General Partner Class T Units	General Partner Class D Units	General Partner Class I Units	General Partner Class A Units	Common Units	Total Partners' Capital	Noncontrolling Interests	Total Capital
Balance at December 31, 2024	$ 48,413	$ 60,321	$ 4,970	$ 87,054	$ 30,058	$ 186,032	$ 416,848	$ 28,081	$ 444,929
Issuance of Series A Convertible Preferred Units	19,899	—	—	—	—	—	19,899	—	19,899
Offering costs - Series A Convertible Preferred Units	(1,621)	—	—	—	—	—	(1,621)	—	(1,621)
Series A Convertible Preferred Stock repurchased	(450)	—	—	—	—	—	(450)	—	(450)
Issuance of General Partner Units	—	1,461	474	5,731	—	—	7,666	—	7,666
Offering costs - General Partner Units	—	(177)	(58)	(254)	—	—	(489)	—	(489)
Distribution reinvestment	—	252	31	220	368	—	871	—	871
Units repurchased	—	(1,259)	(36)	(2,118)	(8,355)	(90)	(11,858)	—	(11,858)
Exchanges and transfers	—	—	—	1,793	—	(1,793)	—	—	—
Units issued for real estate interests	—	—	—	—	—	—	—	—	—
Share based compensation	—	31	1	45	16	949	1,042	—	1,042
Distributions	(1,333)	(685)	(72)	(1,214)	(3,677)	(5,893)	(12,874)	(93)	(12,967)
Other	—	—	—	—	—	—	—	—	—
Net loss	—	(866)	(82)	(1,320)	(4,005)	(6,405)	(12,678)	(336)	(13,014)
Reallocation of capital and noncontrolling interests	—	108	10	165	499	(782)	—	—	—
Balance at March 31, 2025	$ 64,908	$ 59,186	$ 5,238	$ 90,102	$ 14,904	$ 172,018	$ 406,356	$ 27,652	$ 434,008
Issuance of Series A Convertible Preferred Units	12,693	—	—	—	—	—	12,693	—	12,693
Offering costs - Series A Convertible Preferred Units	(1,063)	—	—	—	—	—	(1,063)	—	(1,063)
Issuance of General Partner Units	—	1,071	437	1,310	—	—	2,818	—	2,818
Offering costs - General Partner Units	—	(175)	(63)	(253)	—	—	(491)	—	(491)
Distribution reinvestment	—	259	38	221	355	—	873	—	873
Units repurchased	—	(1,387)	—	(8,455)	(7,647)	(600)	(18,089)	—	(18,089)
Exchanges and transfers	—	—	—	3,643	—	(3,643)	—	—	—
Units issued for real estate interests	—	—	—	—	—	—	—	—	—
Share based compensation	—	27	2	40	7	780	856	—	856
Distributions	(1,684)	(689)	(80)	(1,216)	(3,554)	(5,839)	(13,062)	(54)	(13,116)
Other	—	—	—	—	—	—	—	—	—
Net income (loss)	—	2,532	253	3,888	11,509	18,720	36,902	(408)	36,494
Reallocation of capital and noncontrolling interests	—	396	40	609	1,801	(2,846)	—	—	—
Balance at June 30, 2025	$ 74,854	$ 61,220	$ 5,865	$ 89,889	$ 17,375	$ 178,590	$ 427,793	$ 27,190	$ 454,983

Cottonwood Residential O.P., LP
Condensed Consolidated Statements of Capital
(Unaudited)
(in thousands)

	Series A Convertible Preferred Units	General Partner Class T Units	General Partner Class D Units	General Partner Class I Units	General Partner Class A Units	Common Units	Total Partners' Capital	Noncontrolling Interests	Total Capital
Balance at December 31, 2023	$ 1,555	$ 59,278	$ 3,225	$ 69,662	$ 85,224	$ 221,617	$ 440,561	$ 30,986	$ 471,547
Issuance of Series A Convertible Preferred Units	13,608	—	—	—	—	—	13,608	—	13,608
Offering costs - Series A Convertible Preferred Units	(1,713)	—	—	—	—	—	(1,713)	—	(1,713)
Issuance of General Partner Units	—	2,022	35	3,923	—	—	5,980	—	5,980
Offering costs - General Partner Units	—	132	(7)	(213)	—	—	(88)	—	(88)
Distribution reinvestment	—	198	3	144	379	—	724	—	724
Units repurchased	—	(2,262)	—	(1,007)	(9,315)	(1,968)	(14,552)	—	(14,552)
Exchanges and transfers	—	—	—	613	—	(613)	—	—	—
Units issued for real estate interests	—	—	—	—	—	3,322	3,322	—	3,322
Share based compensation	—	—	—	53	—	929	982	—	982
Distributions	(143)	(609)	(36)	(815)	(4,196)	(5,887)	(11,686)	(39)	(11,725)
Net loss	—	488	25	554	2,852	3,856	7,775	(712)	7,063
Reallocation of capital and noncontrolling interests	—	239	12	270	1,393	(1,914)	—	—	—
Balance at March 31, 2024	$ 13,308	$ 59,487	$ 3,258	$ 73,184	$ 76,337	$ 219,343	$ 444,913	$ 30,235	$ 475,148
Issuance of Series A Convertible Preferred Units	12,969	—	—	—	—	—	12,969	—	12,969
Offering costs - Series A Convertible Preferred Units	(1,570)	—	—	—	—	—	(1,570)	—	(1,570)
Issuance of General Partner Units	—	2,882	1,012	7,830	—	—	11,724	—	11,724
Offering costs - General Partner Units	—	(482)	(118)	(448)	—	—	(1,048)	—	(1,048)
Distribution reinvestment	—	213	7	169	385	—	774	—	774
Units repurchased	—	(878)	(62)	(1,618)	(10,866)	(1,848)	(15,272)	—	(15,272)
Exchanges and transfers	—	—	—	5,368	—	(5,368)	—	—	—
Units issued for real estate interests	—	—	—	—	—	10,891	10,891	—	10,891
Share based compensation	—	—	—	70	—	947	1,017	—	1,017
Distributions	(471)	(627)	(45)	(945)	(4,055)	(6,016)	(12,159)	(27)	(12,186)
Net loss	—	(1,191)	(75)	(1,525)	(6,557)	(9,051)	(18,399)	(861)	(19,260)
Reallocation of capital and noncontrolling interests	—	142	9	181	779	(1,111)	—	—	—
Balance at June 30, 2024	$ 24,235	$ 59,544	$ 3,986	$ 82,267	$ 56,023	$ 207,788	$ 433,840	$ 29,347	$ 463,187

Cottonwood Residential O.P., LP

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(in thousands)

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Cash flows from operating activities:		
Net income (loss)	$ 23,480	$ (12,197)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation and amortization	29,186	32,153
Gain on sale of real estate assets	(64,766)	(26,643)
Share-based compensation	1,898	1,999
Deferred taxes	(484)	—
Amortization of debt issuance costs, discounts and premiums	3,574	2,990
Paid-in-kind interest on construction loans	—	2,265
Derivative fair value adjustments	1,037	1,021
Loss on debt extinguishment	1,732	1,440
Impairment loss	957	—
Other operating	122	(298)
Equity in earnings of unconsolidated real estate entities	(2,885)	(3,618)
Distributions from unconsolidated real estate entities - return on capital	1,433	3,157
Changes in operating assets and liabilities:		
Other assets	(5,604)	(5,375)
Accounts payable, accrued expenses and other liabilities	2,269	8,959
Net cash (used in) provided by operating activities	(8,051)	5,853
Cash flows from investing activities:		
Cash acquired on consolidation of real estate	—	4,485
Proceeds from sale of real estate assets, net	327,031	82,434
Promissory note to buyer of real estate assets	(7,000)	—
Capital expenditures and development activities	(25,677)	(27,586)
Investments in unconsolidated real estate entities	(1,000)	(1,314)
Proceeds from sale of investments in unconsolidated real estate entities	—	9,900
Contributions to investments in real estate-related loans	(6,876)	(15,544)
Net cash provided by investing activities	286,478	52,375

Cottonwood Residential O.P., LP

Condensed Consolidated Statements of Cash Flows (Continued)

(Unaudited)

(in thousands)

	Six Months Ended June 30,	
	2025	**2024**
Cash flows from financing activities:		
Principal payments on mortgage notes	(358)	(231)
Borrowings from revolving credit facility	11,000	63,981
Repayments on revolving credit facility	(67,264)	(42,000)
Borrowings under mortgage notes	42,556	103,361
Repayments of mortgage notes	(221,405)	(48,458)
Deferred financing costs on mortgage notes	—	(806)
Borrowings from construction loans	6	8,312
Repayments of construction loans	—	(96,681)
Payoff of preferred interest liability	—	(15,300)
Borrowings under land loans	19,240	—
Deferred financing costs on land loans	(222)	—
Repayments of related party notes assumed on acquisition	—	(1,332)
Proceeds from issuance of preferred stock	18,768	10,749
Redemption of preferred stock	(1,013)	(2,543)
Offering costs paid on issuance of preferred stock	(1,780)	(1,217)
Repurchase of unsecured promissory notes	(843)	(755)
Proceeds from issuance of Series A Convertible Preferred Stock	33,457	25,782
Offering costs paid on issuance of Series A Convertible Preferred Stock	(2,682)	(3,214)
Repurchase of Series A Convertible Preferred Stock	(450)	—
Proceeds from issuance of common stock	10,599	17,684
Repurchase of common stock/CROP Units	(30,222)	(35,684)
Offering costs paid on issuance of common stock	(1,092)	(1,506)
Distributions to convertible preferred stockholders	(2,797)	(448)
Distributions to common stockholders	(9,504)	(9,857)
Distributions to noncontrolling interests - limited partners	(11,754)	(11,853)
Distributions to noncontrolling interests - partially owned entities	(147)	(65)
Net cash used in financing activities	(215,907)	(42,081)
Net increase in cash and cash equivalents and restricted cash	62,520	16,147
Cash and cash equivalents and restricted cash, beginning of period	91,828	89,988
Cash and cash equivalents and restricted cash, end of period	$ 154,348	$ 106,135

Cottonwood Residential O.P., LP
Condensed Consolidated Statements of Cash Flows (Continued)
(Unaudited)
(in thousands)

Reconciliation of cash and cash equivalents and restricted cash to the condensed consolidated balance sheets:				
Cash and cash equivalents	$	128,419	$	72,388
Restricted cash		25,929		33,747
Total cash and cash equivalents and restricted cash	$	154,348	$	106,135
Supplemental disclosure of non-cash investing and financing activities:				
Changes in accrued deferred offering costs	$	(146)	$	(339)
Distributions reinvested in common stock		1,744		1,498
Changes in accrued capital expenditures		(55)		(12,047)
Paid-in-kind interest related to construction		—		—
Changes in accrued redemptions		(574)		(5,509)
Cottonwood Lighthouse Point Acquisition				
Real estate assets, net of cash acquired	$	—	$	86,961
Mortgage note assumed		—		(47,581)
Other assets and liabilities assumed, net		—		(2,426)
Value of CROP Units issued for interests acquired		—		3,322
Alpha Mill Acquisition				
Real estate assets, net of cash acquired	$	—	$	73,253
Mortgage note assumed		—		(38,295)
Other assets and liabilities assumed, net		—		181
Value of CROP Units issued for interests acquired		—		10,891

See accompanying notes to condensed consolidated financial statements

Cottonwood Residential O.P., LP
Notes to Condensed Consolidated Financial Statements

1. Organization and Business

Cottonwood Residential O.P., LP (“CROP,” the “Company,” “we,” “us,” or “our”) is a limited partnership that invests in a diverse portfolio of multifamily apartment communities and multifamily real estate-related assets throughout the United States. Our general partner is a wholly owned subsidiary of Cottonwood Communities, Inc. ("CCI"), a non-listed, perpetual net asset value (“NAV”), real estate investment trust (“REIT”). CCI utilizes an “umbrella partnership real estate investment trust” or “UPREIT” structure in which all of its investments consist of preferred or general partnership units in us. CCI has full, complete and exclusive discretion to manage and control us. As the operating partnership of CCI, our business is limited to and conducted in such a manner as to permit CCI at all times to qualify as a REIT. We are also obligated to pay all expenses of CCI, including administrative, organization and offering costs.

Our limited partners consist of (i) those who contribute their interests in properties to us in exchange for limited partner units ("Common Units"), (ii) those who may purchase common or preferred units for cash in an offering (iii) those who are issued common or preferred units in us from time to time, including long-term incentive plan ("LTIP") unitholders, and (iv) CC Advisors—SLP, LLC (the “Special Limited Partner”), an affiliate of CCI's advisor, who is our special limited partner and entitled to receive distributions of the performance participation interest as described in Note 10.

A major source of capital comes from funds received from CCI through CCI's private placement offerings of preferred stock and CCI's public offerings of common stock. When CCI receives proceeds from the sale of shares of its preferred or common stock, CCI contributes such proceeds to us and receive units in us that correspond to the classes of CCI shares sold. Conversely, for each share of preferred stock or common stock CCI redeems from its investors, we repurchase a corresponding preferred or general partner unit from CCI. Thus, a mirrored relationship is maintained between the shares of preferred and common stock issued by CCI to its investors and the preferred and General Partner Units we issue to CCI.

The following table shows partnership unit information and the accounting treatment:

Partnership Unit	Holder	Accounting
General Partner Units [(1)]	CCI	Equity
Series 2019 Preferred Units	CCI	Liability
Series 2023 Preferred Units	CCI	Liability
Series 2023-A Preferred Units	CCI	Liability
Series A Convertible Preferred Units	CCI	Equity
Series 2025 Preferred Units	CCI	Liability
Common Units	Limited Partners	Equity
LTIP Units	Executives, employees and directors	Equity

[(1)] Includes Class T, Class D, Class I and Class A partnership units that correspond to shares of CCI common stock issued and outstanding.

Information about preferred units accounted for as liabilities is included in Note 8 and information about preferred units accounted for as equity is included in Note 9. CCI is authorized to cause us to issue additional partnership interests for any purpose and at any time on terms and conditions established by CCI in its sole discretion and without the approval of any limited partner.

We own and operate a diverse portfolio of investments in multifamily apartment communities located in targeted markets throughout the United States. As of June 30, 2025, our portfolio consists of ownership interests or structured investment interests in 33 multifamily apartment communities with a total of 8,966 units, including 198 units in one multifamily apartment community under construction and another 1,307 units in six multifamily apartment communities in which we have a structured investment interest. In addition, we have an ownership interest in four land sites.

RealSource Merger Agreement

On June 25, 2025, CCI signed a merger agreement with RealSource Properties, Inc., a private owner of multifamily properties, based in Salt Lake City, Utah. Under the terms of the merger agreement, RealSource Properties, Inc., which has a portfolio comprised of, among other assets, 11 multifamily properties, consisting of 3,565 units located in six states, will merge into a wholly owned subsidiary of CCI that will survive the merger. In addition, the operating partnership of RealSource Properties, Inc. ("RSOP") will merge with us, with us surviving the merger.

At the effective time of the merger, each issued and outstanding share of RealSource Properties, Inc. common stock that is not cancelled and retired under the merger agreement will be converted into the right to receive 0.8893 shares of CCI's Class I common stock, and each issued and outstanding RSOP common unit that is not cancelled and retired under the merger agreement will be converted into the right to receive 0.8893 of our Common Units. The exchange ratio is subject to adjustment both prior to and after completion of the merger per the terms of the merger agreement.

The transaction is expected to close in the fourth quarter of 2025, pending lender approvals, approval of the transaction by RealSource Properties, Inc. stockholders and limited partners as well as other closing conditions.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). In the opinion of management, the accompanying consolidated financial statements contain all adjustments and eliminations, consisting only of normal recurring adjustments necessary for a fair presentation in conformity with GAAP. The condensed consolidated financial statements, including the condensed notes thereto, are unaudited and exclude some of the disclosures required in audited financial statements. The condensed consolidated balance sheet as of December 31, 2024 has been derived from our audited financial statements as of that date, but does not include all of the information and footnotes required by GAAP for complete financial statements.

In the opinion of management, the accompanying condensed consolidated financial statements contain all adjustments and eliminations, consisting only of normal recurring adjustments necessary for a fair presentation in conformity with GAAP. The accompanying condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the period ending December 31, 2024. As our comprehensive income is equivalent to net income, our accompanying condensed consolidated financial statements do not include a Statement of Other Comprehensive Income.

The accompanying condensed consolidated financial statements include our accounts and the accounts of our subsidiaries for which we have a controlling interest. All intercompany balances and transactions have been eliminated in consolidation.

Certain amounts in the prior year condensed consolidated financial statements and notes to the condensed consolidated financial statements have been reclassified to conform to the current year presentation. Such reclassifications did not impact previously reported net loss or accumulated deficit or change net cash provided by or used in operating, investing or financing activities.

3. Real Estate Assets, Net

The following table summarizes the carrying amounts of our consolidated real estate assets ($ in thousands):

	June 30, 2025	December 31, 2024
Land	$ 223,693	$ 265,635
Building and improvements	1,221,764	1,459,787
Furniture, fixtures and equipment	59,239	67,131
Intangible assets	35,117	37,782
Construction in progress (1)	67,324	46,965
	1,607,137	1,877,300
Less: Accumulated depreciation and amortization	(193,815)	(197,803)
Real estate assets, net	$ 1,413,322	$ 1,679,497

(1) Includes construction in progress for our development projects and capitalized costs for improvements not yet placed in service at our stabilized properties.

Sale of Cottonwood Broadway

On February 28, 2025, we sold Cottonwood Broadway for net proceeds of $41.0 million after repayment of associated mortgage debt. We recorded a net gain on sale of $7.9 million.

As part of the sale, we provided a 10-year, $7.0 million unsecured promissory note to the buyer. The note bears an interest rate of 6.78%. The promissory note can be prepaid anytime with the first payment due on the 25th month of the loan. The promissory note is included in other assets on the condensed consolidated balance sheet at June 30, 2025.

Sale of Parc Westborough

On May 14, 2025, we sold Parc Westborough for net proceeds of $72.3 million after repayment of the balance of the revolving credit facility allocated to Parc Westborough. We recorded a net gain on sale of $32.3 million.

Sale of Sugarmont

On May 30, 2025, we sold Sugarmont for net proceeds of $56.6 million after repayment of associated mortgage debt. We recorded a net gain on sale of $24.6 million.

4. Investments in Unconsolidated Real Estate Entities

Our investments in unconsolidated real estate entities consist of ownership interests in stabilized properties and preferred equity investments as follows as of June 30, 2025 and December 31, 2024 ($ in thousands):

			Balance at	
Property / Development	**Location**	**% Owned**	**June 30, 2025**	**December 31, 2024**
Stabilized Properties				
Cottonwood Bayview (1)	St. Petersburg, FL	71.0%	$ 9,298	$ 10,314
Toscana at Valley Ridge (1)	Lewisville, TX	58.6%	5,743	6,036
Fox Point (1)	Salt Lake City, UT	52.8%	12,262	12,570
The Marq Highland Park (1)	Tampa, FL	74.1%	21,038	22,265
Preferred Equity Investments				
417 Callowhill (2)	Philadelphia, PA		47,667	44,733
Infield (3)	Kissimmee, FL		17,743	15,408
Other			257	230
Total			$ 114,008	$ 111,556

(1) We account for our tenant in common interests in these properties as equity method investments.

(2) As of June 30, 2025, we have fully funded our commitment on 417 Callowhill.

(3) On April 25, 2025, we committed an additional $2.0 million on our Infield preferred equity investment, of which we funded $1.0 million as of June 30, 2025.

Equity in losses for our stabilized properties for the three months ended June 30, 2025 and 2024 were $0.7 million and $0.7 million, respectively. Equity in losses for our stabilized properties for the six months ended June 30, 2025 and 2024 were $1.4 million and $2.2 million, respectively.

Our preferred equity investments, which are in development projects, have liquidation rights and priorities that are different from ownership percentages. As such, equity in earnings is determined using the hypothetical liquidation book value method. Equity in earnings for our preferred equity investments for the three months ended June 30, 2025 and 2024 were $2.2 million and $3.0 million, respectively. Equity in earnings for our preferred equity investments for the six months ended June 30, 2025 and 2024 were $4.3 million and $5.9 million, respectively.

5. Investments in Real Estate-Related Loans

Our investments in real estate-related loans consist of the following mezzanine loans as of June 30, 2025 and December 31, 2024 ($ in thousands):

				June 30, 2025			December 31, 2024		
Property Name	**Loan Type**	**Fixed Interest Rate**	**Maturity Date**	**Amortized Cost**	**Allowance for Credit Losses**	**Carrying Value**	**Amortized Cost**	**Allowance for Credit Losses**	**Carrying Value**
2215 Hollywood [(1)]	Mezzanine	14.5%	April 14, 2026	$ 10,045	$ (25)	$ 10,020	$ 10,045	$ (42)	$ 10,003
Monrovia Station [(2)]	Mezzanine	16.5%	July 31, 2027	20,150	(101)	20,049	20,150	(126)	20,024
Prospect on Central [(3)]	Mezzanine	15.0%	May 8, 2027	3,907	(44)	3,863	—	—	—
Bowline	Mezzanine	14.8%	May 20, 2029	3,116	(30)	3,086	—	—	—
Total				$ 37,218	$ (200)	$ 37,018	$ 30,195	$ (168)	$ 30,027

(1) The 2215 Hollywood loan was originated in April 2023 and has one 12-month extension option. As of June 30, 2025 and December 31, 2024, interest receivable was $3.8 million and $2.9 million, respectively.

(2) The Monrovia Station loan was originated in July 2023 and has two 12-month extension options. As of June 30, 2025 and December 31, 2024, interest receivable was $5.1 million and $3.1 million, respectively.

(3) As of June 30, 2025, carrying value includes $1.2 million of unamortized discount.

On April 16, 2025, we provided a $5.1 million mezzanine loan to Prospect on Central, a mixed-use property in Denver, Colorado. The mezzanine loan consisted of $3.8 million in cash with a discount of $1.3 million. The mezzanine loan is paid current interest at a rate of 15.0% on $5.1 million and matures on May 8, 2027 with two 12-month extension options, subject to conditions being met.

On May 20, 2025, we entered into an agreement to provide a $8.4 million mezzanine loan to the sponsor of Bowline, a ground-up development in Santa Rosa Beach, Florida. We funded $2.6 million upon the execution of the agreement and an additional $0.5 million on June 20, 2025. The mezzanine loan accrues interest at a rate of 14.75% on the entire commitment and matures on May 20, 2029 with two 12-month extension options, subject to conditions being met.

6. Debt

Mortgage Notes and Revolving Credit Facility

The following table is a summary of the mortgage notes and revolving credit facility secured by our properties as of June 30, 2025 and December 31, 2024 ($ in thousands):

Indebtedness	Weighted-Average Interest Rate	Weighted-Average Remaining Term [(1)]	Principal Balance Outstanding June 30, 2025	Principal Balance Outstanding December 31, 2024
Fixed rate loans [(2)]				
Fixed rate mortgages	4.32%	4.0 Years	$ 759,172	$ 808,056
Total fixed rate loans			759,172	808,056
Variable rate loans [(3)]				
Floating rate mortgages	5.81% [(4)]	5.8 Years	167,016	273,416
Variable rate revolving credit facility	—%	2.5 Years	—	79,250
Total variable rate loans			167,016	352,666
Total secured loans			926,188	1,160,722
Unamortized debt issuance costs and discounts			(2,147)	(4,220)
Premium on assumed debt, net			(4,607)	(4,988)
Mortgage notes and revolving credit facility, net			$ 919,434	$ 1,151,514

(1) For loans where we have the ability to exercise extension options at our own discretion, the maximum maturity date has been assumed, subject to certain debt service coverage ratio, loan to cost or debt yield requirements.

(2) The fixed rate mortgages as of June 30, 2025 no longer include the related debt for Sugarmont, which was sold in May 2025.

(3) The interest rates of our variable rate loans are based on 30-Day Average SOFR or one-month SOFR (CME Term). The variable rate mortgages as of June 30, 2025 no longer include the related debt for Cottonwood Broadway, which was sold in February 2025.

(4) Includes the impact of interest rate caps in effect on June 30, 2025.

As of June 30, 2025, our $100.0 million variable rate revolving credit facility was secured by Alpha Mill, with the amount available to draw subject to a cap as certain loan-to-value ratios and other requirements. As of June 30, 2025, the amount on our variable rate revolving credit facility was capped at $33.2 million primarily due to the interest rate environment and the applicable debt-service coverage ratio.

Proceeds from the sale of Parc Westborough in May 2025 were used to pay down the balance on the revolving credit facility that was allocated to Alpha Mill such that the entire balance on the facility was reduced to zero.

On June 27, 2025, we transferred 805 Riverfront to Cottonwood Riverfront DST, a Delaware Statutory Trust, in which we currently own 100% of the interests. In connection with this transaction, we refinanced the bridge loan on the property with a mortgage loan and reduced the debt from $60.2 million to $42.6 million. The mortgage loan bears interest at 5.08% and has a seven-year term. We intend to syndicate our interests in Cottonwood Riverfront DST starting in the third quarter of 2025.

We are in compliance with all covenants associated with our mortgage notes and revolving credit facility as of June 30, 2025.

Construction Loans

Information on our construction loans is as follows ($ in thousands):

Development	Interest Rate	Final Expiration Date	Loan Amount	Amount Drawn June 30, 2025	Amount Drawn December 31, 2024
Cottonwood Highland	30-Day Average SOFR + 2.55%	May 1, 2029	$ 44,250	$ 44,052	$ 44,046
The Westerly [(1)]	One-Month SOFR + 3.0%	July 12, 2028	42,000	—	—
			$ 86,250	$ 44,052	$ 44,046

(1) In July 2023, we entered into a construction loan agreement for The Westerly, a development project in Millcreek, UT. Construction is expected to be completed in 2026. No amounts have been drawn on the construction loan as of June 30, 2025.

Land Loans

Information on our land loans is as follows ($ in thousands):

Development	Interest Rate	Maturity Date	Principal Balance Outstanding June 30, 2025	Principal Balance Outstanding December 31, 2024
Galleria	One-Month SOFR + 3.0%	February 25, 2026	$ 14,500	$ —
3300 Cottonwood	7.29%	January 22, 2026	4,740	—
Total land loans			19,240	—
Unamortized debt issuance costs			(140)	—
Land loans, net			$ 19,100	$ —

Unsecured Promissory Notes, Net

We issued notes to foreign investors outside of the United States. These notes are unsecured and subordinate to all of our debt. The notes have extension options, at our discretion, during which the interest rate increases 0.25% for each year extended.

Information on our unsecured promissory notes is as follows ($ in thousands):

	Offering Size	Interest Rate	Maturity Date	Principal Balance Outstanding June 30, 2025	Principal Balance Outstanding December 31, 2024
2019 6% Notes	$ 25,000	6.50%	December 31, 2025	$ 20,490	$ 21,350

The aggregate maturities, including amortizing principal payments on our debt for years subsequent to June 30, 2025 are as follows ($ in thousands):

Year	Mortgage Notes and Revolving Credit Facility	Construction Loans	Land Loans	Unsecured Promissory Notes	Total
2025	$ 666	$ —	$ —	$ 20,490	$ 21,156
2026	1,584	—	19,240	—	20,824
2027	363,949	—	—	—	363,949
2028	72,229	—	—	—	72,229
2029	1,859	44,052	—	—	45,911
Thereafter	485,901	—	—	—	485,901
	$ 926,188	$ 44,052	$ 19,240	$ 20,490	$ 1,009,970

7. Fair Value of Financial Instruments

We estimate the fair value of our financial instruments using available market information and valuation methodologies we believe to be appropriate. As of June 30, 2025 and December 31, 2024, the fair values of cash and cash equivalents, restricted cash, other assets, related party payables, and accounts payable, accrued expenses and other liabilities approximate their carrying values due to the short-term nature of these instruments.

Fair value measurements are determined based on the assumptions that market participants would use in pricing the asset or liability. Fair value measurements are categorized into one of three levels of the fair value hierarchy based on the lowest level of significant input used. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. Considerable judgment and a high degree of subjectivity are involved in developing these estimates. These estimates may differ from the actual amounts that we could realize upon settlement.

The fair value hierarchy is as follows:

Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2 - Other observable inputs, either directly or indirectly, other than quoted prices included in Level 1, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets/liabilities in non-active markets (e.g., few transactions, limited information, non-current prices, high variability over time);
- Inputs other than quoted prices that are observable for the asset/liability (e.g., interest rates, yield curves, volatility, default rates); and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Unobservable inputs that cannot be corroborated by observable market data.

The table below includes the carrying value and fair value for our financial instruments for which it is practicable to estimate fair value ($ in thousands):

	June 30, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Asset:				
Investments in real estate-related loans	$ 37,018	$ 38,411	$ 30,027	$ 30,195
Unsecured note receivable	6,932	7,000	—	—
Total	$ 43,950	$ 45,411	$ 30,027	$ 30,195
Financial Liability:				
Fixed rate mortgages	$ 759,172	$ 742,261	$ 808,056	$ 787,680
Floating rate mortgages	167,016	167,509	273,416	273,301
Variable rate revolving credit facility	—	—	79,250	79,250
Construction loans	44,052	44,052	44,046	44,046
Land loans	19,240	19,240	—	—
Series 2019 Preferred Stock	61,743	61,743	120,119	120,119
Series 2023 Preferred Stock	105,366	105,366	107,277	107,277
Series 2023-A Preferred Stock	2,950	2,950	2,950	2,950
Series 2025 Preferred Stock	77,891	77,891	—	—
Unsecured promissory notes, net	20,490	20,490	21,350	21,350
Total	$ 1,257,920	$ 1,241,502	$ 1,456,464	$ 1,435,973

All financial instruments in the table above are categorized as Level 2 in the fair value hierarchy.

8. Preferred Units

We have four classes of preferred units that correspond with CCI's classes of preferred stock. They are accounted for as liabilities on the condensed consolidated balance sheets as they are mandatorily redeemable. Each class of preferred units receives a fixed preferred distribution based on a cumulative, but not compounded, annual return. The Series 2019, Series 2023 and Series 2025 Preferred Units have redemption dates with extension options at CCI's discretion, subject to an increase in the preferred distribution rate. CCI can also redeem its preferred stock early for cash plus all accrued and unpaid dividends. Any issuance or redemption of preferred stock by CCI will cause us to issue or redeem the corresponding number of preferred units held by CCI.

With respect to distribution rights and rights upon liquidation, dissolution or winding up (i) the Series 2019, Series 2023, Series 2023-A, Series 2025 Preferred Units rank senior to General Partner Units and our convertible preferred units, (ii) the Series 2019, Series 2023 and Series 2025 Preferred Units rank senior to the Series 2023-A Preferred Units, (ii) the Series 2019 and Series 2023 Units rank senior to the Series 2025 Preferred Units, (iii) the Series 2023-A Preferred Units rank senior to our convertible preferred units, and (iv) the Series 2019 and Series 2023 Preferred Units rank on parity with each other.

Information on these classes of preferred units as of June 30, 2025 and December 31, 2024 is as follows ($ in thousands):

	Current Dividend Rate	Redemption Date	Maximum Extension Date	Units Outstanding at June 30, 2025	Units Outstanding at December 31, 2024
Series 2019 Preferred Units (1)	6.0%	December 31, 2025	December 31, 2025	6,174,331	12,011,899
Series 2023 Preferred Units (1)	6.0% (2)	June 30, 2027	June 30, 2029	10,536,607	10,727,658
Series 2023-A Preferred Units	7.0%	December 31, 2027	N/A	295,000	295,000
Series 2025 Preferred Units (1)	6.5% (3)	December 31, 2028	December 31, 2030	7,789,052	—
Total				24,794,990	23,034,557

(1) During the six months ended June 30, 2025, CCI exchanged 5,783,082 and 171,631 shares of Series 2019 and Series 2023, respectively, for Series 2025 Preferred Units.

(2) The first-year extension dividend rate, applicable from July 1, 2027 to June 30, 2028, is 6.25%. The fully extended dividend rate, applicable from July 1, 2028 to June 30, 2029, is 6.5%.

(3) The first-year extension dividend rate, applicable from January 1, 2029 to December 31, 2029, is 6.75%. The fully extended dividend rate, applicable from January 1, 2030 to December 31, 2030, is 7.0%.

	June 30, 2025	December 31, 2024
Preferred units outstanding	$ 247,950	$ 230,346
Unamortized offering costs and discounts	(9,462)	(9,274)
Preferred units, net	$ 238,488	$ 221,072

All offerings of preferred units listed above have terminated other than the Series 2025 Preferred Unit offering, which remains ongoing. Shares of Series 2025 Preferred Units were first issued in January 2025. During the six months ended June 30, 2025, CCI issued $77.9 million of Series 2025 Preferred Units, of which $59.8 million was issued through Series 2025 Preferred Unit Exchanges and $18.1 million was issued for cash. Selling commissions and expenses, legal and other third-party costs were expensed under debt modification accounting. During the three and six months ended June 30, 2025, these expenses were $2.5 million and $5.6 million, respectively.

We are required to redeem for cash all outstanding Series 2019 Preferred Units that has not been exchanged for Series 2025 Preferred Units on or before December 31, 2025 at a price of $10.00 per share. As of August 8, 2025, 5,613,722 shares of Series 2019 Preferred Units had not been exchanged and remain outstanding. Series 2025 Preferred Unit Exchanges may occur through the exchange offering period, which ends August 31, 2025 and can be extended upon approval of the board of directors.

Preferred Unit Dividends

Dividends on preferred units accounted for as liabilities are recorded through interest expense in the condensed consolidated statements of operations. The following table summarizes our dividend activity for the three and six months ended June 30, 2025 and 2024 ($ in thousands):

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Series 2019 Preferred Units	$ 1,006	$ 1,819	$ 2,569	$ 3,659
Series 2023 Preferred Units	1,582	1,383	3,168	2,680
Series 2023-A Preferred Units	51	51	102	102
Series 2025 Preferred Units	1,104	—	1,379	—
Total	$ 3,743	$ 3,253	$ 7,218	$ 6,441

Preferred Unit Repurchases

The following table summarizes our repurchase activity for the six months ended June 30, 2025 and 2024 ($ in thousands):

	Six Months Ended June 30,			
	2025		2024	
	Number of units	Aggregate dollar amount	Number of units	Aggregate dollar amount
Series 2019 Preferred Units	54,486	$ 526	260,800	$ 2,516
Series 2023 Preferred Units	19,420	185	69,000	621
Total	73,906	$ 711	329,800	$ 3,137

9. Capital

Convertible Preferred Units

Convertible Preferred Units are accounted for as equity. CCI receives monthly cash distributions at the rate of 8.0% per annum of $10.00 per share for the Convertible Preferred Units it holds when and as authorized and declared by CCI's board of directors. CCI's board of directors may increase the distribution rate from time to time in its sole discretion. Subject to certain terms and conditions, Convertible Preferred Units are convertible into Class I Units in an amount equal to the purchase price divided by the net asset value for the Class I Units at the time of conversion. Series A Convertible Preferred Units rank senior to Common Units and junior to Series 2019, Series 2023, Series 2023-A Preferred, and Series 2025 Preferred Units with respect to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of our business.

As of June 30, 2025, there were 9,100,307 shares of Convertible Preferred Units issued and outstanding. For the six months ended June 30, 2025, we paid aggregate distributions on Convertible Preferred Units of $2.8 million.

During the six months ended June 30, 2025, we repurchased 50,000 shares of Convertible Preferred Units for $0.5 million at a repurchase price of $9.00. We had no unfulfilled repurchase requests during the six months ended June 30, 2025.

Common and LTIP Units

The following table summarizes the changes in the units outstanding for each class of units for the periods presented below:

	General Partner Units				Limited Partner Units		
	Class T	Class D	Class I	Class A	Common	LTIP [1]	Total
Balance at December 31, 2024	4,289,506	386,477	6,162,803	20,358,844	31,482,637	1,255,663	63,935,930
Issuance of partnership units	205,642	76,651	598,298	—	—	231,322	1,111,913
Distribution reinvestment	43,092	5,781	37,232	61,190	—	—	147,295
Exchanges and transfers [2]	—	—	457,199	—	(457,199)	—	—
Repurchases of partnership units	(225,547)	(3,035)	(917,856)	(1,383,143)	(65,669)	—	(2,595,250)
LTIP vesting	—	—	—	—	584,230	(584,230)	—
Balance at June 30, 2025	4,312,693	465,874	6,337,676	19,036,891	31,543,999	902,755	62,599,888

(1) Includes both time and performance LTIP units.

(2) Exchanges represent the number of shares unitholders have exchanged for CCI Class I shares during the period. During the six months ended June 30, 2025, transfers represent Class T shares that were converted to Class I shares during the period.

LTIP Units

Certain executives, directors and key employees receive LTIP Units as equity incentive compensation. LTIP Units are a separate series of limited partnership units, which are convertible into Common Units upon achieving certain time vesting and performance requirements. Unless otherwise provided, the time vesting LTIP Units (whether vested or unvested) entitle the holder to receive current distributions, and the performance LTIP Units (whether vested or unvested) entitle the holder to receive 10% of current distributions during the applicable performance period. When the LTIP Units have vested and sufficient income has been allocated to the holder of the vested LTIP Units, the LTIP Units will automatically convert to Common Units on a one-for-one basis. LTIP Units constitute profits interests and have no voting rights.

As of June 30, 2025, there were 305,622 unvested time LTIP awards and 597,133 unvested performance LTIP awards outstanding. Share-based compensation, included within other in the consolidated statements of capital, was $1.7 million and $1.9 million for the six months ended June 30, 2025 and 2024, respectively. Total unrecognized compensation expense for LTIP Units as of June 30, 2025 is $3.7 million and is expected to be recognized on a straight-line basis through December 2028.

Distributions

Distributions are determined by CCI's board of directors based on our financial condition and other relevant factors. CCI may choose to receive cash distributions or purchase additional shares through CCI's distribution reinvestment plan. The following table summarizes our distribution activity for the six months ended June 30, 2025 ($ in thousands):

	Six Months Ended June 30, 2025	
General Partner Unit Distributions		
Paid in cash	$	9,504
Reinvested in shares		1,745
Common Unit Distributions- Paid in cash		11,754
Total	$	23,003

Distributions are declared monthly for each share of General Partner and Common Units. We declared the following gross monthly distributions:

	Declared per unit, monthly		Declared per unit, annually	
January 2024 through June 2025	$	0.06083333	$	0.73

Repurchases

Below is a summary of General Partner and Common Unit repurchases for the six months ended June 30, 2025 ($ in thousands, except per share data):

	Six Months Ended June 30, 2025	
Number of units repurchased		2,595,250
Aggregate dollar amount of units repurchased	$	29,859
Average repurchase price	$	11.51

10. Related-Party Transactions

Advisor Compensation

CC Advisors III manages our business as CCI's external advisor and, under the terms of the advisory agreement with CCI, performs certain services for us, including the identification, evaluation, negotiation, origination, acquisition and disposition of investments; and the management of our business. These activities are all subject to oversight by CCI's board of directors. The advisor is entitled to receive fees and compensation for services provided as described below.

Management Fee. We pay CCI's advisor a monthly management fee equal to 0.0625% of GAV (gross asset value, calculated pursuant to our valuation guidelines and reflective of the ownership interest held by us in such gross assets), subject to a cap. Through September 19, 2023, the cap was equal to 0.125% of net asset value. Effective September 19, 2023, the cap was amended to be based on “adjusted net asset value”, which is defined to include the value attributable to preferred units that are convertible into common units in the calculation of net asset value.

Management fees to CCI's advisor for the three months ended June 30, 2025 and 2024 were $3.0 million and $3.1 million, respectively. Management fees to our advisor for the six months ended June 30, 2025 and 2024 were $6.1 million and $6.3 million, respectively.

Acquisition Expense Reimbursement. We will reimburse CCI's advisor for out-of-pocket expenses in connection with the selection, evaluation, structuring, acquisition, financing and development of investments, whether or not such investments are acquired, and make payments to third parties or possibly certain of CCI's advisor’s affiliates in connection with providing services to us. There were no acquisition expense reimbursements for the six months ended June 30, 2025 and 2024.

Performance Participation Allocation. In addition to the fees paid to CCI's advisor for services provided pursuant to the advisory agreement, CC Advisors - SLP, LLC, an affiliate of CCI's advisor and our Special Limited Partner, holds a performance participation interest in us that entitles it to receive an allocation of the total return to our capital account. The performance participation allocation is an incentive fee indirectly paid to CCI's advisor and receipt of the allocation is subject to the ongoing effectiveness of the advisory agreement. As the performance participation allocation is associated with the performance of a service by the advisor, it is expensed in our consolidated statements of operations.

Total return is defined as all distributions accrued or paid (without duplication) on Participating Partnership units (all of our units with the exception of preferred units and the Special Limited Partner Interest) plus the change in the aggregate net asset value of such Participating Partnership units. The annual total return will be allocated solely to the Special Limited Partner only after the other unitholders have received a total return of 5% (after recouping any loss carryforward amount) and such allocation will continue until the allocation between the Special Limited Partner and all other unitholders is equal to 12.5% and 87.5%, respectively. Thereafter, the Special Limited Partner will receive an allocation of 12.5% of the annual total return. The performance participation allocation is ultimately determined at the end of each calendar year, accrues monthly and will be paid in cash or Class I Units at the election of the Special Limited Partner after the completion of each calendar year.

Due to the decrease in the value of our net assets, no performance participation allocation was incurred during the six months ended June 30, 2025 or during 2024.

Block C

We, through our subsidiaries, have a joint venture investment in Block C for the purpose of developing three multifamily development projects near Salt Lake City, Utah: The Westerly, Millcreek North, and The Archer. As of June 30, 2025, entities affiliated with us and CCI's advisor (the “Affiliated Members”) have made aggregate capital contributions of $10.9 million towards the joint venture. The Affiliated Members are owned directly or indirectly by our officers or directors, as well as certain employees of us and CCI's advisor or its affiliates. The Affiliated Members participate in the economics of Block C on the same terms and conditions as us. The development projects are located in an Opportunity Zone, which provides tax benefits for development programs located in designated areas as established by Congress in the Tax Cuts and Jobs Act of 2017. As of June 30, 2025, our ownership in the Block C joint venture was 82.4%.

On January 31, 2025, we entered into a contract to sell The Archer to an unrelated party for $3.0 million. This transaction is expected to close in the third quarter of 2025. During the six months ended June 30, 2025, we recognized an impairment loss of $1.0 million on this development project.

Reimbursable Operating Expenses

CCI's advisor must reimburse us the amount by which our aggregate total operating expenses for the four fiscal quarters then ended exceed the greater of 2% of our average invested assets or 25% of our net income, unless the conflicts committee has determined that such excess expenses were justified based on unusual and non-recurring factors. CCI's conflicts committee determined that no reimbursement was required as of June 30, 2025 or December 31, 2024.

Assumption of Related Party Notes and Interest

On March 28, 2024, we acquired all of the outstanding tenant in common interests in Cottonwood Lighthouse Point from an unaffiliated third party. As part of the transaction, we assumed $1.3 million of notes and accrued interest held by an affiliate of the seller of the tenant in common interests in favor, directly and indirectly, of nine of our executive officers. Subsequent to the transaction, we paid the amount outstanding under the notes to the executive officers.

APT Cowork, LLC

APT Cowork, LLC ("APT") engages in the business of converting underutilized and unused common space in multifamily apartment communities or retail space to revenue producing co-working space. Our officers and directors own 93.14% of APT through direct or indirect ownership interests. We and several of our properties have entered into agreements with APT. The following are the fees paid or incurred to APT under these agreements for the periods presented ($ in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Reimbursement and Cost Sharing Agreement	$ 5	$ —	$ 12	$ —
Coworking Space Design Agreement	—	60	35	245
Services Agreement, net revenue share	31	107	77	212

APT is transitioning its services from a coworking agreement to a license agreement based on occupied units instead of total units. Effective September 1, 2024, the Services Agreement was amended to reduce the Service Fee and provide that the services agreement will terminate upon the earlier of (i) the unit-by-unit transition resulting in no additional units receiving payment under the coworking agreement; and (ii) September 30, 2025. Under the license agreement, new leases and renewal of existing leases with our residents will have the Service Fee charged directly to them and remitted to APT.

11. Variable Interest Entities

A VIE is a legal entity in which the equity investors at risk lack sufficient equity to finance the entity's activities without additional subordinated financial support or, as a group, the equity investors at risk lack the power to direct the entity's activities and the obligation to absorb the entity's expected losses or the right to receive the entity's expected residual returns. Qualitative and quantitative factors are considered in determining whether we are the primary beneficiary of a VIE, including, but not limited to, which activities most significantly impact economic performance, which party controls such activities, the amount and characteristics of our investments, the obligation or likelihood for us or other investors to provide financial support, and the management relationship of the property.

As of both June 30, 2025 and December 31, 2024,, we had eight consolidated properties not wholly owned by us that are VIEs. As with our wholly owned properties, the debt is collateralized by the real estate for each respective property and assets can only be used to settle obligations of each respective VIE. With the exception of Cottonwood Highland, a recently completed development, creditors of consolidated VIEs do not have recourse to our general credit. We have a payment guarantee to cover a specified percent of the Cottonwood Highland loan during the lease-up and stabilization periods. As of June 30, 2025, the payment guarantee was 25%. This guarantee will be extinguished as milestone debt coverage ratios and occupancy rates are achieved.

In cases where we become the primary beneficiary of a VIE, we recognize a gain or loss for the difference between the sum of (1) the fair value of any consideration paid, the fair value of the noncontrolling interest, and the reported amount of our equity method investment and (2) the net fair value of identifiable assets and liabilities of the VIE.

The following table details the assets and liabilities of our consolidated VIEs ($ in thousands):

	June 30, 2025	December 31, 2024
Assets:		
Real estate assets, net	$ 475,057	$ 482,871
Cash and cash equivalents	6,428	5,257
Restricted cash	7,215	8,447
Other assets	2,452	2,347
Total assets	$ 491,152	$ 498,922
Liabilities:		
Mortgage notes and revolving credit facility, net	$ 355,075	$ 354,761
Construction loans, net	44,052	44,046
Accounts payable, accrued expenses and other liabilities	10,407	10,905
Total liabilities	$ 409,534	$ 409,712

12. Noncontrolling Interests

As of December 31, 2024, noncontrolling interests in entities not wholly owned by us ranged from 1% to 63%, with the average being 11%.

13. Commitments and Contingencies

Litigation

We are subject to a variety of legal actions in the ordinary course of our business, most of which are covered by liability insurance. While the resolution of these matters cannot be predicted with certainty, as of June 30, 2025, we believe the final outcome of such legal proceedings and claims will not have a material adverse effect on our liquidity, financial position or results of operations.

14. Subsequent Events

We evaluate subsequent events up until the date the condensed consolidated financial statements are issued and have determined there are none to be reported or disclosed in the condensed consolidated financial statements other than those mentioned below.

Bowline Mezzanine Loan

On July 21, 2025, we funded an additional $1.4 million of the investment.

Regenerant Joint Venture

On July 31, 2025, we formed a joint venture with Regenerant Housing Partners (the "Regenerant Venture") focused on affordable housing investment opportunities. The Regenerant Venture will pursue, among other strategies, the acquisition or recapitalization of general and limited partnership interests in low-income housing tax credit and workforce housing projects. On August 4, 2025, we contributed $11.2 million to fund the acquisition of partnership interests in three projects (two located in Boulder, CO and one located in Kansas City, MO).

Convertible Preferred Units

On August 4, 2025, our board approved the extension of the Series A Convertible Preferred Offering from August 31, 2025 to August 31, 2026.

2025 7.25% Unsecured Notes

On August 1, 2025, we launched a $50.0 million private placement offering of 2025 7.25% Unsecured Notes. The notes bear interest at a rate of 7.25% and mature on December 31, 2029, with two 12-month extension options. The notes can also be exchanged for 2019 6.00% Unsecured Notes on a dollar-to-dollar basis.