

# **REALSOURCE PROPERTIES, INC AND REALSOURCE PROPERTIES OP, LP**

## **TRANSACTION SUMMARY**

**November 17, 2025**

### **WHY WE CONSIDERED A MERGER?**

We believe 2021 and 2022 were great years for multifamily REITs. Based on publicly available information, net asset values (NAV) per unit/share for multifamily REITs experienced impressive growth rates during that time period. However, due to increasing inflation and higher interest rates, we, like other companies in the residential real estate market, saw NAVs, and cash flows to an extent, start to decrease in 2023. We found it difficult to establish a strong retail capital raising network in an environment of decreasing NAVs, which has restricted our ability to raise new capital for acquisitions, capital improvements and unit redemptions. In 2024, as we looked forward, we could see that more of our operating cash flow would be required to cover capital improvements, which would further restrict our ability to maintain our distribution level and provide liquidity through share/unit repurchases/redemptions. Therefore, to provide you with what we believe to be a compelling opportunity for consistent distributions, liquidity over time through share/unit redemptions, continued tax deferral (if you are a limited partner) and potential for growth in NAV per unit/share, we opened discussions with Cottonwood Communities, Inc. (CCI), a public, non-listed multifamily REIT. We believe CCI is positioned to provide those benefits following the completion of the proposed mergers.

### **HOW THE TRANSACTION IS STRUCTURED**

Because our companies are externally managed, the first step in the transaction involves the completion of certain transactions pursuant to the Internalization Agreement that was signed contemporaneously with signing the Merger Agreement. Under the Internalization Agreement, RealSource Properties OP, LP (RSOP) will issue units in exchange for 100% interests in RealSource Management, LLC (RSM), RS Properties Management, LLC (RS Manager) and RealSource Properties Advisor, LLC (RS Advisor) (Contributed Entities). These entities are owned either directly or indirectly by certain executive officers and board of directors members of RS. The transactions contemplated by the Internalization Agreement are referred to as the “Pre-Merger Transactions” in the Consent Solicitation Statement and Private Placement Memorandum (PPM) we made available to you on November 12, 2025.

The contributors of the Contributed Entities will receive 2,142,135 units as consideration for the combined ownership positions of the Contributed Entities. These units represent compensation payable to RS Advisor in exchange for termination of the RS Advisory Agreement, waiver of its right to have its special limited partnership interest in RSOP purchased for cash and waiver of RS Advisor’s right to receive disposition fees in connection with the mergers.

The second step of the transaction involves two mergers. Pursuant to the Merger Agreement (i) RS will merge with and into Cottonwood Communities GP Subsidiary, LLC, a wholly owned subsidiary of CCI (Merger Sub), with Merger Sub continuing as a wholly owned subsidiary of CCI (this merger is referred to as the “Company Merger”), and (ii) RSOP will merge with and into Cottonwood Residential OP, LP

(CROP), with CROP surviving the merger (this merger is referred to as the “Partnership Merger”) and continuing as a subsidiary of CCI. At such time, the separate existence of RS and RSOP will cease.

Under the Merger Agreement unitholders in RSOP will receive units in CROP and stockholders in RS will receive shares of common stock of CCI. In exchange for each unit of RSOP and each share of RS, the Merger Agreement provides that, before adjustment, unitholders in RSOP will receive 0.8893 units of CROP and stockholders in RS will receive 0.8893 shares of CCI. The exchange ratio is subject to certain adjustments at closing and certain other adjustments for at least two years after closing as described in the Merger Agreement and the consent solicitation statement/PPM. At the time the consent solicitation statement/PPM was issued, it was estimated that the exchange ratio at closing would be 0.8767. For further information on potential adjustments to the exchange ratio, please see, “Questions and Answers – Is the consideration I will receive in the Company Merger or the Partnership Merger subject to adjustment?” on page 6 of the consent solicitation statement/PPM and other important disclosures in the consent solicitation statement/PPM.

### **DISTRIBUTIONS POST MERGER**

As of the October 31, 2025 record date for distributions payable by CCI and CROP, the distribution per share of CCI common stock and per CROP common unit was \$0.05666667, or an annualized amount equal to \$0.68 per share/unit. Assuming a 0.8767 exchange ratio and no post-closing downward adjustments to the exchange ratio, you can estimate your expected annual distribution at this rate by multiplying your current shares/units in RS or RSOP by the estimated exchange ratio, and then multiplying the resulting number of units/shares by \$0.68.<sup>1</sup>

For example, if you currently own 1,000 units or shares, the calculation would be as follows:

$$1,000 \text{ shares/units} \times 0.8767 \times \$0.68 = \$596.16$$

### **UNIT/SHARE REPURCHASE/REDEMPTIONS**

As a unit holder in CROP following completion of the merger, you would be subject to the following unit redemption policy. Unit holders will have a one-year lockout during which no redemption will be allowed. After that one year you can submit for redemption. Then CROP can either issue CCI shares or redeem for cash at 100% of NAV at the time. If CROP elects to issue shares, the shares are issued and then you can redeem through CCI’s repurchase program. Under the CCI share repurchase program, you get credit for the year already held, so you can redeem the shares at 100% of the current NAV.

RS stockholders will receive CCI shares in the Company Merger. As a stockholder in CCI following completion of the Company Merger, there is no minimum holding period for the repurchase of CCI shares received in the Company Merger. Until a CCI stockholder has held their CCI shares for at least one year, such shares will be repurchased at 95% of net asset value. RS stockholders will not be permitted to tack the holding period of their RS common stock onto the holding period for the CCI shares received in the Company Merger. Because of the inability to tack the holding periods of their RS common stock, RS stockholders will have to wait one year to have their CCI shares repurchased at 100% of net asset value.

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<sup>1</sup> **Important Note:** The exchange ratio is subject to adjustment. The CCI/CROP annual distribution rate is subject to change. There can be no assurance that CCI and CROP will authorize such distributions at such amount, if at all.

Due to the potential for post-closing adjustments to the exchange ratio, former RS stockholders and RSOP unit holder will not be entitled to seek to redeem all of their CCI common stock or CROP units received in the mergers to the extent such merger consideration could be recovered by CCI or CROP. CCI estimates that initially 15% of the merger consideration will be unable to participate in the CCI and CROP repurchase plans. To the extent it becomes clear that no further downward post-closing adjustments to the exchange ratio will be made, former RS stockholders and RSOP unit holders will not be restricted in the amount of CCI shares or CROP units that they can seek to redeem. No claims for post-closing adjustments can be made after two years from closing.

Note that the repurchase plans impose limits on the number of shares and units and that CCI and CROP can repurchase and that CCI and CROP may suspend or terminate their repurchase plans at any time without investor approval. For more information regarding the CCI and CROP repurchase plans, please see the risks under “Risk Factors – Risks Related to the Mergers” on page 32, “Description of Capital Stock – Share Repurchases” on page 222 and “Summary of Partnership Agreement – Redemption Right of Common Limited Partners” on page 233 of the consent solicitation statement/PPM.

### **INTENDED TAX CONSEQUENCES OF THE MERGERS**

The Company Merger is intended to qualify as a “reorganization” within the meaning of Section 368(a) of the Code. Assuming the Company Merger qualifies as a reorganization, a holder of shares of common stock of RS generally will not recognize gain or loss for U.S. federal income tax purposes upon the receipt of common stock of CCI in exchange for shares of common stock of RS in connection with the Company Merger.

It is intended that the Partnership Merger be treated as an “assets-over merger” within the meaning of Section 1.708-1(c)(3)(i) of the Treasury Regulations, with CROP treated as the “resulting partnership” for purposes of Section 1.708-1(c) of the Treasury Regulations. This means that RSOP would be treated as contributing all of its assets and liabilities to CROP in exchange for CROP Common Units and distributing such CROP Common Units to the RSOP unitholders in liquidation of RSOP. In general, no gain or loss is expected to be recognized by RSOP unitholders in connection with the Partnership Merger.

### **VOTE REQUIRED TO APPROVE THE COMPANY MERGER AND THE PARTNERSHIP MERGER**

The Company Merger and the Partnership Merger will not be completed unless the RS stockholders approve the Company Merger by the written consent of at least a majority of the outstanding shares of RS Common Stock.

The obligation of CCI and CROP to close the Company Merger and the Partnership Merger is also conditioned on the holders of a majority of the outstanding common units of RSOP (excluding those owned by RS or any of its affiliates) approving the Partnership Merger and the Pre-Merger Transactions. This condition is waivable in the discretion of CCI and CROP. RSOP is seeking limited partner approval of the Partnership Merger and the Pre-Merger Transactions by written consent.

If you are a holder of RS common stock, please electronically complete, date, sign and promptly return to RS the written consent of RS stockholders available at <https://realsource.net/SH>.

If you are a holder of RSOP common units, please electronically complete, date, sign and promptly return to RSOP the written consent of RSOP limited partners available at <https://realsource.net/LP>.

REGARDLESS OF THE NUMBER OF RSOP COMMON UNITS OR RS SHARES THAT YOU OWN, YOUR WRITTEN CONSENT IS VERY IMPORTANT.

### **Important Information and Where to Find It**

This summary relates to a proposed transaction involving RS and RSOP (collectively, the RS Parties), on the one hand, and CCI and CROP (collectively, the CCI Parties) on the other. In connection with the proposed merger transaction, the RS Parties and the CCI Parties have prepared and made available to RS stockholders and RSOP limited partners a confidential consent solicitation statement/PPM that includes a consent solicitation statement of the RS Parties and a PPM of the CCI Parties. The consent solicitation statement/PPM contains important information about the proposed transaction and related matters. This summary is not a substitute for the consent solicitation statement/PPM. BEFORE MAKING ANY VOTING/INVESTMENT DECISION, RS STOCKHOLDERS AND RSOP LIMITED PARTNERS ARE URGED TO READ THE CONSENT SOLICITATION STATEMENT/PPM (INCLUDING ALL AMENDMENTS AND SUPPLEMENTS THERETO, IF ANY) AND OTHER RELEVANT DOCUMENTS MADE AVAILABLE BY THE RS PARTIES OR THE CCI PARTIES IN CONNECTION WITH THE PROPOSED TRANSACTION WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE CCI PARTIES, THE RS PARTIES AND THE PROPOSED TRANSACTION.

### **Forward-Looking Statements**

This summary has been prepared by the RS Parties and it contains statements regarding the proposed transaction and the timing of such transaction and other statements that constitute “forward-looking statements.” Forward-looking statements, which are based on management’s current expectations and beliefs describe future plans, strategies and expectations of the RS Parties and are generally identifiable by use of the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project,” or other similar expressions. These statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements; no assurance can be given that these expectations will be attained. Factors that could cause actual results to differ materially from these expectations include, but are not limited to: (i) the risk that the proposed mergers and the pre-merger transactions will not be consummated within the expected time period or at all, (ii) the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement, (iii) the inability to obtain the approval of the RS stockholders and RSOP limited partners or the failure to satisfy the other conditions to closing of the proposed mergers, (iv) risks related to disruption of management’s attention from the ongoing business operations of RSOP and its subsidiaries due to the proposed mergers, (v) unanticipated difficulties or expenditures relating to the proposed mergers, (vi) adjustments to the merger consideration prior to or after the closing of the mergers, (vii) changes affecting the real estate industry and changes in financial markets and interest rates, (viii) changes in market demand for rental apartment units and pricing pressures that could limit the ability to lease units or increase rents or that could lead to declines in occupancy and rent levels, (ix) the availability and terms of financing, (x) general economic conditions, (xi) legislative and regulatory changes that could adversely affect the business of the RS Parties and the CCI Parties, and (xii) other

risks and factors, including those set forth in the “Risk Factors” section of the consent solicitation statement/PPM and in CCI’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the SEC, copies of which are available on the SEC’s website, [www.sec.gov](http://www.sec.gov). The RS Parties undertake no obligation to update or revise any forward-looking statements for revisions or changes after the date of this presentation, except as required by law.

### **Confidentiality**

This summary is solely for the confidential use of the individuals and entities to whom it is originally delivered, with the express understanding that, without the prior written permission of the RS Parties, they will not release this document or the annexes attached hereto or discuss the information contained herein or make any reproduction of or use this presentation for any purpose other than the evaluation of whether to approve the mergers and the other transactions contemplated by the merger agreement.