

Cottonwood Communities and Reg A+ REIT Affiliate Disclose Consideration for Potential Merger

Cottonwood Communities Inc., a publicly registered non-traded real estate investment trust, has taken additional steps towards a potential stock-for-stock merger transaction with Cottonwood Multifamily Opportunity Fund Inc, a Regulation A+ REIT affiliate.

According to a filing with the Securities and Exchange Commission, Cottonwood Communities' conflicts committee and the special committee of Cottonwood Multifamily Opportunity Fund Inc. have agreed to a non-binding term sheet for a merger transaction where Cottonwood Communities would acquire Cottonwood Multifamily Opportunity Fund.

In accordance with the term sheet, merger consideration of 0.8669 shares of Cottonwood Communities Class A common stock would be provided to each holder of Cottonwood Multifamily Opportunity Fund common stock in exchange for each share held.

Although the parties have reached an agreement on the exchange ratio, it could be adjusted prior to signing a definitive merger agreement – if and when that happens.

Cottonwood Multifamily Opportunity Fund was created to invest in multifamily development projects and/or make mezzanine loans or preferred equity investments in multifamily construction and development projects. Its \$50 million offering launched in November 2017 and was fully subscribed in June 2019.

Cottonwood Multifamily Opportunity Fund's investments include

two development projects and one investment in a land parcel held for development, all through separate joint ventures with its operating partnership, Cottonwood Residential O.P. LP.

Last May, Cottonwood Communities [completed the first](#) of three affiliated mergers when it merged with Cottonwood Residential II Inc. and its operating partnership, Cottonwood Residential O.P.

In July 2021, the REIT closed [two additional mergers](#) with Cottonwood Multifamily REIT I Inc. and Cottonwood Multifamily REIT II Inc., both Regulation A+ REITs.

Cottonwood Communities has raised gross proceeds of approximately \$127.3 million from the sale of Series 2019 Preferred Stock in its private offering and approximately \$158.1 million from the sale of common stock in its two public offerings, as of March 31, 2022.

[For more Cottonwood Communities news, please visit their directory page.](#)

