

Cottonwood Hires New SVP of Capital Markets for its Northeast Territory

CW Markets Group, the capital markets division and wholesale distribution arm of Cottonwood Residential and Cottonwood Communities, has hired Tony Neves as senior vice president of capital markets to cover its Northeast territory.

Based out of Boston, Massachusetts, Neves has more than 20 years of experience in the financial services industry. Most recently, he served as regional vice president at GWG Holdings Inc., a sponsor of alternative investments.

Prior to his time with GWG Holdings, Neves held senior level sales roles with other alternative investment managers dating back to 2001. According to his LinkedIn profile, these include United Realty Advisors, ATEL Capital Group, Plymouth REIT, Realty Capital Securities and Boston Capital.

“Tony is well-regarded in the industry and we are very excited to have him join our growing team,” said Eric Marlin, executive vice president of CW Markets Group. “We believe that he brings a wealth of knowledge and experience that will be instrumental in helping us expand our relationships in the northeastern states.”

Neves holds FINRA Series 7, Series 63 and Series 22 licenses.

[Cottonwood](#) Residential sponsors [Cottonwood](#) Multifamily REIT I and [Cottonwood](#) Multifamily REIT II, two Regulation A+ real estate investment trusts, and owns and manages multifamily communities throughout the country. [Cottonwood](#) Communities is a non-traded REIT that launched its \$750 million offering in August 2018 and invests primarily in multifamily properties. CW Markets Group is a branch office of Orchard Securities.

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



Cottonwood Hires SVP of Capital Markets for its Southeast Territory

CW Markets Group, a branch office of Orchard Securities, the capital markets division and wholesale distribution arm of Cottonwood Residential, has hired Tyler Smith as senior vice president of capital markets to cover its Southeast territory.

Smith has more than 15 years of experience in the mutual funds and alternative investments industry, most recently serving as national sales manager at investment advisory firm, Howard Capital Management.

For several years prior to that, Smith held senior level positions in sales, management and business development at FS Investments and Wells Real Estate Funds where he focused on the wholesale distribution of various real estate and debt products.

“We are thrilled to have Tyler join our team and believe that his extensive knowledge, experience and deep relationships in the broker-dealer network make him a very valuable asset to our team as we look to strengthen and grow our relationships in the southeastern states,” said Eric Marlin, executive vice

president of capital markets at CW Markets Group.

Tyler received a Bachelor of Science degree in management, as well as a Master of Business Administration from Auburn University and holds FINRA Series 7, Series 63 and Series 65 licenses.

[Cottonwood Residential](#), a private real estate investment trust, owns and manages apartment communities throughout the country.

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The **DI** Wire

Cottonwood Communities Secures Preferred Equity Interest in Tampa Multifamily Development Project

Cottonwood Communities Inc., a publicly registered non-traded real estate investment trust, has closed on a preferred equity commitment of up to \$9.9 million to develop Lector85, a 254-unit multifamily project on a 2.74-acre site in the historic landmark district of Ybor City in Tampa, Florida.

The total development cost is estimated at \$53.3 million, and the project is sponsored by Milhaus LLC, a mixed-use development, construction and property management company that

specializes in Class A, urban infill, multifamily residential buildings. Early construction has commenced and completion is anticipated during the first half of 2021.

Positioned senior to approximately \$9.3 million in common equity, the \$9.9 million preferred equity commitment bears an initial interest rate of 13 percent per year (accrued) and is expected to be drawn upon in stages as needed through the construction. The term of the investment is estimated at 48 months with one 12-month extension option.

“Ybor City is a historic, infill neighborhood that is attracting significant attention as an authentic cultural hub conveniently located near major Tampa job centers,” said Paul Fredenberg, chief investment officer of [Cottonwood Communities](#). “We completed a successful apartment development project with Milhaus just last year and are pleased to be partnering with their team once again in what we believe to be one of the strongest multifamily markets in the country.”

The company noted that the project is situated in a walkable neighborhood filled with local restaurants, retail and entertainment, and located less than two miles from Downtown Tampa, six miles from the Westshore District and eight miles from the University of South Florida.

This latest investment follows [Cottonwood Communities](#)’ [recent commitment](#) to loan up to \$10 million to develop Dolce Twin Creeks Phase II, a 366-unit multifamily project on nearly 11 acres located in the Dallas suburb of Allen, Texas.

[Cottonwood Communities](#) launched its \$750 million offering in August 2018 to invest primarily in multifamily properties throughout the United States.

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

Cottonwood Communities Secures Loan Investment in Dallas Multifamily Development Project

Cottonwood Communities Inc., a publicly registered non-traded real estate investment trust, has closed on a commitment to loan up to \$10 million to develop Dolce Twin Creeks Phase II, a 366-unit multifamily project on nearly 11 acres located in the Dallas suburb of Allen, Texas.

The total development cost is estimated at \$73.4 million, and the project is sponsored by Sovereign Properties, a multifamily property developer and an affiliate of the developer that completed and stabilized the adjacent 374-unit Dolce Twin Creeks Phase I project. Early construction has commenced with completion anticipated in January 2021.

Positioned senior to approximately \$18 million in common equity, the \$10 million loan bears an interest rate of 9.5 percent plus 1-month LIBOR. The loan includes a 1-month LIBOR floor equal to 2.5 percent, resulting in an interest rate floor equal to 12 percent, and is expected to be drawn upon in stages as needed throughout the construction.

The term of the loan is 36 months with two six-month extension

options. The senior financing for the project was provided by BridgeInvest and JLJ Capital.

“We are excited to be invested in this project,” said Enzo Cassinis, CEO of Cottonwood Communities. “Allen is considered an affluent suburb of Dallas with a young, well-educated demographic and favorable job growth outlook.”

“We feel that the execution of the Phase I development by Sovereign’s affiliate, combined with our secured position ahead of the common equity in the capitalization of the project, provides attractive risk-adjusted return potential,” added Adam Larson, CFO of Cottonwood Communities.

Major employers in the North Dallas area include Raytheon Space, Airborne Systems, JPMorgan Chase, Toyota, FedEx and Liberty Mutual Insurance.

Cottonwood Communities launched its \$750 million offering in August 2018 to invest primarily in multifamily properties throughout the United States.

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



Cottonwood Communities Buys Florida Multifamily Property

for \$67 Million

Cottonwood Communities Inc., a publicly registered non-traded real estate investment trust, has purchased Luma at West Palm Beach, a 245-unit multifamily community located in West Palm Beach, Florida for \$67 million.

Completed in 2018, Luma is located five miles west of Palm Beach International Airport and is comprised of a mix of one-, two-, and three-bedroom units with an average size of 1,122 square feet. Property amenities include gated access, heated resort-style pool with cabanas, fitness center, 5,500-square-foot clubroom, business center and dog park.

In conjunction with the acquisition, a \$36 million loan was secured through Fannie Mae, representing a 54 percent loan-to-purchase price ratio, with a 10-year term at a 3.93 percent fixed rate, interest only for the full-term.

“We are pleased with our first acquisition,” said Enzo Cassinis, CEO of Cottonwood Communities. “We believe that the acquisition of Luma aligns very nicely with our philosophy of investing in quality assets and enduring locations using a conservative leverage strategy.”

Major employers in the area include Florida Power & Light’s national headquarters, the Scripps and Max Planck Research Institutes, Palm Beach Atlantic University, Palm Beach Gardens Medical Center, Wellington Regional Medical Center, Palms West Hospital, Pratt & Whitney and United Technologies.

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Cottonwood REIT Identifies First Property Acquisition

Cottonwood Communities Inc., a publicly registered non-traded real estate investment trust, plans to purchase Luma West Palm Beach, a 245-unit Class A multifamily property located in West Palm Beach, Florida, for \$67 million. The transaction is expected to close during the second quarter of 2019.

Completed in 2018, Luma is located five miles southeast of Palm Beach International Airport and is comprised of a mix of one-, two-, and three-bedroom units with an average size of 1,122 square feet. Property amenities include gated access, a heated pool with cabanas, fitness center, 5,500-square-foot clubroom, business center and dog park.

“The West Palm Beach area is attracting professionals in well-paying jobs and a significant population of retirees – individuals which we believe are often renters by choice,” said Enzo Cassinis, CEO of [Cottonwood](#) Communities. “Luma is a high-quality multifamily asset in a highly trafficked location and represents an exciting first investment opportunity for the company.”

Major employers in the area include Florida Power & Light’s national headquarters, the Scripps and Max Planck Research Institutes, Palm Beach Atlantic University, Palm Beach Gardens Medical Center, and United Technologies.

[Cottonwood](#) Communities launched its \$750 million offering in August 2018 to invest primarily in multifamily properties throughout the United States and raised \$9.4 million in investor equity, as of February 2019. Shares are priced at \$10.00 each, and all offering-related expenses will be paid by the REIT’s advisor without reimbursement.

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\$750 Million Cottonwood REIT Breaks Escrow

Cottonwood Communities Inc., a publicly registered non-traded real estate investment trust sponsored by Cottonwood Residential, has reached the minimum offering of \$2 million and broken escrow. The REIT can now issue shares of common stock and use the funds to make real estate investments.

Cottonwood Communities launched its \$750 million offering in August 2018 to invest primarily in multifamily properties in major markets throughout the U.S. Shares are priced at \$10.00 each, and all offering-related expenses will be paid by the REIT's advisor, Cottonwood Communities Management LLC, without reimbursement.

As of December 18, 2018, Cottonwood Communities had raised approximately \$2.7 million in investor equity, which satisfied the minimum offering amount in all states where they are conducting their offering except Kansas, Ohio, Pennsylvania, and Washington, which have minimum offering amounts of \$10 million, \$33.75 million, \$33.75 million, and \$20 million, respectively.

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Cottonwood Multifamily REIT I Reports Third Consecutive NAV Increase

The board of Cottonwood Multifamily REIT I Inc., a Regulation A+ real estate investment trust, has approved an updated net asset value of \$11.31, as of September 30, 2018, for the company's common stock. This represents a 2.7 percent increase from the previous NAV per share of \$11.01, of December 31, 2017. Shares originally sold for \$10.00 each.

The company's current distribution rate remains unchanged at \$0.575 per share on an annualized basis through September 30, 2018.

Cottonwood Multifamily REIT I owns a portfolio of three multifamily properties located in Tampa, Atlanta, and Charlotte, that were purchased for a combined \$140.9 million.

The REIT owns a 90 percent interest in the properties, which were purchased in joint ventures with affiliates of Cottonwood Residential 0.P LP. The properties have a combined appraised market value of \$152.9 million as of September 30, 2018 and were appraised by Cushman & Wakefield of North Carolina, Newmark Grubb Knight Frank, and CBRE – Valuation & Advisory Services.

The REIT increased same store NOI growth by 13.1 percent (year-to-date through June 30, 2018) compared to the same period in 2017.

“We are pleased with the consistent NAV increases for the REIT and believe that our focus on high-quality markets will continue to offer meaningful potential for value appreciation” said Enzo Cassinis, chief executive officer of the REIT. “We remain focused on our best-in-class management practices to enhance occupancy and rent growth, while optimizing expense management – the results of which, will help drive further NOI growth.”

The company noted that the NAV considered metrics such as cash flows, comparable sales metrics, capitalization rates, loan balances, interest rates and financial projections.

Cottonwood Multifamily REIT I commenced its \$50 million private offering in May 2016 and had sold all of the 5 million shares of its common stock by April 2017.

Cottonwood Residential O.P. is a fully integrated real estate sponsor, owner and manager focused on the multifamily asset class. As of September 30, 2018, Cottonwood Residential manages approximately 13,000 apartments units across 10 states, representing approximately \$2 billion in assets under management.

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Cottonwood REIT Sells \$440

Million Multifamily Portfolio to Ares, Creates Liquidity for Stockholders

Cottonwood Residential Inc., a private real estate investment trust, has sold a 3,473-unit, 12-property multifamily portfolio to a real estate fund managed by Ares Management L.P. (NYSE: ARES) for approximately \$440 million. Ares is a publicly traded alternative asset manager with approximately \$121.4 billion of assets under management.

Cottonwood Residential recently started a plan to liquidate and restructure its subsidiaries, including Cottonwood Residential O.P. LP., as [reported by The DI Wire last week](#).

The 12 properties were originally built between 1981 to 2006 and are located in Tennessee, Texas, Georgia, North Carolina and South Carolina. Eleven of the 12 transactions closed between September 28th and October 9th, and the final sale is expected to close in late October.

Under the terms of the sale, Ares Management retained a Cottonwood affiliate to continue as the property manager of the assets. Additionally, as part of Cottonwood's broader plan, five other properties are expected to be sold in the coming months, which are reportedly valued at approximately \$290 million.

The company noted that the proceeds generated from the sales will be used to repay and redeem interests in Cottonwood held by Cottonwood's two institutional investors, FrontRange Capital Partners and Equity Resource Investments, and its non-voting common stockholders.

According to Cottonwood, distributions to its common stockholders resulting from the sales are projected to be

between \$18.75 to \$19.57 per share. This is in addition to the operating distributions received over the course of the investment.

“We’re very happy with the results of the transaction and the exceptional value we believe we’ve delivered to our institutional and common shareholders. Upon completion of these sales, affiliates of Cottonwood will enter a new phase of their business with the intention of pursuing a value-add strategy to enhance the rent levels and net operating income of the remaining assets in the portfolio,” said Dan Shaeffer, CEO of Cottonwood. “Through our affiliates, we also intend to continue investing new capital in select high-quality development opportunities while growing our advisory business.”

Cottonwood Residential sponsors Cottonwood Communities Inc., a non-traded REIT, which launched its \$750 million offering in August 2018, as well as two \$50 million Regulation A offerings: Cottonwood Multifamily REIT II Inc. and Cottonwood Multifamily Opportunity Fund Inc., which launched in launched July 2017 and November 2017, respectively.

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



Cottonwood Communities Names

New Executives Following Sponsor Restructuring

The board of Cottonwood Communities Inc., a publicly registered non-traded real estate investment trust, has appointed four executive officers following the recapitalization transaction of the REIT's sponsor, Cottonwood Residential Inc., which was completed late last month.

Previously, Daniel Shaeffer served as chief executive officer, Chad Christensen as president, and Susan Hallenberg as chief financial officer.

The company appointed Enzo Cassinis to serve as CEO and president; Adam Larson as CFO; Paul Fredenberg as chief investment officer; and Susan Hallenberg as chief accounting officer and treasurer. All four will also serve in the same capacities at Cottonwood Multifamily REIT I Inc. and Cottonwood Multifamily REIT II Inc., two Cottonwood-sponsored Regulation A REITs.

Prior to his new role, Cassinis served as the senior vice president of corporate strategy at Cottonwood Residential, the REIT's sponsor, where he was responsible for financial planning and analysis, balance sheet management, and capital and venture formation activity. He will also serve as CEO for the REIT's advisor, Cottonwood Communities Management LLC.

Before joining Cottonwood in 2013, Cassinis was vice president of investment management at Archstone, one of the largest apartment operators and developers in the U.S. and Europe. He earned an MBA and juris doctorate from the University of Denver and is a CFA charterholder.

Larson, who was also named CFO for the REITs advisor, previously served as senior vice president of asset management of Cottonwood Residential. Prior to joining Cottonwood in June

2013, he worked in the investment banking division at Goldman Sachs, and previously at Barclays Capital, Bonneville Real Estate Capital and Hitachi Consulting. Larson holds an MBA from the University of Chicago Booth School of Business.

Fredenberg, will also serve as CIO for the REIT's advisor, was the senior vice president of acquisitions at Cottonwood Residential, a position he held since September 2005. He previously worked in the investment banking division of Wachovia Securities and has held investment banking and management consulting positions at Piper Jaffray and the Arbor Strategy Group. Fredenberg holds an MBA from the Wharton School at the University of Pennsylvania.

Hallenberg, previously the REIT's CFO, also serves as the CFO and treasurer of Cottonwood Residential, positions she has held since May 2005. Prior to joining the firm she held positions at Phillips, Edison & Company, Lend Lease Real Estate Investments, and Aldrich Eastman & Waltch. She holds a bachelor's degree in economics/accounting from The College of the Holy Cross.

Last month, Cottonwood Residential started a plan to liquidate and restructure its subsidiaries, including Cottonwood Residential O.P. LP. The plan is to be executed in a series of transactions, some of which have already taken place, the company said.

On September 24th, Cottonwood Residential O.P. distributed properties to Cottonwood Residential in redemption of its interests in the operating partnership.

Cottonwood Residential agreed to sell 12 properties to an unaffiliated third party for approximately \$440 million, 10 of which closed on September 28, 2018, and is also marketing for sale an additional five properties valued at approximately \$290 million. The proceeds will be used to redeem the non-voting common stockholders of Cottonwood Residential and repay

certain institutional partners.

Following the redemption of its stockholders, Cottonwood Residential will be liquidated and dissolved and a new entity has been formed, Cottonwood Residential II Inc., to act as general partner for the operating partnership.

Cottonwood Residential O.P. will continue to operate the remaining platform, including the 12 assets sold, with a total value of assets under management of approximately \$2 billion.

Cottonwood Communities launched its \$750 million offering in August 2018 to invest primarily in multifamily properties throughout the United States. The company has not yet met the minimum offering amount to break escrow and issue shares. Shares are priced at \$10.00 each, and all offering-related expenses will be paid by the REIT's advisor without reimbursement.

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

The DI Wire



Cottonwood Multifamily REIT I Increases NAV Per Share

The board of Cottonwood Multifamily REIT I Inc., a Regulation A+ real estate investment trust, approved an updated net asset value of \$11.01 for the company's common stock as of December 31, 2017.

The new valuation represents a 1.5 percent increase from the previous NAV per share of \$10.85, and a 10.1 percent increase from the original NAV of \$10.00 per share.

Additionally, the board approved a policy change where net asset value will be calculated on an annual basis, rather than quarterly.

Shares of the offering were originally sold for \$10.00 each, and the current distribution rate remains unchanged at \$0.575 per share on an annualized basis.

Cottonwood Multifamily REIT I owns a portfolio of three multifamily properties located in the southern United States purchased for a combined \$140.9 million. The REIT owns a 90 percent interest in the properties, which were purchased in joint ventures with affiliate Cottonwood Residential O.P LP.

Cottonwood Multifamily REIT I commenced its \$50 million private offering in May 2016 and had sold all 5 million shares of its common stock by April 2017.

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