

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
COTTONWOOD RESIDENTIAL, INC.		27-1083451	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
AARON TORRIENTE	801-278-0700		
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and ZIP code of contact	
6340 SOUTH 3000 EAST, SUITE 500		SALT LAKE CITY, UT 84121	
<b>8</b> Date of action		<b>9</b> Classification and description	
OCTOBER 8, 2019		PREFERRED AND COMMON STOCK	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ COTTONWOOD RESIDENTIAL, INC. PAID LIQUIDATING DISTRIBUTIONS TOTALING \$148,673,187 TO PREFERRED AND COMMON SHAREHOLDERS DURING 2018, PURSUANT TO A PLAN OF LIQUIDATION ADOPTED BY SHAREHOLDERS ON SEPTEMBER 21, 2018.

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ THE PER SHARE LIQUIDATING DISTRIBUTIONS TO THE SHAREHOLDERS OF COTTONWOOD RESIDENTIAL, INC. PAID DURING 2018 ARE DETAILED ON STATEMENT 1. THESE DISTRIBUTIONS ARE TREATED AS 100% LIQUIDATING DISTRIBUTIONS PURSUANT TO THE PLAN OF LIQUIDATION. SHAREHOLDERS SHOULD APPLY LIQUIDATING DISTRIBUTIONS AS FIRST A REDUCTION OF THE ADJUSTED TAX BASIS OF THE SHARES. AMOUNTS REPORTED IN EXCESS OF THE BASIS OF ANY SHARE WILL GENERALLY BE REPORTED AS GAIN IN THE YEAR RECEIVED. ANY BASIS WITH RESPECT TO A PARTICULAR SHARE THAT REMAINS AFTER ALL LIQUIDATING DISTRIBUTIONS ARE RECEIVED WOULD GENERALLY RESULT IN A LOSS WITH RESPECT TO SUCH SHARES. SHAREHOLDERS SHOULD CONSULT WITH A TAX ADVISOR FOR ASSISTING IN THE COMPUTATION OF GAIN OR LOSS ON THE SHARES. ANY DISTRIBUTIONS PAID PRIOR TO SEPTEMBER 21, 2018 ARE 100% TAXABLE DIVIDENDS AND THEREFORE DO NOT IMPACT THE BASIS OF THE SHARES.

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ REFER TO QUESTION 15.

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► IN ACCORDANCE WITH IRC SECTION 346(A), THE DISTRIBUTIONS DETAILED ON STATEMENT 1 SHALL BE TREATED AS IN COMPLETE LIQUIDATION OF A CORPORATION, AS THE DISTRIBUTIONS ARE PART OF A SERIES OF DISTRIBUTIONS IN REDEMPTION OF THE STOCK OF THE CORPORATION PURSUANT TO A PLAN.

IN ACCORDANCE WITH IRC SECTION 331, THE BASIS OF EACH SHARE IS REDUCED, BUT NOT BELOW ZERO, BY THE AMOUNT OF THE LIQUIDATING DISTRIBUTIONS.

18 Can any resulting loss be recognized? ► THERE IS NO LOSS TO BE RECOGNIZED ON THESE TRANSACTIONS.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► THE REPORTABLE TAX YEAR FOR THE LIQUIDATING DISTRIBUTIONS DESCRIBED ON STATEMENT 1 IS DECEMBER 31, 2018.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ►

Date ► 10/14/2019

Print your name ► SUSAN HALLENBERG

Title ► CFO

**Paid Preparer Use Only**

Print/Type preparer's name

SUSAN STEELE

Preparer's signature

Date

10/11/19

Check  if self-employed

PTIN P00852555

Firm's name ► DELOITTE TAX LLP

Firm's EIN ► 86-1065772

Firm's address ► 655 W. BROADWAY, SUITE 700, SAN DIEGO, CA 92101

Phone no. 619-232-6500

Cottonwood Residential, Inc.  
27-1083451  
TAX YEAR 2018

STATEMENT ATTACHED TO AND MADE PART OF  
FORM 8937 REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

SECURITY DESCRIPTION	RECORD DATE	PAYMENT DATE	DISTRIBUTION PER SHARE
COMMON NON-VOTING STOCK	9/25/2018	10/10/2018	0.048767
<b>TOTAL PER SHARE</b>			<b>0.048767</b>
SERIES 2016 PREFERRED STOCK	9/22/2018	9/24/2018	10.000000
SERIES 2016 PREFERRED STOCK	9/25/2018	10/8/2018	0.040959
<b>TOTAL PER SHARE</b>			<b>10.040959</b>
SERIES 2017 PREFERRED STOCK	9/22/2018	9/24/2018	10.000000
SERIES 2017 PREFERRED STOCK	9/25/2018	10/8/2018	0.047260
<b>TOTAL PER SHARE</b>			<b>10.047260</b>

**COTTONWOOD RESIDENTIAL, INC.**  
**27-1083451**  
**TAX YEAR 2018**

STATEMENT ATTACHED TO AND MADE PART OF  
FORM 8937 REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES  
FOR THE YEAR ENDED DECEMBER 31,2018

STATEMENT PURSUANT TO TREASURY REGULATION §§1.6045B-1(A)(3) and (B)(4)

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EFFECTIVE JANUARY 1, 2011, ISSUERS OF CORPORATE STOCK MUST BEGIN REPORTING CORPORATE ACTIONS THAT AFFECT STOCK BASIS, INCLUDING BUT NOT LIMITED TO MERGERS, STOCK SPLITS, STOCK DIVIDENDS, RECAPITALIZATIONS, AND PREFERRED STOCK DISTRIBUTIONS PAID IN EXCESS OF CUMULATIVE EARNINGS AND PROFITS. THIS INFORMATION IS INTENDED TO MEET THE REQUIREMENTS OF PUBLIC DISCLOSURE, PURSUANT TO TREASURY REGULATIONS §§1.6045B-1(A)(3) AND (B)(4) FOR COTTONWOOD RESIDENTIAL, INC.