
Indication of Interest

# Cove Rose Rich Opportunity 60 DST

**5100 – 5198 Avenue H (US Highway 90) Rosenberg, TX 77471 - Houston, MSA**

- ✔ Strong Current Yield Potential With Upside Potential Value Add Strategy
- ✔ Below Market Rents Creating Upside Potential Upon Future Leasing Initiatives
- ✔ Purchased Below Replacement Cost Creating Value Potential For Investors
- ✔ All-Cash/Debt-Free DST Offering - No Risk Of Lender Foreclosure
- ✔ Located In The Income Tax Free State Of Texas
- ✔ Long Term National Tenancy
- ✔ Located in the Houston, TX MSA - The 5th Largest Metro Area in the United States
- ✔ 721 Exchange Rollup As A Potential Exit Strategy*
- ✔ Sponsor Co-Investment of $1,000,000 in After-Tax Dollars

***Source: Offering Memorandum***

***Past performance does not guarantee future results.***

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# Risks and Disclosures

- This Offering is made only to Accredited Investors per Regulation D, Rule 506c.
- This material is intended for Accredited Investors generally defined as an individual having a net worth of over 1 million dollars exclusive of primary residence, and certain entities with gross assets of greater than 5 million dollars or made up entirely of accredited individuals. If you are unsure if you or your entity is considered accredited, please verify with your CPA and attorney prior to considering an investment.
- There are significant limitations on the ability to sell or transfer interests.
- Securities offered through FNEX Capital, member FINRA, SIPC. Cove Capital Investments, LLC and FNEX Capital are unaffiliated entities.
- The Internal Revenue Code Section 1031 contains complex tax concepts. You should consult your legal or tax professional regarding the specifics of your particular situation prior to considering an investment. This material is not to be interpreted as tax or legal advice.
- Past performance is not indicative of future results.
- The Sponsor and their Affiliates will all receive substantial fees and compensation relating to the syndication and sale of interests, as well as relating to the ongoing management and disposition of the Property owned by the DST.
- Investors should read the entire PPM carefully, including the "Risk Factors" section of the PPM before investing.
- This material is obtained from sources believed to be reliable however Cove Capital and its principals/affiliates cannot guarantee that it is accurate or complete.
- Potential cash flows / distributions / appreciation are not guaranteed and could be lower than anticipated.
- There are material risks associated with investing in real estate, Delaware Statutory Trust (DST) properties and real estate securities. These include illiquidity, tenant vacancies, general market conditions and competition, lack of operating history, the risk of new supply coming to market and softening rental rates, general risks of owning / operating commercial properties, potential adverse tax consequences, loss of entire investment principal, declining market values, and general economic risks.
- Principals and associates of Cove Capital Investments, LLC ("Cove Capital"), which are registered representatives of FNEX Capital, may represent investors considering an investment in the beneficial interests and may make offers and sales of beneficial interests, thereby receiving an economic benefit from the sale of beneficial interests.
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# Investment Summary


# Cove Rose Rich Opportunity 60 DST

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| Occupancy: | Square Feet: | Lease Type: | Offering Loan-To-Value: |
|---|---|---|---|
| 98% | 101,839 | NET | 0% Debt-Free |

- ✔ Strong Current Yield Potential With Upside Potential Value Add Strategy
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# Investment Highlights

1

**LOCATION, LOCATION, LOCATION** - The property is located in Rosenberg, TX a suburb of Houston. The property is located within a county seat with multiple county operations located within approximately 1 mile from the property. OakBend Medical Center is located within a ½ mile of the property. The property is community centric and offers discount and off-price value to the consumer.

2

**VALUE ADD STRATEGY** - Cove Capital has an extensive strategy to add value to the property in an effort to create equity growth and appreciation potential for our investors. The value add strategy includes renewing and extending certain leases, marking current under market leases to market, an extensive leasing and marketing program to fill vacant space as well as a capital improvement and property curb appeal enhancement program. Cove Capital believes this multi-pronged value add strategy will potentially drive the assets Net Operating Income (NOI) higher and create potential value for our investors.*

3

**STRONG TENANT LINEUP** - The Rose Rich shopping center boasts many national and regional tenants such as DD's Discounts, Melrose Family Fashions, T-Mobile, Family Dollar, Jackson Hewitt Tax Services, Citi Trends, Dollar Tree, Pizza Hut, EZ Pawn and more.

4

**GREAT VISIBILITY** - The shopping center is in a great location with excellent visibility to the main highway 90 which feeds into, Richland and Sugarland, two suburban communities in Houston. The site benefits from two traffic signals, 6 access points: 4 on Highway 90, one on Lane Dr and one on Woodrow Dr. Highway 90 carries 22,137 vehicles per day (2021).

5

**SPONSOR CO-INVESTMENT** - The Cove Capital principals are investing $1 million of their own after-tax dollars into the property as well, which is something that many DST sponsors do not do. This helps to create an alignment of interest between the sponsor and investors in the offering.


***Source: Offering Memorandum***

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# Site Plan


## SOLID TENANT LINEUP

MELROSE Family Fashions

CITI TRENDS

EZPAWN

Jackson Hewitt TAX SERVICES

FAMILY DOLLAR

DOLLAR TREE

T Mobile

Pizza Hut

dd's DISCOUNTS

Auto Detailing Supplies Chemical Guys

KRB Dentistry dentistry with integrity

***Source: Offering Memorandum***

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# Aerial


*Source: Offering Memorandum*

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# Property Images




***Source: Offering Memorandum***



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# Property Images

**Cove Capital has an extensive value-add strategy for the Rose Rich Shopping Center.** Cove Capital has an extensive strategy to add value to the property in an effort to create equity growth and appreciation potential for our investors. The value add strategy includes renewing and extending certain leases, marking current under market leases to market, an extensive leasing and marketing program to fill vacant space as well as a capital improvement and property curb appeal enhancement program. Cove Capital believes this multi-pronged value add strategy will potentially drive the assets Net Operating Income (NOI) higher and create value for our potential investors.*



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# In The News

# Dollar Tree, Inc. Reports Results for the First Quarter Fiscal 2022[1]

**July, 20, 2022**

- **Diluted Earnings per Share Increased 48.1% to a First Quarter Company Record of $2.37 ~**
- **Consolidated Net Sales Increased 6.5% to $6.90 Billion ~**
- **Same-Store Sales: Enterprise +4.4%; Dollar Tree +11.2%; Family Dollar -2.8% ~**
- **Company Updates Fiscal 2022 Earnings per Share Guidance Range to $7.80 to $8.20 ~**
- **Company Making Strategic Investments Designed to Enhance Long-Term, Sustainable Growth**

CHESAPEAKE, Va.--(BUSINESS WIRE)-- Dollar Tree, Inc. (NASDAQ: DLTR) today reported financial results for its first quarter ended April 30, 2022.

"The team delivered a solid start to the year – with a 6.5% top-line sales expansion, a 19.2% lift to gross profit, and a 48.1% increase to earnings per share. During the quarter, the Dollar Tree team successfully completed its conversion to the $1.25 price point, contributing to both sales and margin improvements. Shoppers are responding favorably as the new, greater value products hit our shelves," stated Michael Witynski, President and Chief Executive Officer. "Importantly, other key strategic initiatives, including the expansion of the $3 and $5 Plus assortment in Dollar Tree stores, as well as our Combo Stores and H2 Renovations at Family Dollar are working. Today, we will outline the types of additional strategic investments we will make over the next several years that are designed to position the Company for profitable growth with attractive returns on capital."

***1: Full article: https://corporate.dollartree.com/investors/news-events/press-releases/detail/224/dollar-tree-inc-reports-results-for-the-first-quarter***

# In The News

# T-Mobile Delivers Industry-Leading Postpaid Service Revenue and Cash Flow Growth in Q2 2022 and Raises Guidance Across the Board[2]

**July, 27, 2022**

BELLEVUE, Wash.--(BUSINESS WIRE)-- T-Mobile US, Inc. (NASDAQ: TMUS):

### Industry-Leading Growth in Postpaid and Broadband Customers

- Postpaid net account additions of 380 thousand, best in industry and highest in company history
- Postpaid net customer additions of 1.7 million, more than AT&T and Verizon combined and highest Q2 ever
- Postpaid phone net customer additions of 723 thousand, including lower churn than Verizon for first time ever
- High Speed Internet net customer additions of 560 thousand, best in industry for third consecutive quarter

### Strong Financial Results Drive 2022 Guidance Raise Across the Board

- Service revenues of $15.3 billion grew 6% year-over-year, including industry-leading Postpaid service revenue growth of 9% and best postpaid phone ARPU growth in more than 5 years
- Net loss of $108 million and diluted (loss) per share ("EPS") of $(0.09) decreased year-over-year due to merger-related costs and other special expense items amounting to $1.9 billion, net of tax, or $1.52 per share
- Core Adjusted EBITDA(2) of $6.6 billion grew 10% year-over-year, best growth in industry and raising guidance
- Net cash provided by operating activities of $4.2 billion grew 11% year-over-year, best growth in industry and raising guidance
- Free Cash Flow(2) of $1.8 billion grew 5% year-over-year, best growth in industry and raising guidance

### Unprecedented Pace of 5G Network Build Delivers Differentiated Customer Experience

- Extended Range 5G covers 320 million people, or 97% of Americans
- Ultra Capacity 5G covers 235 million people and

***2: Full article: https://investor.t-mobile.com/events-and-presentations/news/news-details/2022/T-Mobile-Delivers-Industry-Leading-Postpaid-Service-Revenue-and-Cash-Flow-Growth-in-Q2-2022-and-Raises-Guidance-Across-the-Board/default.aspx***

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approximately 87% of T-Mobile customers

- 50% of postpaid customers are now using a 5G phone, and 5G devices account for 55% of all network traffic

### Commenced Sprint Network Shutdown and Will Substantially Complete Decommissioning by End of Q3

- Raising merger synergies guidance range to $5.4 to $5.6 billion in 2022

T-Mobile US, Inc. (NASDAQ: TMUS) reported second quarter 2022 results today, leading the industry with record postpaid account and broadband customer growth driven by its unmatched combination of value and quality. T-Mobile raises guidance across the board as its synergy-backed model and differentiated growth strategy continue to deliver the highest growth in postpaid service revenue and cash flows in the industry.

“Our relentless focus on putting customers first delivered yet another outstanding quarter for T-Mobile with industry-leading postpaid and broadband customer growth, including our highest ever postpaid account adds in company history,” said Mike Sievert, CEO of T-Mobile. “This momentum fueled our growth strategy and allowed us to raise guidance across the board yet again -- further proof that our commitment to addressing customer pain points in this challenging macro-economic environment is working.”

## Ross (DD’s Discounts) Plows Ahead With Meaty Store Opening Plan For 2022[3]

**July, 20, 2022**

**According to Ross Stores’ projections, the U.S. market still has room for an additional 1,600 doors under its retail nameplates.**

The off-price retailer is steady working to fulfill that potential with the recent opening of 21 Ross Dress for Less and eight dd’s Discounts stores across 12 states in June and July. That puts the company on track to open 100 units this year.

Together, Ross Dress for Less and dd’s Discount currently operate a total of 1,980 locations in 40 states, the District of Columbia and Guam. Over time, the company plans to grow to at least 2,900 Ross Dress for Less and 700 dd’s Discount locations. dd’s discounts store front

“This summer, we expanded our presence in our largest markets of California, Florida and Texas, and also added locations in newer states, including North Carolina for dd’s as well as Ohio for Ross,” said Gregg McGillis, group group executive VP for property development. executive VP for property development. ■

*3: Full article: https://www.hometextilestoday.com/retailers/ross-plows-ahead-with-meaty-store-opening-plan-for-2022/*

# Amid Stumbles By AT&T and Verizon, T-Mobile Raises Growth Forecast[4]


**July, 27, 2022**

AT&T last week lowered its 2022 free cash flow target by $2 billion to $14 billion. Similarly, Verizon last week lowered its 2022 wireless service revenue growth expectations to between 8.5% and 9.5%, down from a prior forecast of between 9% and 10%. Verizon also lowered its earnings expectations.

And what of T-Mobile? The company on Wednesday raised virtually all of its financial and customer expectations for 2022.

Specifically, T-Mobile now expects net postpaid customer additions of between 6 million and 6.3 million throughout 2022, an increase from its prior guidance of 5.3 to 5.8 million. The carrier also raised its 2022 expectations for earnings and free cash flow.

T-Mobile's stock rose by almost 5% on the news, to around $140 per share. In comparison, shares in both AT&T and Verizon fell last week after they reported their second quarter finances and updated their 2022 guidance.

## Bucking The Trend

Perhaps most notably, T-Mobile has not increased its service fees in the same way that AT&T and Verizon have. In recent months both AT&T and Verizon have raised prices on either new or old plans, efforts designed to eke out billions of extra dollars from their existing customers. T-Mobile hasn't engaged in those kinds of pricing increases.

However, it's worth noting that T-Mobile has raised prices on some one-time fees. For example, the operator recently increased its "assisted support charge" and "upgrade support charge," for customers who add new lines or upgrade phones, by around $5. And, according to The T-Mo Report, the operator is also increasing its late fees by several dollars.

Nonetheless, financial analysts generally cheered T-Mobile's overall progress against its rivals.

"T-Mobile increased full-year guidance for all metrics, in contrast to lowered guidance at peers," wrote the financial analysts at New Street Research in a report to investors after

*4: Full article: https://www.lightreading.com/broadband/fixed-wireless-access-(fwa)/amid-stumbles-by-atandt-and-verizon-t-mobile-raises-growth-forecast/d/d-id/779302* the release of T-Mobile's second quarter results. "These trends reflect a very different organic growth picture than peers."

"They did it again," argued the financial analysts at Raymond James in their own report, noting that T-Mobile again raised its overall financial guidance for 2022 on Wednesday after doing so in April.

"T-Mobile delivered a very strong second quarter, with results ahead of our forecasts across the board, and a boost in guidance that implies upside to our 2022 financial and operational forecasts," wrote the financial analysts at Evercore.

## Momentum in Revenues, Customers and FWA

In its second quarter earnings report, T-Mobile recorded a net increase of 723,000 in postpaid phone customers during the period, a figure that's ahead of most Wall Street expectations. T-Mobile's postpaid phone customer additions were slightly behind what AT&T reported for the period – 813,000 – but far ahead of Verizon's 12,000.

T-Mobile also reported postpaid phone churn of 0.80%. Churn is the measure of the number of customers leaving an operator. T-Mobile noted its churn figure was lower than Verizon's own churn figure for the period, a first for T-Mobile. That's important because Verizon has long been the market leader in terms of churn.

Financially, T-Mobile's core adjusted EBITDA [earnings before interest, taxes, depreciation and amortization] clocked in at $6.62 billion in the second quarter, ahead of most analyst expectations and 10% above what T-Mobile reported in the year-ago quarter. However, T-Mobile also reported that bad debt increased year-over-year by $240 million. The increase in T-Mobile's bad debt is due to an increase in the number of customers who aren't paying their bills, likely a result of rising inflation. AT&T officials also warned that the company's customers appeared to be having a harder time paying their bills in recent months.

T-Mobile CFO Peter Osvaldik suggested that the second quarter could represent the "high water mark" for the operator's bad debt.

As for T-Mobile's fixed wireless access (FWA) business, the operator reported a gain of 560,000 such customers. Operator officials said that the majority of those customers

# In The News


are existing T-Mobile subscribers, and that roughly a third of them live in rural areas. Importantly, T-Mobile officials said that 50% of its new FWA customers are switching to T-Mobile's services from an existing cable connection.

### The Network

T-Mobile attributes much of its momentum in the market to its efforts to build a speedy, nationwide 5G network in part with the 2.5GHz midband spectrum licenses it acquired from Sprint.

The operator said it now covers around 235 million people – or 87% of T-Mobile's customers – with that midband network. It added that 50% of postpaid customers are now using a 5G phone, and that 5G devices account for 55% of all of its network traffic

According to new findings from network-monitoring company OpenSignal, T-Mobile's midband 2.5GHz network is outpacing similar midband offerings from its competitors. In a report, the firm said it found that T-Mobile's "Ultra Capacity" 5G network is available in 41.9% of US counties where such signals have been detected. Meanwhile, Verizon's own "Ultra Wideband" network is available in just 11.7% of those counties. AT&T's "5G+" network is available in 1.4% of such counties. In general, "Ultra Capacity," "Ultra Wideband" and "5G+" refer to 5G networks that use a mixture of midband and highband, millimeter wave (mmWave) spectrum. OpenSignal calls such networks "Enhanced 5G."

"T-Mobile's wide reach of Enhanced 5G locations comes as no surprise since T-Mobile had a large head start in this type of 5G deployment," the firm noted in its report. "In fact, T-Mobile started to deploy midband 5G using its 2.5GHz band two years ago in April 2020, while AT&T and Verizon were only able to launch midband 5G in January 2022 following the release of C-band spectrum."

In terms of speed, OpenSignal reported T-Mobile's 232.2 Mbit/s edged past Verizon's 226.3 Mbit/s, but completely outshined AT&T's 161.1 Mbit/s.

In its second quarter earnings conference call, T-Mobile officials said they've already decommissioned two thirds of the 35,000 cell sites they intend to dismantle as part of the operator's merger with Sprint. T-Mobile expects that dismantling program to be finished by the end of the third quarter.

Overall, though, T-Mobile officials said it's still early days in 5G. Networking chief Neville Ray said FWA is the first use case for 5G. And CEO Mike Sievert said that 5G is "an emerging market." ■

# The Market: Houston Texas

**"As of April this year (2022), the Houston Association of Realtors (HAR) has reported that the Houston real estate market had a robust performance."- *www.apogeetx.com* [5]**

The Houston metro area attracts people with an entrepreneurial spirit and those who want to work at some of the country's largest companies. Not only is Houston the hub of the oil and gas industries, but it's also a major center of manufacturing and health care. The presence of these industries allows this region to weather economic downturns better than similarly sized metro areas.[6]

A paycheck goes further in Houston than it does in other major metro areas, with affordable housing and free or cheap attractions. Home to nearly 7 million residents in the metro area, Houston is attracting new people from across the country and around the world.

The region is home to more than 11,000 restaurants, everything from award-winning establishments to barbecue joints. The metro area also offers a variety of international cuisine ranging from Ethiopian to Indian.

Houston, founded on August 30, 1836 is the fourth most populous city in the nation, with an estimated July 2018 population of 2,325,502 (trailing only New York, Los Angeles and Chicago), and is the largest in the southern U.S. and Texas. With an area of 665 square miles, this metropolitan city It is expected to become the third most populous U.S. city during the second half of the decade of the 2020s.

Greater Houston is the most ethnically diverse metropolitan area in the United States. At least 145 languages are spoken by city residents, and 90 nations have consular representation in the city. The Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (MSA) consists of nine counties: Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery and Waller. The Houston-The Woodlands-Sugar Land MSA covers 9,444 square miles, an area slightly smaller than Massachusetts but larger than New Jersey. In the last thirty years, several Houston sports teams have won national championships.

***5: Sources: https://www.apogeetx.com/blog/2022-update-the-houston-commercial-real-estate-market/***

***6: Sources: https://www.houstontx.gov/abouthouston/houstonfacts.html; https://realestate.usnews.com/places/texas/houston***

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# Five Reasons Why Cove Capital Likes Houston – The Fourth Largest City in America and with Room to Grow[7]

**November 12, 2021**

While Houston may have many nicknames that reflect the city's culture (H-Town), climate (Bayou City), and chronology (Space City), Houston could also be called a "boom city" as it is also home to one of the fastest growing tech centers in the nation and to one of the most appealing markets for real estate investors. Why? Well, Houston has everything: the people, the diversity, the business climate, and a world-recognized center for energy, medicine, space, and manufacturing.

Located in Southeast Texas, Houston is the most populous city in Texas, the fourth most populous city in the nation, and covers nearly 700 square miles – big enough to fit Washington D.C., San Francisco, New York, Boston, Seattle, Minneapolis and Miami all within its borders.

Sitting near the Gulf of Mexico, Houston also has a great waterfront history as well. For example, the Port of Houston ranks first in the United States in international waterborne tonnage (weight in tons) handled, and is recognized as a critical hub to the world's commerce. Not so surprising, Houston is also home to nearly 50 Fortune 1000 companies, which is the second largest concentration of any other city in the country (behind only New York City with 72).

## Top Five Reasons Cove Capital Likes the Houston Real Estate Market

In addition to the briefly stated areas above, Cove Capital Investments likes the Houston market for the following reasons:

### 1. Rapid Population Growth

Greater Houston is one of the most diverse and rapidly growing major U.S. metropolitan areas in the nation. With

*7: Full article: https://www.wfaa.com/article/money/business/walmart-expansion-dallas-fort-worth-2-automated-facilities/287-e5751f49-eea8-4caa-9de1-cbce628eaf74* a population of 7 million people, Houston is the largest city in the state of Texas, and the 4th most populous city in America.

With a thriving business culture that runs across just about every industry including fashion, sports, technology, energy, and education, the Houston real estate market is booming. According to Realtor.com, Houston's real estate prices have risen more than 6% year-over-year for the past five years, and inventory has dropped nearly 25% in the past year.

## 2. Houston Real Estate Market Is Still Developing

Unlike fully-built cities like New York, San Francisco, Washington D.C. etc, Houston has lots of room to grow and develop. According to Houston's central office of economic affairs, Houston's moderately priced housing market combined with its sound business infrastructure makes the city a great place for investors who are looking for opportunities. From multifamily to industrial to residential, Houston continues to be an attractive market in which to invest.

## 3. Strong Economy and Job Growth

Anyone who understands real estate fundamentals gets that a strong economic base is critical to creating a good real estate market. The Houston market is one of the most important industrial bases in the world with the second largest manufacturing-based GDP in the nation, the world center for nearly every segment of the oil and gas industry, and home to the largest medical complex (Texas Medical Center) in the world. On top of these economic power houses, Houston also has more than 1,760 life sciences and biotechnology companies, cutting-edge hospitals, health facilities, and research institutions and 6,400 manufacturers who employ more than 240,000 skilled workers and produce $80 billion in goods annually.

Recent headlines abound with recently relocated corporations choosing Houston as their central location including the world's largest online marketplace and fulfillment center that has absorbed more than 1 million-square-feet, and has eyes on another 3 million square feet in the near future. That's approximately the size of 74 football fields!

## 4. Booming International Trade

Another strong appeal for real estate investors to Houston is the city's reputation as an international trading hub. People have historically migrated to places of international trade and access to commerce, and Houston is no exception. For example, Houston has the largest US port as measured by total cargo tonnage handled, and one of the busiest ports in the United States when it comes to foreign trade. This

level of activity translates into lots of jobs for the Houston market, as well as acting like a giant magnet for tens of thousands of business people and travelers from around the world. That means that these people need a place to stay in either temporary or permanent housing, which is why Houston is also a great market for investment real estate.

### 5. Education & Quality of Life

Quality of life and educational opportunities are other motivators that encourage people to migrate from one region to another. While much younger than some of its counterparts like Boston, New York and Chicago, Houston is one of the fastest growing big cities in the country. It continuously lures more and more residents from around the globe drawn by the city's mix of cultural amenities, diverse communities and a low cost of living. Houstonians also take their dining very seriously which is a good thing since the city has more than 11,000 restaurants offering just about any type of cuisine imaginable. Some describe it as the perfect mix between Southern hospitality and urban sophistication, with tons of waterways and public parks to reinforce its reputation as a quality of life city.

Education is one of the major elements of quality of life. Houston boasts more than 40 colleges, universities, and institutions – offering higher education options to suit all interests. The Greater Houston area has 14 major institutions of higher learning including Baylor College of Medicine, University of Houston, and Rice University. According to U.S. News & World Report, the University of Houston has been ranked among the best colleges in the United States across a number of different categories in 2021 while University of Houston landed on the lists for "Top Public Schools" and "Best Value Schools" in the same report.

### Where To Invest in The Houston Real Estate Market?

With a strong economic base, an internationally recognized commerce center, and a growing population, Houston is becoming an attractive city for real estate investors.

Cove Capital often has Delaware Statutory Trust (DST) offerings for both 1031 exchange and direct cash investors available in the Houston, TX market. To learn more about these and other DST investment opportunities available nationwide please visit www.covecapitalinvestments.com or call 877.899.1315. ■


***Sources:***

*https://www.realtor.com/realestateandhomes-search/Houston_TX/overview*

*https://www.houstontx.gov/controller/investorrelations/agreatplacetoinvest.html*

*https://www.houston.org/why-houston/industries/all-industries*

*https://www.statista.com/statistics/184865/25-leading-us-ports-by-short-tons-2009/*

# 10 REASONS WE LOVE *Houston, Texas*

## 1
### ECONOMY
With a gross metro product of $482.1B, the major industries serving the Houston MSA are in Energy, Aerospace & Defense, Bio-science.

## 2
### DEMOGRAPHICS
The average household income in Houston is $84,179. Average age is 33.

## 3
### DIVERSITY
More than 145 different languages are spoken in Houston. That's the third largest number of languages spoken in a U.S. city, behind New York and LA.

## 4
### EDUCATION
The Greater Houston area has 14 major institutions of higher learning and more than 60 degree-granting colleges, universities and technical schools, including Tier One research universities Rice University (ranked first among "30 Best Values in Small Colleges"), the University of Houston and Texas A&M University. 2

## 5
### SPACE CENTER HOUSTON
NASA's Johnson Space Center is where the Mission Control Center is located.

***Source: Offering Memorandum***

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***Past performance does not guarantee future results.****

# The Market: Houston Texas

## 10 REASONS WE LOVE HOUSTON, TEXAS

### 6
**POPULATION**

Houston is the 4th most populous city in the U.S. at apprx. 2.3M. 2

### 7
**TEXAS MEDICAL CENTER**

Houston is home to the world's largest concentration of health care and research institutions.

### 8
**PORT OF HOUSTON**

The Port of Houston ranks first in the U.S. in international waterborne tonnage handled and second in total cargo tonnage handled.

### 9
**HOSPITALITY**

Houston hosted 22.3 visitors in 2018, bringing in apprx. $513M in tax revenue supporting around 88,000 city jobs and 140,000 in the metro area annually. 2

### 10
**CULINARY SCENE**

Houston is considered to have one of the best culinary scenes in the country, with more than 10,000 restaurants.

***Source: Offering Memorandum***

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# 10 Trends Shaping Houston Real Estate to Read About[8]

**July 12, 2022**

There's rarely a dull moment in Houston's real estate world, and the fallout from the pandemic has only accelerated trends already underway in residential and commercial real estate. As the Houston Chronicle's senior real estate reporter, I've compiled this list of several key trends affecting Houston's real estate scene -- and in honor of 713 day, all of these articles will be free to access July 12-14.

### 1. Downtown Houston Is In The Midst Of A Major Economic Shift.

Two years after lockdowns emptied the city center, people are again catching Astros games at Minute Maid Park, crowding into concerts at Jones Hall, strolling through Discovery Green and gathering for major meetings and conferences. But a critical element remains missing: the 168,600 workers that once stampeded into the district every weekday. That's forcing a complete restructuring of the downtown Houston economy. It's not just the tunnel businesses taking a hit. You can dive in here to see how this uneven economic recovery in downtown is shaping up or check out this accompanying Looped In podcast here.

### 2. Mortgage Rates Are Pricing Out More Homebuyers Already Facing Rising Prices And Limited Inventory.

The effect of rising mortgage rates is starting to ripple through Houston's single-family home market. After the historically low rates fueled a frenzied buying boom last year, higher mortgage rates, rising home prices and limited supply of new homes are forcing some would-be homebuyers to sit on the sidelines. The expectation is that higher rates will start to pump the brakes on home sales in Houston, which so far are only modestly slower. However, prices are still expected to remain relatively high as the inventory of homes on the market stays tight, and homebuilders face construction delays in getting new homes on the ground.

***8: Full Article: https://www.houstonchronicle.com/business/real-estate/article/10-trends-Houston-real-estate-17297558.php***

# The Market: Houston Texas


### 3.The Suburbs Are No Longer A Sure-Fire Way To Access Affordable Housing.

The old phrase used to be "Drive until qualify," but now homebuyers searching for affordability in Houston's sprawling suburbs will have to drive farther and farther out to find it. Explore our home value tracker developed by data visualization editor Alexander Kanik to see how much home values have jumped throughout Houston's suburbs. Strong demand and limited inventories are pushing up prices rapidly in suburbs like Katy, which now has two of the hottest ZIP codes for real estate nationally, according to a report from Opendoor, Claire Goodman reports. Reporter R.A. Schuetz dives into recent Rice University Kinder Institute research showing how the suburbs are losing their reputation as an affordable haven. Meanwhile suburbs such as Sugar Land and Pearland also are becoming less affordable for renters too.

### 4. Build-To-Rent Activity Continues To Grow.

With nearly half of Houstonians unable to afford to buy a home here, that is only increasing demand for single-family rentals. While some institutional investors are scooping up single-family homes to turn into rentals, other developers in Houston are building master-planned single-family rental communities, such as Howard Hughes' in the Cypress community of Bridgeland and Wan Bridge in Brazoria County.

### 5. Hybrid Work Is Reshaping How Companies Use The Office.

For many office workers, commuting into the office is now optional or at least only a part-time requirement. That's pushing some firms to rethink how they use office space, with some companies such as Shell redesigning their office spaces to facilitate more collaboration and team work when people do come into work. (You can also listen to an interview with architecture firm Gensler to hear more about how hybrid work is affecting office design in this Looped In podcast.) Other companies are choosing to downsize their space requirements, meaning that even with oil priced above $100 barrel, the Houston office market can't expect a big boom. Meanwhile, some firms are increasing their use of co-working space as a more flexible option than a long-term lease that allows workers to separate their home and work lives, reporter Katherine Feser writes in her feature on Boxer Property. Offices with large outdoor spaces are also a key draw for office tenants post-pandemic.

### 6. Sustainability Is Becoming A Bigger Focus For Commercial Developers.

The real estate sector is a major but often overlooked driver of climate change, according to a U.N. report, but developers are trying to reduce their emissions. Skanska USA is building its greenest office tower yet in Texas

with its 1550 on the Green tower in downtown Houston, where it is tracking embodied carbon, or all the carbon emissions tied to construction of the building. Meanwhile, Houston-based real estate firm Hines has set an ambitious goal to make all properties in its global portfolio reach net-zero carbon emissions, which could affect some 27 million square feet of real estate in Houston. The focus on sustainability comes as more office tenants are emphasizing environmental effects in their office search, with companies like Cheniere Energy and Bechtel seeking out sustainable offices recently in Houston.

### 7. Developers Are Giving New Life To Underused Or Vacant Buildings.

Adaptive reuse projects - which convert often-vacant buildings into new uses - are another way developers are reducing climate effects of construction in projects such as The Post in downtown, M-K-T in The Heights or the proposed new redevelopment of historic warehouses in the East End.

### 8. Life Sciences Is Driving More Commercial Real Estate Demand.

More commercial developers are betting on a rise in life sciences as the sector starts to grow in Houston, with developments such as Hines' 53-acre life sciences district, Levit Green, and the Texas Medical Center's 37-acre biomedical research campus, TMC3, greatly expanding the amount of life sciences and medical office space available in Houston. However, even with this rising interest in biomedical research space, it will still be difficult to turn Houston into a biotech hub, Becca Carballo reports.

### 9. Evictions Are Still Rampant And Rental Relief Is Running Out.

After the pandemic pummeled the Houston economy, government and charitable agencies moved to disperse rental relief funds to struggling renters, with Houston helping out the most families out of any city in the country by May 2021, R.A. Schuetz reports. But as of June 2022, only $25 million in federal rental relief funds remained, and that is quickly getting used even as the risk of eviction remains elevated for many.

### 10. Rental Scams Are On The Rise.

Soaring rental prices are forcing some tenants to move to find a place they can afford, but when some renters find a good deal on a rental unit, it really can be too good to be true. Reporter R.A. Schuetz takes a look at the rise in rental scams spreading throughout Houston as desperate tenants try to find a place they can afford right as scammers have gotten more tech savvy. Landlords are also getting scammed, Schuetz reports.

# The Market: Houston Texas

## The Houston Real Estate Market: Stats & Trends for 2022[9]

Even though home prices in Houston are reaching record highs, investors are still snapping up properties almost as quickly as they are listed. According to the Houston Association of Realtors (HAR), sales volume of single-family homes is up over 4% year to date, with the lack of affordable housing creating more demand for rental property.

While a hot real estate market like Houston can be frustrating for homeowners, it can be ideal for single-family rental property investors. That's because the strong job market in Houston is attracting more people, and when the housing market is tight they rent instead.

With all the buzz surrounding Texas real estate markets like Dallas and San Antonio, you might overlook Houston. If so, you might want to look again: The "Bayou City" offers real estate investors outstanding value and accessibility to a major U.S. housing market.

For many people, moving to Houston is a no-brainer. The area's low cost of living, job growth, affordability and amenities present limited barriers to entry and provide a place to call home for the long haul.

We did a little research into why the Houston market is performing so well and where it might be headed. Here's what we found.

### Population growth

The 3-county region of Houston added 1 million residents over the past 10 years and accounted for a quarter of the population growth in Texas. Between 2010 and 2020, the population of Harris County (where Houston is the county seat) grew by 15.6%, while adjoining Montgomery and Fort Bend counties grew by 36.1% and 40.6% respectively.

**Key Population Stats:**

- **Houston is home to over 2.3 million people in the city and more than 7.1 million residents in the metropolitan area.**
- **Population of the City of Houston grew by nearly 10% over the last decade, gaining more than 205,000 residents, according to the most recent census.**
- **Houston is the most populous city in Texas and the 4th most populous in the U.S.**
- **Major counties in Houston include Harris, Ford, and**

*9: Full article: https://learn.roofstock.com/blog/houston-real-estate-market*

Montgomery counties and accounted for one-fourth of Texas' population growth between 2010 and 2020.

- Both domestic and international migration are driving population growth in Houston.
- Population of Houston is expected to continue surging this decade, adding more than 1.2 million new residents through 2029.
- Per capita income in Houston is $35,125 and median household income is $69,328.

## Job market

- Metropolitan Houston created 31,000 jobs in May 2022, coming in well above the 20-year/pre-pandemic average. In fact, job growth in Houston has come in above the pre-pandemic average for 9 of the past 12 months.
- According to the Greater Houston Partnership, nonfarm payroll employment is over 3.2 million, the highest that is has ever been. Employment in Houston exceeds pre-pandemic levels in 11 sectors, including scientific and technical services, arts and entertainment, and professional services.
- Key Employment Stats:
- GDP of the Houston-The Woodlands-Sugar Land, TX MSA is over $455 billion, according to the Federal Reserve Bank of St. Louis, and has grown by more than 18% over the last 10 years.
- Since the pandemic began in 2020, Houston has added about 400,000 jobs and is now home to more than 3.2 million employees.
- Median household incomes in Houston grew by 5.8% year-over-year while median property values increased by 7.03% over the past 12 months.
- Unemployment rate in Houston is currently 4.1% (as of April 2022) with the mining, manufacturing, trade and transportation, professional and business services, and leisure and hospitality sectors showing the fastest signs of growth (BLS).
- Target industries in Houston include aerospace and aviation, advanced manufacturing, energy, life sciences and biotechnology, headquarters, and transportation and logistics.
- Largest employers in Houston include Memorial Hermann Health Systems, University of Texas MD Anderson, United Airlines, The Methodist Hospital System, and Exxon Mobil Corporation.
- Houston ranks #4 among U.S. metro areas in Fortune 500 headquarters with a pro-growth government, low costs and regulations, and no corporate or personal income tax at the state level.
- Houston is home to dozens of universities and colleges including Texas A&M University-College Station, University of Houston, Sam Houston State University, and the Lone Star College System.
- 84.3% of the residents of Houston are high school graduates or higher, while over 33.6% hold a bachelor's degree or advanced degree. ■

# The COVE CAPITAL® Difference

## *We are different. We are debt-free.*

**This is a contrarian approach to most real estate investments. We believe our strategy is *highly prudent* considering the recent global pandemic, condition of the U.S. economy and current state of geopolitical global affairs.**

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# Cove Capital Portfolio Overview

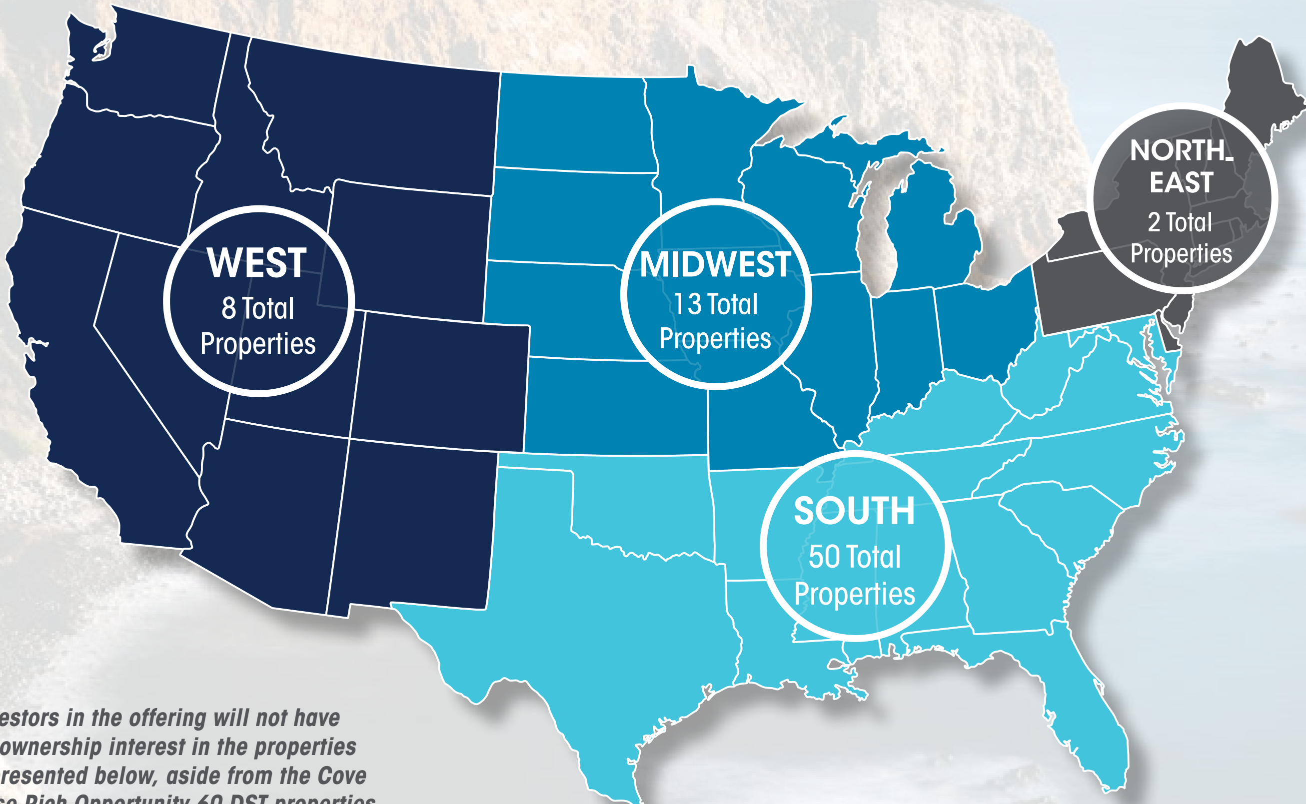
*Updated: 7-29-2022*

## 1,359,584

**Square Feet of Real Estate Managed**

## 74

**Properties in the Cove Portfolio**




***Investors in the offering will not have an ownership interest in the properties represented below, aside from the Cove Rose Rich Opportunity 60 DST properties.***

| WEST | MIDWEST | SOUTH | NORTHEAST |
|---|---|---|---|
| 4 Medical | 2 Medical | 20 Medical | 1 Medical |
| 1 Net Lease | 12 Net Lease | 25 Net Lease | 1 Net Lease |
| 3 Multifamily | | 5 Multifamily | |

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# 10 Reasons to Consider All-Cash/Debt-Free DSTs

**1** No refinancing risk.

**2** Eliminates the risk of taking on equal or greater debt in future 1031 exchanges.

**3** Provides 1031 investors the ability to diversify a portion of their exchange dollars into an all-cash/ debt-free property in an effort to reduce potential risk.*

**4** Flexibility to hold through any potential market downturns, credit crunches, recessions and /or depressions.

**5** No cross-collateralized loan risk found in certain leveraged DSTs.

**6** No cash flow sweep risk as found in certain DST properties with debt.

**7** Oftentimes, an all-cash /debt-free DST can have a higher projected cash flow than leveraged DSTs due to there being no monthly debt service that needs to be paid to a lender.

**8** Allows investors to protect themselves from the financial catastrophe of a complete loss of their principal due to a lender foreclosure.

**9** No "balloon mortgage maturity" which is typically found in most leveraged DST properties.

**10** No lender prepayment penalties, defeasance costs and/or yield maintenance.

****Diversification does not guarantee profits or protect against losses.***



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# Cove Capital Investments Sponsor Overview*

## Cove Capital Investments, LLC creates 1031 Exchange DST Investments and Private Equity Real Estate Offerings for Accredited Investors

Many of these offerings are attractive to those investors seeking to mitigate risk through debt free offerings with no long-term mortgages encumbering the property which is a contrarian investment approach to most other DST offerings. Cove Capital seeks to provide investors with debt free real estate investment options for their 1031 Exchange, leveraged DST investments for those needing to replace debt in a 1031 Exchange as well as direct cash investment opportunities.

The principals of Cove Capital have sponsored and co-sponsored the syndication of over 3.4 million square feet of DST properties in the multifamily, net lease, industrial and office sectors. They also endeavor to invest alongside 1031 exchange investors in each of their offerings.



## COVE CAPITAL INVESTMENTS, LLC SNAPSHOT*

- ✔ 1,700 Investments Nationwide And Counting
- ✔ 74 Buildings Nationwide In The Cove Portfolio
- ✔ 1,359,584 Square Feet Of Real Estate Managed By Cove Capital
- ✔ High quality tenants include Amazon, FedEx, FedEx Ground, FedEx Freight, CSL Plasma, Fresenius, Davita, Frito Lay, Walgreens, Dollar General, CVS, Bojangles, Advance Auto Parts, DCI Dialysis, Blinds.com and Family Dollar
- ✔ Cove Capital Is Believed To Be The First DST Sponsor To Fully Subscribe A Debt Free Multifamily DST Offering
- ✔ Robust Current Inventory Of DST And Private Equity Real Estate Offerings
- ✔ Fully integrated real estate company with Acquisitions, Asset Management, Accounting, In-House Counsel, Marketing and Capital Markets

**All information provided on Cove Capital Investments, LLC is for informational purposes only.*

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# COVE CAPITAL® In The News

# Cove Capital Takes Another DST Offering Full Cycle on Behalf of Investors

**One of Cove Capital's DST offerings located in Greenville, SC has gone full-cycle delivering an annualized return of 12.60%* after providing uninterrupted monthly distributions throughout the COVID-19 Pandemic**

Cove Capital Investments, LLC, a nationally recognized DST real estate sponsor company, announced it had successfully brought another one of its debt- free DST investments full cycle to deliver successful returns on behalf of investors.

According to Dwight Kay, managing member and co-founder of Cove Capital Investments, the DST property was sold on behalf of a large group of DST accredited investors. "Full Cycle" is the name used to describe a Delaware Statutory Trust property that is purchased and then sold on behalf of a group of accredited investors after a period of time. The recent full-cycle DST offerings sale generated a 12.60% Annualized Return*.

"We are very pleased to have provided our investors with a full cycle liquidity event, uninterrupted monthly distributions throughout the entire COVID-19 pandemic, return of their entire equity amount invested as well as appreciation on that equity upon sale. While past performance does not guarantee or indicate the likelihood of future results and all real estate investments could result in a full loss of principal, this DST Offering is a good example of how Cove Capital Investments does everything it can to provide our clients with investments that have a lower risk profile with assets that are potentially resilient to pandemics and recessions, and often offered as debt free DST offerings without long-term mortgages," said Kay.

Chay Lapin, Cove Capital Investments managing member and co-founder, explained that the Greenville, SC DST property performed as per the business plan in the Private Placement Memorandum (PPM) which sought to provide investors with monthly distributions, a full cycle liquidity event and a profitable sale all while maintaining the lower-risk profile of an all-cash/debt-free DST investment**.

**** Past performance does not guarantee or indicate the likelihood of future results. *No representation is made that any DST investment will or is likely to achieve profits or losses similar to those achieved in the past or that losses will not be incurred on future offerings.***

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"Our investors were attracted to this Delaware Statutory Trust offering because it provided them the potential for a risk adjusted durable income stream, a high-quality tenant, risk mitigation via a debt-free offering with no balloon mortgage, and multiple exit strategies," said Lapin.

In the case of the Cove Greenville 17 DST, the asset was 100 percent occupied and secured with a long-term, absolute NNN lease that was corporately backed.

"Investors liked that the asset had a long-term, corporately-backed lease, annual rent increases, and a tenant with an established track record. It is a good example of a DST real estate offering that was managed in accordance with our business plan and our investors were very satisfied with the results**. Of course, going forward we hope that all of our offerings perform as well as or even better than this particular DST however that is never guaranteed, and investors should understand that all real estate and DST investments contain multiple risk factors. We always encourage all Cove Capital investors to read each offering's PPM paying careful attention to the risk factors prior to considering an investment." said Lapin.

Cove Capital continues to purchase more net lease, industrial and multifamily properties for its DST investment program as well as its private real estate investment funds. ■

** Annualized return is defined as total return including profit on sale and monthly distributions earned on an annualized basis and is calculated as if an investor closed on their DST investment the same day that the DST closed on the property.*

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*There are material risks associated with investing in real estate, Delaware Statutory Trust (DST) properties and real estate securities including illiquidity, tenant vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and multifamily properties, short term leases associated with multifamily properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. All offerings discussed are Regulation D, Rule 506c offerings. There is a risk of loss of the entire investment principal. Past performance is not a guarantee of future results. Potential distributions, potential returns and potential appreciation are not guaranteed. For an investor to qualify for any type of investment, there are both financial requirements and suitability requirements that must match specific objectives, goals, and risk tolerances. Securities offered through FNEX Capital, member FINRA, SIPC.*

# Cove Capital Investments Announces a Successful Return for Investors in a Debt-Free Delaware Statutory Trust Offering That Has Gone Full Cycle

**Cove Capital Investments announced a DST offering has gone full cycle to post positive returns for Cove Capital clients as the Delaware Statutory Trust offering in Tacoma, WA has sold for $9.8 million**

Cove Capital Investment, a nationally recognized DST real estate sponsor, announced it had successfully brought one of its debt-free DST investments full cycle on behalf of a group of accredited investors.

"Full Cycle" is the name used to describe a Delaware Statutory Trust property that is purchased and then sold on behalf of a group of accredited investors after a period of time.

According to Dwight Kay, co-founder of Cove Capital Investments, the property, Tacoma Data Center DST, sold for $9,800,000 million on behalf of a group of DST accredited investors.

"We are proud to have provided this successful DST investment opportunity to our clients that resulted in a full-cycle and profitable program. While past performance does not guarantee or indicate the likelihood of future results and all real estate investments could result in a full loss of principal, this particular DST investment is an example of how Cove Capital Investments does everything it can to provide investments that potentially have a lower risk profile due to oftentimes being debt free with no long-term mortgages and are potentially resilient to pandemics and recessions," said Kay.

As a result, investors in this DST offering were provided uninterrupted monthly distributions throughout the entire hold period and throughout the COVID-19 pandemic. This was a factor that many of the investors involved in the offering were incredibly grateful for and a reason that many of them reinvested with Cove Capital in a subsequent 1031 exchange.

"Investor's monthly distributions were uninterrupted as the investment distributions performed exactly as per the business plan in the Private Placement Memorandum

(PPM). We were able to provide our investors with a full cycle liquidity event and profitable sale all while maintaining the lower-risk profile of an all-cash/debt-free DST investment with no long-term mortgage encumbering the asset. It is important to note that distributions and cash flow are never guaranteed in any real estate investment, and we always encourage each investor to read the offering PPM for a full discussion on the business plan and risk factors of every Delaware Statutory Trust prior to investing which include the fact that real estate values can go up and can go down. Investors need to understand that there is always a possibility of the loss of their entire principal amount invested when participating in any real estate offering," said Kay.

According to Cove Capital Investments co-founder Chay Lapin, the Cove Debt Free Tacoma Data Center DST was acquired in December 2018 for a total DST offering cost of $8,398,000

"When we acquired the Tacoma Data Center DST in 2019, it was 100 percent leased and occupied by a Fortune 500 company that provides lifesaving dialysis treatments to its patients. It was a mission critical data center facility that housed data center operations for the company's entire West Coast operations. The three-story, 18,733 square foot building was in the Greater Seattle-Tacoma region, a steadily growing data center market and income tax-free state. It is a solid example of a DST real estate offering that was managed in accordance with our business plan and our investors were very satisfied with the results*. Of course, going forward we hope that all of our offerings perform as well as or even better than this particular DST but we always encourage all Cove Capital investors to read each offerings PPM paying careful attention to the risk factors prior to considering an investment. After having purchased and managed millions of square feet of investment real estate as a DST sponsor company, myself, my business partner and co-founder of Cove Capital, Dwight Kay, and the entire Cove Capital team are very focused on providing full overview and discussion of all risk factors to each and every one of our investors. We have personally been involved in over $25 billion DST offerings and investors must be aware of all risk factors prior to investing as well as they must understand the various strategies and options available to them to help potentially mitigate risk factors," said Lapin.

Following the successful sale of the Cove Debt Free Tacoma Data Center DST, many of the Delaware Statutory Trust offerings original investors reinvested into other debt-free DST investments offered through Cove as well as Cove founding principals were able to refer a number of the clients to other DST sponsor companies that they have worked closely with over many years of being immersed in the DST investment industry. In recent years, DSTs have become a popular choice for exchangers looking to reinvest sales

# COVE CAPITAL® In The News

proceeds into multifamily, industrial, net-leased, medical and self-storage properties that can potentially provide a steady stream of income without property management responsibilities.

"Cove Capital Investments LLC creates 1031 exchange DST investments and private equity real estate offerings for accredited investors. Many of these offerings are attractive to those investors seeking to mitigate risk through debt free offerings with no long-term mortgages encumbering the properties, which is a contrarian investment approach to most other DST investments in the market. Cove Capital seeks to provide investors with both debt free and leveraged DST investment options as well as direct cash investment opportunities. To date, Cove Capital has sponsored or co-sponsored the syndication of more than 1.3 million square feet of DST properties in the multifamily, net lease, industrial, and office sectors. More than 75 percent of our original investors from the Cove Tacoma Data Center DST reinvested in other Cove debt-free DSTs," said Karen Brown, Investor Relations Associate with Cove Capital Investments.

To view current Cove Capital 1031 exchange DST replacement properties and/or direct cash investment opportunities, please visit www.covecapitalinvestments.com or call 877-899-1315 for more information. ■

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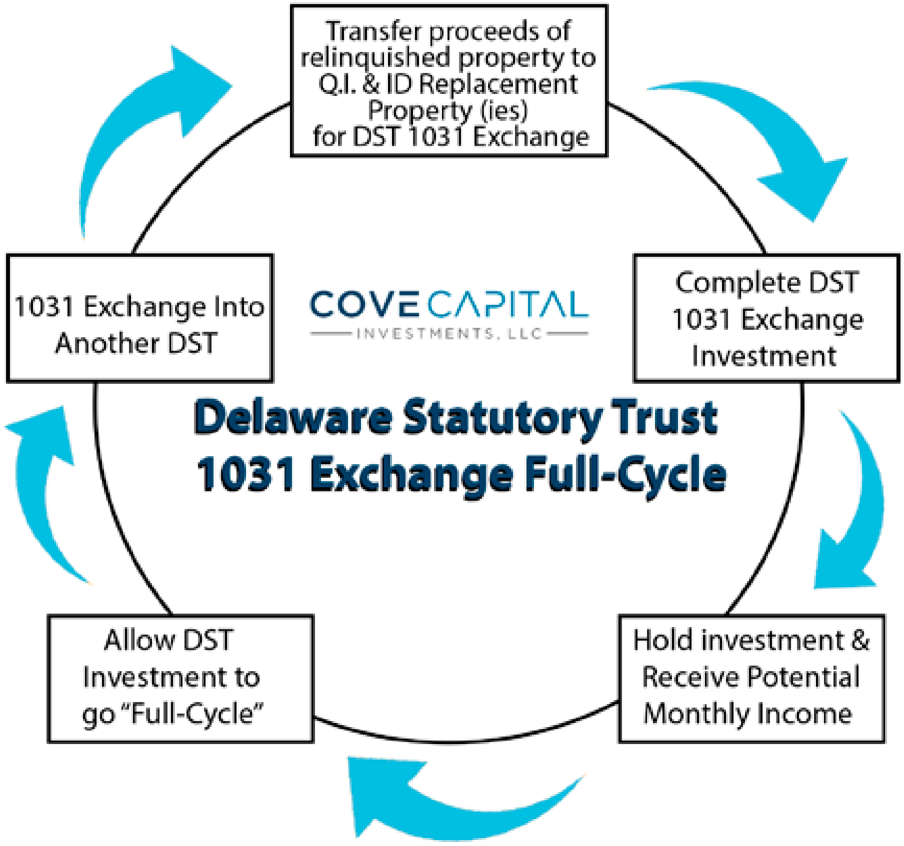
# Cove Capital Investments Announces Another Successful Return For Investors In A Debt Free DST Property That Has Gone Full Cycle*

**The all-cash/debt-free distribution facility DST offering in Elk Grove Village, IL goes full cycle to post total returns of 121.08% for accredited investors**




* Please speak with your CPA and Attorney to determine if an investment in real estate and DST properties is suitable for your particular situation/circumstances. This information is from sources we believe to be reliable however we cannot guarantee or represent that it is accurate or complete. Past performance is not indicative of future returns. Potential cash flows/returns/appreciation are not guaranteed and could be lower than anticipated. Securities offered through FNEX Capital, member FINRA, SIPC.

Cove Capital Investments, a private equity real estate firm and DST sponsor company known for providing accredited investors access to 1031 exchange eligible Delaware Statutory Trust offerings as well as other real estate investment offerings, announced it has successfully brought one of its debt free DST offerings full cycle on behalf of multiple 1031 exchange and cash investors.

"Full Cycle" is the name used to describe a Delaware Statutory Trust property that is purchased and then sold on behalf of a group of accredited investors after a period of time.

According to Chay Lapin, Managing Director of Cove Capital Investments, the property, Airport Distribution 21 DST located in Elk Grove Village, IL sold on behalf of a group of DST accredited investors who, for those investors that closed simultaneously on the DST investment the same day that the property was purchased, realized a 121.08% total return on their investments, or a 12.37% annualized return from their DST 1031 investment*.

Cove Capital Investments, a private equity real estate firm and DST sponsor company known for providing accredited investors access to 1031 exchange eligible Delaware Statutory Trust offerings as well as other real estate investment offerings, announced it has successfully brought one of its debt free DST offerings full cycle on

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behalf of multiple 1031 exchange and cash investors.

“Full Cycle” is the name used to describe a Delaware Statutory Trust property that is purchased and then sold on behalf of a group of accredited investors after a period of time.

According to Chay Lapin, Managing Director of Cove Capital Investments, the property, Airport Distribution 21 DST located in Elk Grove Village, IL sold on behalf of a group of DST accredited investors who, for those investors that closed simultaneously on the DST investment the same day that the property was purchased, realized a 121.08% total return on their investments, or a 12.37% annualized return from their DST 1031 investment*.


** Annualized return is defined as total return including profit on sale and monthly distributions earned on an annualized basis and is calculated as if an investor closed on their DST investment the same day that the DST closed on the property.*

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# Cove Capital Investments Announces Another Successful Return for Investors in a Custom DST Property That Goes Full Cycle*

**The all-cash/debt-free distribution facility DST offering in Winston-Salem, NC goes full cycle to post total returns of 126.72% for accredited investors**

Cove Capital Investments, a private equity real estate firm providing accredited investors access to 1031 exchange eligible Delaware Statutory Trust offerings as well as other real estate investment offerings, announced it has successfully brought one of its custom DST offerings full cycle on behalf of multiple 1031 exchange and cash investors.

"Full Cycle" is the name used to describe a Delaware Statutory Trust property that is purchased and then sold on behalf of a group of accredited investors after a period of time. For example, Cove Capital recently brought this Tacoma Data Center full cycle in similar fashion.

According to Chay Lapin, Managing Member and Co-Founder of Cove Capital, the Winston-Salem industrial distribution facility DST, sold on behalf of a group of DST accredited investors who, for those investors that closed simultaneously on the DST investment the day that the property was purchased, realized a 126.72% total return, or a 7.19% percent annualized return from their DST 1031 investment*.

"We are proud to have provided another successful custom DST investment opportunity to our clients that resulted in a quality full-cycle return. While past performance does not guarantee or indicate the likelihood of future results, this particular full cycle investment return marks a significant victory for our investors and another successful outcome for the entire Cove Capital team*," said Lapin.

Lapin explained that Cove Capital offered this custom DST to both 1031 Exchange and direct cash investors. The DST investment included a 30,947 square foot distribution facility that was located in a dense industrial corridor surrounded by numerous distribution-related tenants and just one mile away from Wake Forest University. In addition, The industrial property was 100 % leased to an investment grade tenant with a BBB rating by Standard and Poor's, and was available to accredited investors as an all-cash/debt-free DST offering that provided investors no risk of lender foreclosure.

Lapin also explained that the combination of a favorable location that was also secured by a long-term lease that was corporately guaranteed by a national tenant, and with an attractive price point per square foot made this industrial distribution facility DST a particularly attractive investment for Kay Properties.

"We originally acquired the Winston-Salem industrial property approximately four years ago because we saw the asset possessed core real estate value with a stable, investment grade tenant, and strategically connected to Smith-Reynolds Airport via a major transportation artery running through the heart of the Winston-Salem sub-market," said Lapin.

According to Lapin, like all of the Delaware Statutory Trust investments Cove Capital invests in, this property was carefully vetted by the Cove team of due diligence and analytics experts before it was made available as a custom DST to investors.

"We are very pleased to have provided our investors with stable, uninterrupted monthly distributions throughout the entire hold period and throughout the COVID-19 pandemic. While past performance is certainly no guarantee of future results, and any real estate investment comes with risks, we were pleased to successfully go full cycle and deliver attractive returns on a debt free DST investment for our clients*," said Lapin.

## About Cove Capital Investments

Cove Capital Investments is a private equity real estate firm providing accredited investors access to 1031 exchange eligible Delaware Statutory Trust properties as well as other real estate investment offerings. The Cove Capital team consists of Acquisitions, Asset Management, Accounting, Due Diligence, In-House Counsel, Investor Relations, Marketing and Capital Markets. Cove Capital maintains a robust current inventory of DST and private equity real estate offerings potentially available to investors. Cove Capital Investments has sponsored and co-sponsored the syndication of over 2.3 million square feet of 1031 DST and real estate offerings in the multifamily, net lease, industrial and office sectors. The Principals of Cove Capital Investments seek to invest alongside investors in each of their offerings.

For further information, please visit www.covecapitalinvestments.com or contact Cove Capital at (877) 899-1315 and via email at info@covecapitalinvestments.com.

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*This material does not constitute an offer to sell nor a solicitation of an offer to buy any security. Investors should perform their own investigations before considering any investment. IRC Section 1031, IRC Section 1033 and IRC Section 721 are complex tax codes therefore you should consult your tax or legal professional for details regarding your situation. This material is not intended as tax or legal advice. There are material risks associated with investing in real estate, Limited Liability Company owned (LLC) properties, LLC interests, Delaware Statutory Trust (DST) properties, and real estate securities including illiquidity, tenant vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and net lease properties, short term leases associated with net lease properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. There is a risk of loss of the entire investment principal. Nothing contained in this material, including in this disclosure or in any other disclosure in this message, constitutes tax, legal, insurance or investment advice, nor does it constitute a solicitation or an offer to buy or sell any security or other financial instrument. Securities offered through FNEX Capital, member FINRA, SIPC.*

# Cove Capital Investments Announces Another Successful Return For Investors In Its First Debenture Real Estate Offering That Has Gone Full Cycle*

**The Cove Real Estate Acquisition Fund I successfully delivered long-term capital growth for investors by acquiring and inventorying long-term net leased assets, multifamily assets, and private equity real estate investments for syndication.**

## Key Highlights:

- **Cove Capital takes its Real Estate Acquisition Fund I full-cycle for investors.**
- **Cove Capital provided uninterrupted monthly interest payments to investors throughout the COVID-19 Pandemic.**
- **Cove Capital has created multiple real estate debenture offerings in the form of acquisition funds.**

(LOS ANGELES, CA ) Cove Capital Investments, LLC., a private equity real estate firm specializing in all-cash/debt-free Delaware Statutory Trusts and other investment offerings, announced it has successfully brought its first real estate acquisition fund full cycle on behalf of a group of accredited investors. Utilizing its rigorous due-diligence processes and expert real estate acquisition models, Cove Capital was able to successfully redeem all the debentures issued by the Cove Acquisition Fund I, LLC with a full return of 100% of original principal invested and uninterrupted monthly interest payments at an annualized rate to investors.

A "Full Cycle" real estate event is the name used to describe a real estate investment fund that has successfully raised and returned capital to a group of accredited investors after a period of time.

"It is gratifying to see our first acquisition fund go full-cycle that satisfied our investment goals -- uninterrupted monthly interest at a 7% annualized rate of return. We intend to continue our real estate securities offering creation and this first offering will help attract new investors seeking current income potential to participate in future real estate fund investments," said Chay Lapin, Managing Member and Co-

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Founder of Cove Capital Investments.

Lapin explained that, for example, if an investor had invested $500,000 toward the offering at the inception date of the offering, the total capital returned from the investment (inclusive of principal and monthly interest payments) would be an estimated $584,383.56 at the annualized interest of 7.00%.

In addition, Lapin explained that this acquisition fund allowed investors to contribute a minimum of $50,000 with a target hold period of four years, and included liquidity options that were also built into the investment.

"This offering has performed exactly as expected, and delivered uninterrupted monthly interest payments to our investors in this offering even throughout the COVID-19 Pandemic. Our investors received their full principal amount invested plus 7% accrued interest. While past performance does not guarantee or indicate the likelihood of future results, the positive returns of this acquisition fund marks a significant victory for our investors and another successful outcome for the entire Cove team*," said Lapin.

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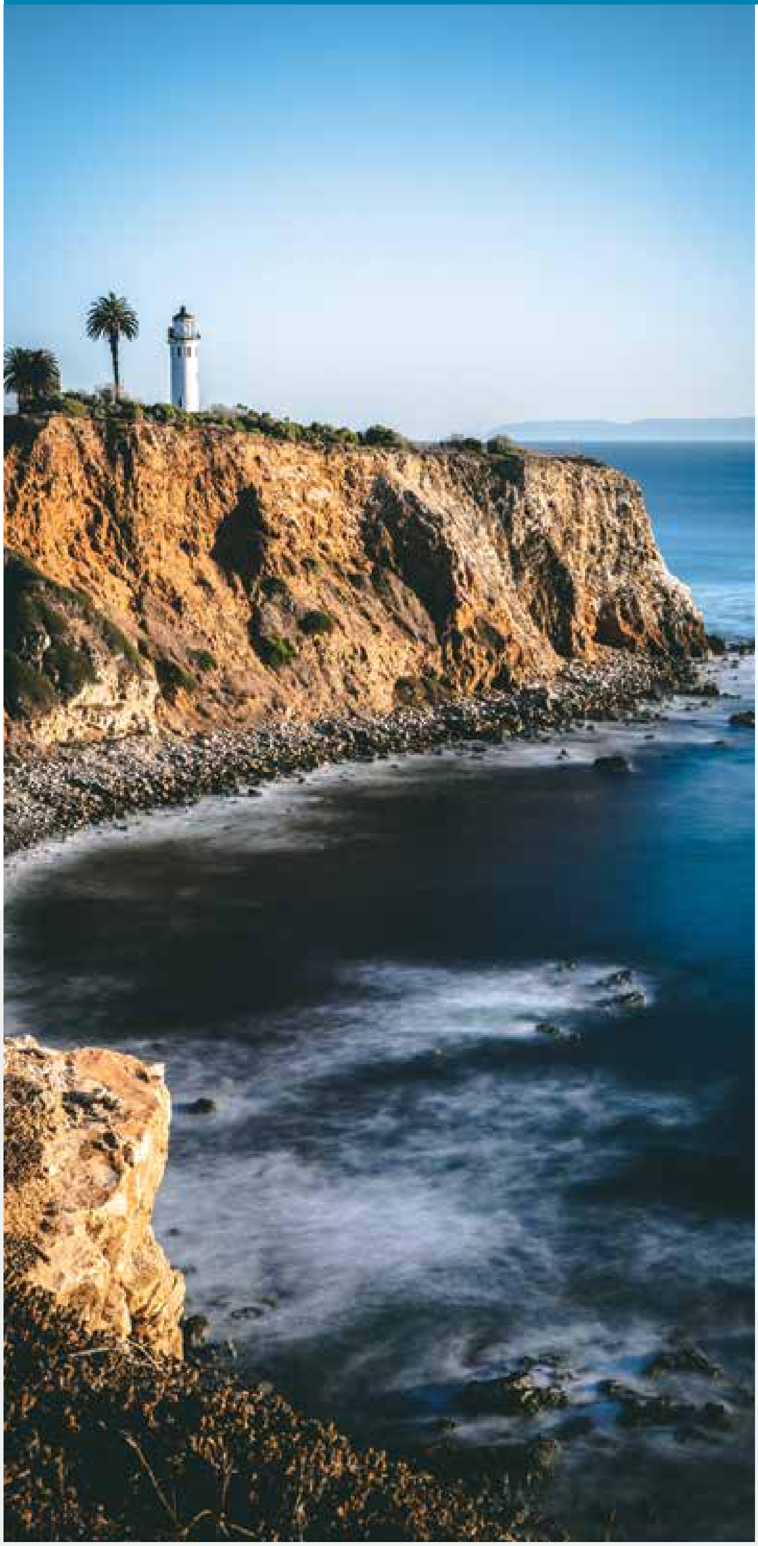
**The total return represents the total sales proceeds and distributions through the life of the asset, net of fees. No representation is made that any investment will or is likely to achieve profits or losses similar to those achieved in the past or that losses will not be incurred on future offerings.*

# Cove Capital Investments Exit Strategy



## COVE'S EXIT STRATEGY PROVIDES FOR MULTIPLE POTENTIAL OPTIONS***

- ✓ Individual Asset Sales To 1031 Exchange Investors
- ✓ Individual Asset Sales To REITs, Family Offices, Investment Funds, & Other Professional Investors
- ✓ Portfolio Sales Of Assets
- ✓ 721 UPREIT Rollup
- ✓ Hold For Long-Term Income & Appreciation Potential

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# The 721 Exchange UPREIT Exit Strategy for Delaware Statutory Trust Investors

One of the most important questions Delaware Statutory Trust real estate investors need to ask themselves is, "What is my long-term, exit strategy?" Most Delaware Statutory Trust (DST) investments are typically held for approximately 5-10 years (although it could be shorter or longer). After that, the DST investment will typically go "Full-Cycle", a term used to describe a DST property that is purchased on behalf of investors and then after a period of time is sold on behalf of investors. While the two most common exit strategies for DST investors include cashing-out and paying taxes or continuing with another 1031 Exchange, Cove Capital Investments can potentially offer investors a third exit option: a 721 UPREIT. Once your DST investment goes full-cycle, investors need to evaluate what their next investment move should be, including considering the 721/ UPREIT option.

## What is a 721 UPREIT Exchange?

The term "UPREIT" is short for Umbrella Partnership Real Estate Investment Trust, which is an operating partnership subsidiary of a REIT that holds and operates real property. Section 721 of the Internal Revenue Code allows owners of real estate property to contribute, on a tax deferred basis, their physical property to a partnership, in exchange for interests in the partnership ( a 721 Transaction). This structure allows holders of real estate to exchange real property for economic interest in the REIT in the form of operating partnership units by contributing that property to the partnership in a 721 Transaction. The operating partnership units have economic rights that are identical to the rights of the shares of the REIT, and after a designated holding period can be,

## The Two-Step 721 UPREIT Process

| Relinquished Property Sale | Property Exchanged for Fractional DST Interest | The 721 Exchange Transaction - REIT OP Units Issued in Exchange for DST Interests |
|---|---|---|
| Investor sells investment property with the intention of executing a 1031 Exchange. | 1031 Exchange funds are used to purchase interests in a DST and held for a period of time. | Interests in the DST are contributed, on a tax deferred basis, to a REIT's operating partnership in exchange for operating partnership units. |

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# How Does a 721 UPREIT Work?


if the investor chooses to, converted into shares of the REIT (in a taxable transaction) for liquidity purposes.

Investors seeking to defer capital gains taxes while increasing diversification in real estate should consider using a 721 Exchange to realize the following potential benefits.

**Tax Advantages** - When real estate is typically sold, the investor pays taxes on the capital gains realized as well as depreciation recapture. This leaves the investor with less capital for reinvestment. With the 721 exchange, the investor can avoid this hefty tax through a tax-deferred exchange of appreciated real estate for shares in an operating partnership. These operating partnership units are also known as OP Units.

Capital gains can be deferred until the investor sells the OP Units, converts the OP Units to REIT shares, or the contributed property is sold by the acquiring operating partnership.

**Diversification** - Many investors incur concentration risk by owning one property in a single market. REITs tend to own many assets diversified through different markets. The 721 Transaction into a REIT can provide greater diversification for an individual's portfolio, which may reduce concentration risk. *

**Income Potential** - Investors potentially will receive income generated through distributions to the holders of the OP Units.

**Liquidity** - The ability to convert OP Units of the REIT to shares can provide potential liquidity benefits that are not standard with DST or property ownership. Partial or full liquidity may be achieved, potentially depending on availability determined by the company, by converting the OP Units to shares of the REIT.

**Estate Planning** - Upon death, shares can be equally split and either held or liquidated by the beneficiaries of the trust. Because these shares are passed through a trust, the beneficiaries receive a step-up basis and can avoid capital gains taxes and depreciation recapture.

One Important Caveat for Investors Interested in 721 Exchanges is that REIT shares themselves are not eligible to be used in a 1031 Exchange, and therefore once a 721 Exchange is completed, this is the end of the line for for deferral of capital gains taxes. If the shares of the REIT are sold, or the REIT sells a portion of the portfolio and returns the investor's capital, the investors will be required to recognize any capital gains or loss when they file their taxes. The 721 Exchange option is one that Cove intends to offer DST investors in addition to the ability to potentially complete another 1031 exchange into more DST investments, cash out and pay taxes or a combination of each.

***Past performance does not guarantee future results.****

**Please note that there is no guarantee that this exit strategy will be utilized. Please note that this is no guarantee for a profitable exit or sale of any real estate investment offering. Diversification does not guarantee profits or protection against losses.*

*This material is a non-binding Indication of Interest brochure to assist the sponsor with the allocation of potential ownership interests. The offering is subject to revision, change, and cancellation. There is no guarantee that the offering will be made. Upon commencement of the offering, you will be provided with a Private Placement Memorandum (PPM) which will discuss the offerings business plan and risk factors which you are encouraged to read in its entirety prior to considering an investment. The offering is made available to accredited investors only under Regulation D Rule 506c. All real estate and DST investments carry the risk of a complete loss of invested capital and that returns/cash flow/appreciation/distributions after appreciation are not guaranteed and could be lower than anticipated. Please read the entire Private Placement Memorandum (PPM) for a full discussion of the business plan and risk factors prior to investing. The Sponsor may potentially utilize equity or financing in the form of a bridge loan, first mortgage, preferred equity or mezzanine financing regarding the acquisition of the Property. This poses a level of risk to investors if the Sponsor was unable to raise the entire offering amount and retire the equity or financing, including foreclosure and a complete loss of investor capital. By accepting this material, you agree to keep all terms and provisions of this offering and the lease confidential, and you will not share or disseminate any of the information in this offering or the lease. There is no guarantee such objectives will be met. Securities offered through FNEX Capital, member FINRA, SIPC.*


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