



# COVE DULLES INDUSTRIAL DST

**INDICATION OF INTEREST**  
**44860 Acacia Lane, Sterling, VA**

## COVE CAPITAL INVESTMENTS SEEKS TO PROVIDE:

- ✓ Risk Adjusted Durable Income Streams
- ✓ High Quality Tenants
- ✓ Multiple Exit Strategies\*
- ✓ Risk Mitigation - Debt Free\*

\* Please note that there is no guarantee that these objectives or exit strategies will be achieved. Please also note that there is no guarantee for a profitable exit or sale of any real estate investment or offering.

- ✓ An All-Cash/Debt-Free Frito Lay Industrial Distribution Facility in Sterling, VA – Washington D.C. Metro
- ✓ Highly Desirable Infill Location - Nearby Dulles International Airport (IAD)
- ✓ Long- Term Net Lease
- ✓ 2% Annual Rental Increases
- ✓ 100% Leased through July 2029 with Two 5-Year Renewal Options
- ✓ Brand-New 2019 Construction
- ✓ Projected Year 1 Distribution Rate: Inquire

This material is a non-binding Indication of Interest brochure to assist the sponsor with 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.

# RISKS AND DISCLOSURES

*Please Read*



- *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.*
- *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.*
- *Securities offered through WealthForge Securities, LLC (member FINRA/SIPC). Cove Capital Investments, LLC and WealthForge Securities, LLC 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.*
- *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.*
- *Investors should read the entire PPM carefully, including the "Risk Factors" section of the PPM before investing.*
- *The Sponsor, Master Tenant, Trustees 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.*
- *Principals and associates of Cove Capital Investments, LLC ("Cove Capital"), which are registered representatives of WealthForge Securities, LLC, 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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# TRANSACTION SUMMARY:

- ✓ **Property Type: Net Lease Industrial**
- ✓ **Location: Washington D.C. Metro – Sterling, VA**
- ✓ **Debt Financing: None - All-Cash/Debt-Free**
- ✓ **Leverage Ratio: 0.00%**
- ✓ **Long-Term Net Lease**
- ✓ **2% Annual Rental Increases**
- ✓ **Lease Terms: 100% Leased through July 2029 with Two 5-Year Renewal Options**
- ✓ **Brand-New 2019 Construction**
- ✓ **Projected Year 1 Distribution Rate: Inquire**

## INVESTMENT HIGHLIGHTS

### ***New Construction***

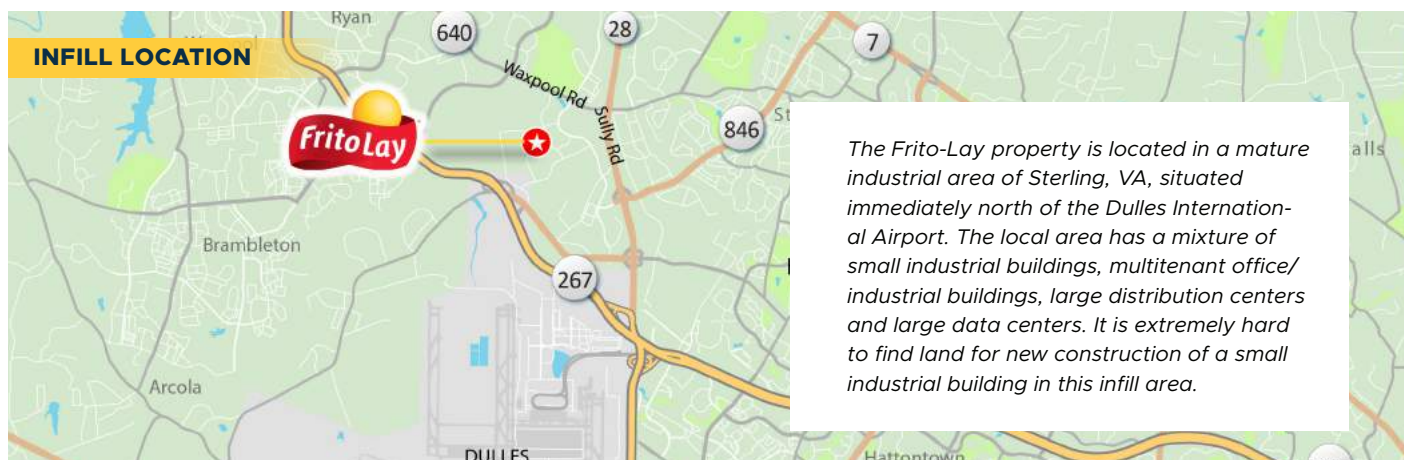
*The subject property was built in 2019 and consists of a long-term net lease industrial distribution facility for Frito Lay. This was built to suit project, developed specifically for the tenant who uses the facility as a distribution facility.*

### ***Long Term Net Lease***

*100% leased through July 2029 with two 5-year renewal options. The lease calls for 2% annual rental increases.*

### ***Strong Location***

*Located just north of Dulles International Airport the property sits in a desirable infill industrial park. The property is located in Sterling, VA which is an affluent submarket of Washington D.C.*



**SOURCE:** *Frito Lay Offering Memorandum*, [www.pepsico.com](http://www.pepsico.com), [www.fritolay.com](http://www.fritolay.com), [www.fritolay.com/docs/default-source/media-assets/flna-fact-sheet--final-1-25-18.pdf](http://www.fritolay.com/docs/default-source/media-assets/flna-fact-sheet--final-1-25-18.pdf), [www.pepsico.com/docs/album/annual-reports/2018-annual-report.pdf](http://www.pepsico.com/docs/album/annual-reports/2018-annual-report.pdf)

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# THE TENANT

The Frito-Lay Distribution Building is new construction where the Lease has been assigned to PepsiCo Global Real Estate, Inc. as the Tenant, which is the wholly owned real estate subsidiary of PepsiCo, Inc., a publicly traded company on the NASDAQ Stock Exchange. PepsiCo Global Real Estate carries a \$200 million note receivable from PepsiCo, Inc, which the interest from, it uses to pay monthly rental payments to the Landlord.



## PEPSICO

### **PEPSICO GLOBAL REAL ESTATE, INC. (TENANT)**

*PepsiCo Global Real Estate, Inc., a Delaware corporation, is a subsidiary of PepsiCo, Inc. The parent company, PepsiCo, Inc., does not want to release financial information for many of its subsidiaries including Rolling Frito-Lay and Frito-Lay North America, Inc. In order establish tangible credit worthiness for Rolling Frito-Lay, the parent company created PepsiCo Global Real Estate, which holds a \$200 million receivable note due from the parent. The interest on this note is used to pay rent.*

### **FRITO-LAY NORTH AMERICA, INC.**

*Frito-Lay North America, Inc. is the convenient foods business unit of PepsiCo (NYSE: PEP). Frito-Lay makes some of the most popular and high-quality snacks available in the marketplace today. These include Lay's and Ruffles potato chips, Doritos tortilla chips, Cheetos snacks, Tostitos tortilla chips and branded dips, Sun Chips multigrain snacks and Fritos corn chips. Frito-Lay North America manufactures, sells and distributes its snack foods in Canada and the U.S.*

### **REVENUES & PROFIT**

*In 2018, FLNA had Net Revenue of \$16.346 billion and Operating Profit of \$5.008 billion.*

### **EMPLOYEES**

*Nearly 55,000 Frito-Lay associates throughout North America*

### **FACILITIES**

*Frito-Lay operates 30+ manufacturing facilities across the U.S. and Canada, and more than 200 distribution centers.*

### **CUSTOMERS SERVED**

*Frito-Lay is known for its "Direct Store Delivery" system – is ONE OF THE largest DSD system in North America. Frito-Lay delivers its chips directly to stores to ensure freshness and merchandize them ourselves, which gives the company a tremendous competitive advantage in the marketplace. Frito-Lay's go-to market system also includes warehouse distribution, giving the company additional flexibility that helps drive its strong partnerships with its customers.*

### **ROUTES & DELIVERIES**

*Frito-Lay has approximately 15,000 routes that make over 500,000 weekly service calls on approximately 290,000 customers.*

**SOURCE:** *Frito Lay Offering Memorandum, [www.pepsico.com](http://www.pepsico.com), [www.fritolay.com](http://www.fritolay.com), [www.fritolay.com/docs/default-source/media-assets/flna-fact-sheet--final-1-25-18.pdf](http://www.fritolay.com/docs/default-source/media-assets/flna-fact-sheet--final-1-25-18.pdf) [www.pepsico.com/docs/album/annual-reports/2018-annual-report.pdf](http://www.pepsico.com/docs/album/annual-reports/2018-annual-report.pdf)*

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## FRITO-LAY NORTH AMERICA, INC.

### FLEET

Frito-Lay has one of the largest private fleets in North America. In the U.S. specifically, Frito Lay's fleet is made up of approximately 23,000 vehicles, everything from cargo vans up to Class 8 tractortrailers. This includes several different fuel-efficient models, including the largest commercial fleet of EV trucks in the United States, more than 560 compressed natural gas freight trucks (about 38 percent of the company's long-haul inventory) and advanced diesel technology from some of the leading manufacturers around the world.

## PEPSICO, INC. (NASDAQ: PEP) (PARENT COMPANY)

### RANKING

#45 on the list of the Fortune 500

### OVERVIEW

PepsiCo, Inc. ("Pepsi") is the parent company for both Rolling Frito-Lay Sales, LP and Frito-Lay North America, Inc. PepsiCo, Inc. operates a global food and beverage company that operates in North America, Europe, Latin America, Asia, the Middle East, and Africa. In addition to the snack brands sold by Frito-Lay, Pepsi also produces and sells such well known beverage brands as Aquafina, Diet Mountain Dew, Diet Pepsi, Gatorade, Mountain Dew, Pepsi, Propel, Sierra Mist, and Tropicana. The company was founded in 1898 and is headquartered in Purchase, New York.

### PUBLIC COMPANY

Pepsi is traded on the NASDAQ Stock Exchange included in the Global Select Market Composite which is a market capitalization-weighted index made up of 1,200 US-based and international stocks that meet Nasdaq's strict financial and liquidity requirements and corporate governance standards.

## FRITO-LAY'S MARKET DOMINATION



### POTATO CHIPS (\$7.35 BILLION MARKET)

1. Frito-Lay (Lays, Ruffles , Kettle Cooked, etc.)
2. Kellogg (Pringles)

### u.s. market share

59.85%  
10.91%



### TORTILLA/TOSTADA CHIPS (\$5.06 BILLION MARKET)

1. Frito-Lay (Doritos, Tostitos, Santitas)
2. Private Label

### u.s. market share

72.70%  
5.58%



### OTHER SALTED SNACKS (\$4.05 BILLION MARKET)

1. Frito-Lay (Funyuns, Chesters)
2. Amplify Snacks (Skinny Pop)

### u.s. market share

32.91%  
17.59%



### CHEESE SNACKS (\$2.14 BILLION MARKET)

1. Frito-Lay (Cheetos)
2. UTZ

### u.s. market share

86.97%  
2.91%



### RTE POPCORN (\$1.28 BILLION MARKET)

1. Frito-Lay (Smartfood, Cracker Jack)
2. General Mills (Chex)

### u.s. market share

62.04%  
11.16%

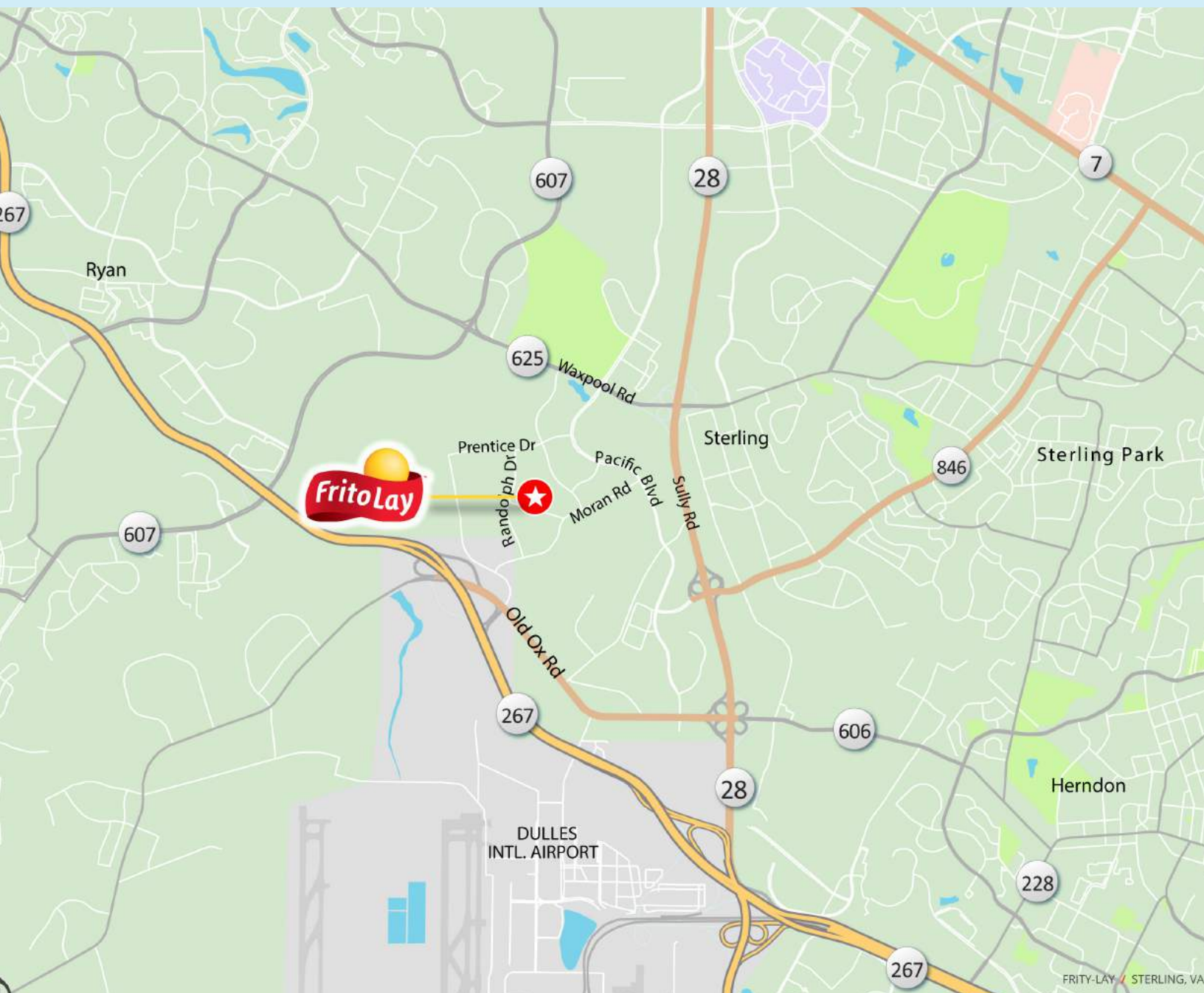
## NOTES:

Statistics for the first half of 2017 provided by IRI in an online article at: <https://www.bakeryandsnacks.com/Article/2017/07/13/Top-10-US-snack-brands-Sales-soar-for-Frito-Lay-s-Ruffles-brand>  
IRI is a big data firm based in Chicago. <https://www.iriworldwide.com/en-US>

**SOURCE:** Frito Lay Offering Memorandum, [www.pepsico.com](http://www.pepsico.com), [www.fritolay.com](http://www.fritolay.com),  
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- ✓ WASHINGTON D.C. METRO AREA
- ✓ DENSE INFILL LOCATION
- ✓ HIGHLY DESIRABLE LOCATION NEARBY DULLES INTERNATIONAL AIRPORT (IAD)

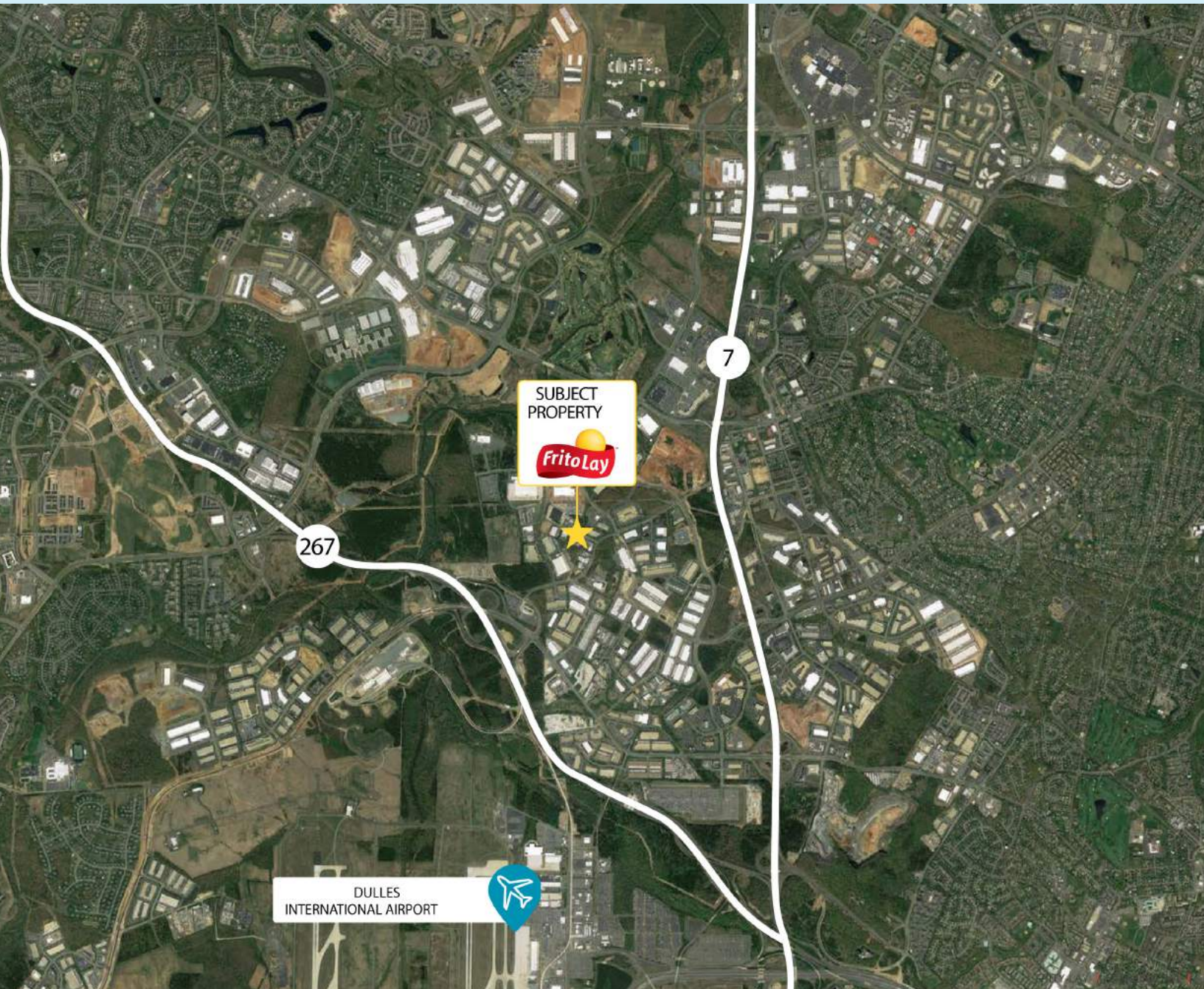


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# SATELLITE MAP

- ✓ HIGHLY DESIRABLE DENSE INFILL
- ✓ LOCATION NEARBY DULLES
- ✓ INTERNATIONAL AIRPORT



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## LOUDOUN COUNTY (VA), A PORTION OF FAIRFAX COUNTY (VA) & A PORTION OF MONTGOMERY COUNTY (MD)

Based upon a review of the locations of alternative Frito-Lay distribution facilities closest to the subject property and the drive times between the facilities, the service area for the subject property appears to include most of Loudoun County (VA), a northern portion of Fairfax County (VA), and a southern portion of Montgomery County (MD). A few of the noteworthy cities in this service area include Sterling, Ashburn, Chantilly, Reston, Tysons, Falls Church, Bethesda and Rockville.

### DEMOGRAPHICS

#### Population -

The population in the Service Area is estimated to be 1.33 million.

#### Average Household Incomes -

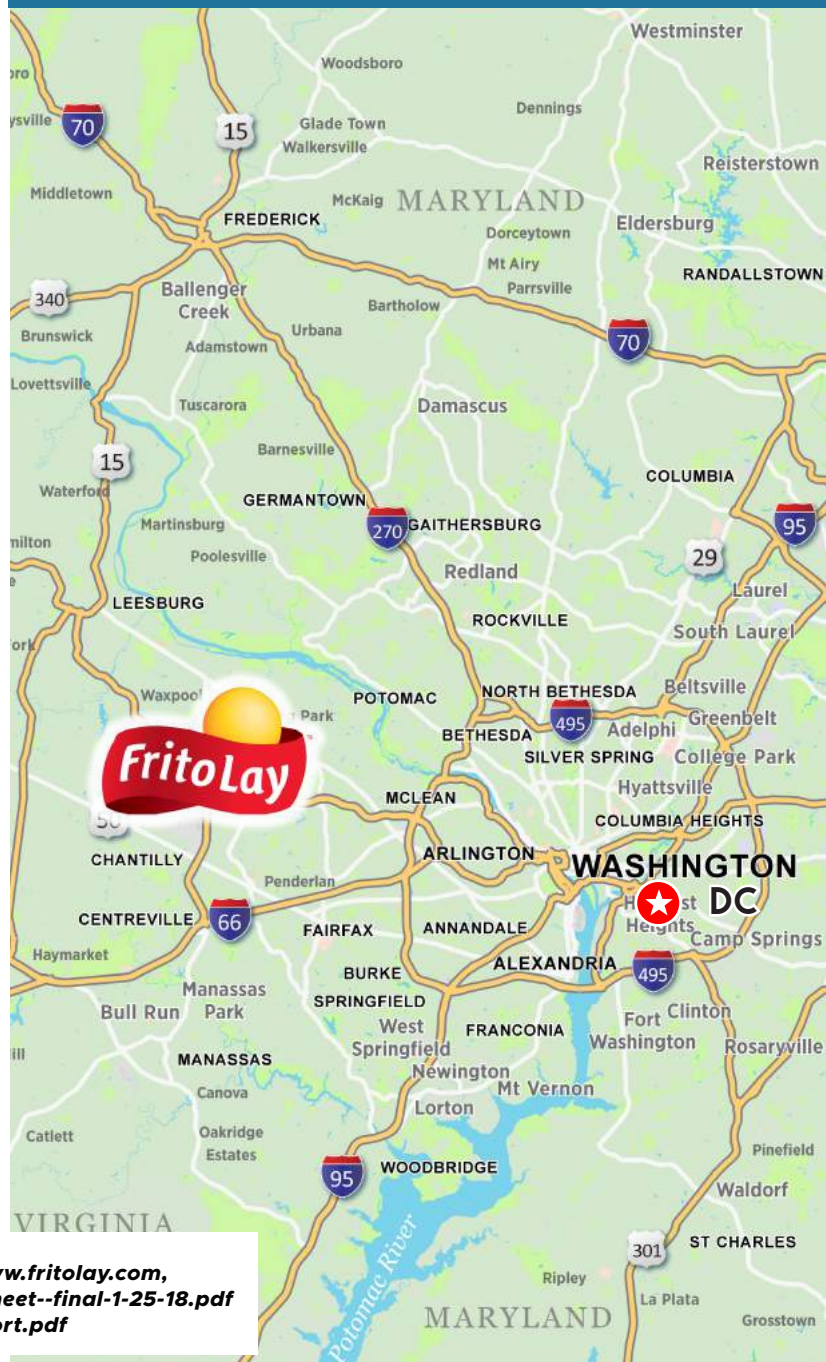
The Average Household Incomes within the service area range from \$102,529 in Rockville, MD to \$294,613 in Great Falls, VA. The overall Average Household Income for the Service area is estimated to be \$171,349, which is exceptionally high on a national basis.

### THIS SERVICE AREA HAS A DIVERSE MIX OF ECONOMIC SECTORS WHICH INCLUDE:

- An industrial area that services Dulles International Airport, Loudoun County and the larger metro area;
- A significant number of large data centers reportedly occupied by government agencies, Google and Amazon;
- Headquarters and regional offices for large corporations, many of which are doing business with Federal Government.
- Federal Government departments; and
- High income residential areas.

**SOURCE:** *Frito Lay Offering Memorandum*, [www.pepsico.com](http://www.pepsico.com), [www.fritolay.com](http://www.fritolay.com), [www.fritolay.com/docs/default-source/media-assets/flna-fact-sheet-final-1-25-18.pdf](http://www.fritolay.com/docs/default-source/media-assets/flna-fact-sheet-final-1-25-18.pdf) [www.pepsico.com/docs/album/annual-reports/2018-annual-report.pdf](http://www.pepsico.com/docs/album/annual-reports/2018-annual-report.pdf)

# SERVICE AREA OVERVIEW



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\* Market information is general in nature, provided for educational purposes and may not predict the performance of the property.



# SERVICE AREA OVERVIEW

## CORPORATIONS WITH LARGE WORK FORCES IN THE SERVICE AREA

Loudoun County	Alcatel-Lucent (Sterling)
Northrup Grumman (Sterling)	Verizon (Loudoun County)
United Airlines (Loudoun County)	Fairfax County
General Dynamics (Chantilly)	UPS (Chantilly)
Booz Allen Hamilton (Chantilly)	Cisco Systems (Chantilly)
L-3 Communications (Chantilly)	Lockheed Martin (Chantilly)
Northrup Grumman (Chantilly)	Accenture (Reston)
BAE Systems (Reston)	LafargeHolcim (Reston)
Lockheed Martin (Reston)	Sprint (Reston)
Northrup Grumman (Reston)	Oracle (Reston)
Raytheon (Reston)	Unisys (Reston)
Booz Allen Hamilton (Tysons)	Northrup Grumman (Tysons)
PricewaterhouseCoopers (Tysons)	Montgomery County
Marriot International HQ (Bethesda)	Lockheed Martin HQ (Bethesda)

## HIGHER EDUCATION

Sterling has George Washington University's Virginia Science and Technology Campus. Loudoun County has satellite campuses for George Mason University, Marymount University, Shenandoah University, and Strayer University. Loudoun is also home to a satellite campus of the Virginia–Maryland College of Veterinary Medicine and the Janelia Farm Research Campus of the Howard Hughes Medical Institute.

## TRANSPORTATION

In addition to Dulles International Airport, the key highways supporting the Service Area include: Interstate 495; U.S. Routes 15, 50 and 340; State Routes 7, 9, 28 and 267. The Washington Metro commuter rail system has stations in the Service Area.

## GOVERNMENT AGENCIES WITH LARGE WORKFORCES IN THE SERVICE AREA

### LOUDOUN COUNTY

Customs and Border Protection (Sterling)

Bureau of Safety and Environmental Enforcement (Sterling)

Drug Enforcement Administration (Sterling)

Department of Homeland Security (Loudoun County)

### FAIRFAX COUNTY

FBI (Chantilly)

Virginia Department of Transportation (Chantilly)

U.S. Geological Survey (Reston)

U.S. Nuclear Regulatory Commission HQ (Reston)

Fannie Mae (Reston)

Federal Home Loan Mortgage Corporation (Tysons)

Central Intelligence Agency (Tysons)

### MONTGOMERY COUNTY

National Institute of Health HQ (Bethesda)

**SOURCE:** *Frito Lay Offering Memorandum*, [www.pepsico.com](http://www.pepsico.com), [www.fritolay.com](http://www.fritolay.com), [www.fritolay.com/docs/default-source/media-assets/flna-fact-sheet--final-1-25-18.pdf](http://www.fritolay.com/docs/default-source/media-assets/flna-fact-sheet--final-1-25-18.pdf), [www.pepsico.com/docs/album/annual-reports/2018-annual-report.pdf](http://www.pepsico.com/docs/album/annual-reports/2018-annual-report.pdf)

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# 12 REASONS TO CONSIDER DEBT FREE DST PROPERTIES \*

- ✓ No risk of a lender foreclosure.
- ✓ No refinancing risk.
- ✓ Eliminates the risk of taking on equal or greater debt in future 1031 exchanges.
- ✓ 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.  
***diversification does not guarantee profits or protect against losses.***
- ✓ Flexibility to hold through any potential market downturns, credit crunches, recessions and /or depressions.
- ✓ No cross-collateralized loan risk found in certain leveraged DSTs.
- ✓ No cash flow sweep risk as found in certain DST properties with debt.
- ✓ 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.
- ✓ Allows investors to protect themselves from the financial catastrophe of a complete loss of their principal due to a lender foreclosure.
- ✓ No “balloon mortgage maturity” which is typically found in most leveraged DST properties.
- ✓ No lender prepayment penalties, defeasance costs and/or yield maintenance.
- ✓ Lower fees – Oftentimes, all-cash / debt-free DSTs can have lower fees/commissions than leveraged DSTs.

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# ABOUT COVE CAPITAL INVESTMENTS, LLC



Cove Capital Investments creates 1031 exchange DST investments for accredited investors. Our 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.



[WWW.COVECAPITALINVESTMENTS.COM](http://WWW.COVECAPITALINVESTMENTS.COM)



[INFO@COVECAPITALINVESTMENTS.COM](mailto:INFO@COVECAPITALINVESTMENTS.COM)



(855) 463-7428

## A commitment to providing investors with All-Cash/Debt-Free investment options:

At Cove Capital Investments we seek to provide our investors with debt free real estate investment options for their 1031 exchange and direct investments.

We believe that this provides a level of risk mitigation to 1031 exchange investors that is not found in most LEVERED DST investments. The principals of Cove Capital Investments have sponsored and co-sponsored the syndication of over 1.3 million square feet of DST properties in the multi-family, net lease, industrial and office sectors as well as they seek to invest side by side their 1031 exchange investors in each of the Cove Capital offerings.

## The Cove Exit Strategy:

At Cove, due to our debt free DST 1031 offerings, we are free to pursue whichever exit strategy provides the most potential opportunity to our investors. We also are not constricted by lender prepayment penalties, lender maintenance and vast defeasance costs that other DSTs with loans are bound to, allowing us to be more flexible in selling assets when the right opportunities present themselves.

## 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 and other Professional Investors
- ✓ Portfolio Sales of Assets
- ✓ 721 UPREIT Rollup

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- *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.*
- *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.*
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- *Investors should read the entire PPM carefully, including the "Risk Factors" section of the PPM before investing.*
- *The Sponsor, Master Tenant, Trustees 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.*
- *Principals and associates of Cove Capital Investments, LLC ("Cove Capital"), which are registered representatives of WealthForge Securities, LLC, 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.*

\* 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.