



Company of the Month: Landmark Dividend: Acquiring the rights to ground and rooftop leases for existing cell towers and billboards; For landlords/property owners across the nation - money quite literally grows on trees

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It was twelve years ago that the founders of Landmark Dividend discovered a unique and untapped form of equity that has since drastically changed the ground lease acquisition business. And now - for landlords and property owners of billboard and cell tower ground leases - money quite literally grows on trees.

Landmark Dividend acquires the rights to ground and rooftop leases for existing cell towers and billboards across the nation. While founders of Landmark Dividend began the practice of cell tower lease acquisitions nearly a decade ago, Landmark uses the model to also acquire the rights to billboard ground leases.

"As we came out of the financial crisis of 2008, we developed a new product that was more streamlined for property owners in the current economic conditions of today," said Mitch Kogen, executive vice president of origination with Landmark Dividend. "We regrouped and put best practices from across the industry in place."

The company pays property owners a lump sum based on anticipated rents and the cash received by property owners typically qualifies for advantageous tax treatment. For example, the lump sum qualifies as capital gains, which is taxed at a lower rate than revenue from monthly lease payments. In addition, cell tower and billboard lease right assignments can be part of a 1031 tax exchange. In a 1031 exchange, the property owner can sell the rights to a cell tower or billboard ground lease and reinvest the proceeds into qualifying real estate while deferring taxes on the reinvested portion.

"While monthly income from a ground lease is always something property owners appreciate, it can become complicated and time consuming for individual landlords to manage," said Kogen. "By acquiring the rights to existing ground leases, we have eliminated the risk for individual property owners and provide them with a lump sum cash payment. This lump sum payment allows property owners to invest in building upgrades, shore up cash reserves, and even pay down debt."

For all transactions, Landmark Dividend purchases leases that are already in effect. The company acquires contracts with varying terms remaining in the leases. The landlords then retain ownership of their properties and Landmark values the leases based on location, lease terms, tenant and other specific elements of the ground lease being analyzed.

Landmark Dividend is particularly active in the greater New York City area, having recently closed on a number of transactions in some of the region's most highly trafficked retail corridors.

The company recently acquired five telecommunications leases along Rte. 17 North in Paramus, N.J., near The Garden State Plaza - one of the region's largest and most prominent shopping centers. The transaction was closed in 28 days and a lump sum payment is being used to pay down

and restructure existing debt on the property.

The firm also recently purchased three wireless telecommunications leases from the owner of a major office building in Cranford, N.J. The landlord was selling the building to a potential buyer who would not utilize or bring value to the building's antennas. The owners realized they could earn significantly more by selling the antenna leases to Landmark Dividend in a transaction separate from the sale of the building.

In a recent high-profile transaction for the firm, Landmark Dividend purchased the rights to a major national wireless cell tower lease in Westchester. The client was then able to use the proceeds of the sale to pay down an existing mortgage on the property.

It is also notable that Landmark Dividend has the ability to close on its deals within 30 days. Peers across the industry typically take 90+ days to close with far more burdensome covenants and closing conditions. This allows clients of Landmark Dividend to receive their lump sum payment in as little time as possible while using a simple, one page closing agreement. Most important to Landmark Dividend though, is its relationship with property owners of existing ground leases.

"The relationship we have with our clients is of the utmost importance," said Graeme Kavanagh, executive vice president, national sales director with Landmark Dividend. "As a company, we always go the extra mile in providing counsel to our clients and maximizing the value and return on their wireless and billboard leases. As the profitability of existing ground leases continues to rise, we anticipate that more real estate opportunities will come to the market throughout this year and next and property owners will continue seeking capital to invest in high returning opportunities. I'm thrilled that Landmark is here for property owners across the nation and we're ready to assist in their financial growth."

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540