

The Value of a Ground Lease

Unlock the full potential of your property. By separating land ownership from building operations, borrowers can generate long-term, predictable income while preserving control of the underlying asset. This advantageous structure offers flexibility, potential tax advantages, and the ability to maximize property value - without the upfront capital typically required.



INCREASED PROCEEDS

Provides up to 20% more net proceeds than traditional debt on fee simple interests.



EASE OF EXECUTION

NewPoint and FBRT providing both fee simple and leasehold financing (one-stop).



LOWER COST

Significantly lower overall cost of capital.



REPURCHASE OPTION FLEXIBILITY

Timing of repurchase options are flexible and can be adjusted to Sponsor needs.



NO CPI LOOK BACK

Rent is known with certainty over entire 99-year period.



AFFILIATED DEBT OPTIONS

Structured to be combined with a variety of NewPoint or FBRT bridge and permanent debt options.

Program Terms

GROUND LEASE TO PROPERTY VALUE (FEE SIMPLE)

Up to 40%

LEASE NOI COVERAGE

2.50 – 4.00

INITIAL YIELD (OVER 30-YR TREASURY)

0.15 – 0.75%

RENT ESCALATION (PER ANNUM)

2.00 – 3.00%

CPI LOOKBACK

None

TERM

99 years

TARGET ASSET CLASSES

Market-rate multifamily and affordable properties

REPURCHASE OPTION AT LEASE TERMINATION

Lessee buyout option at \$1

EARLY PURCHASE OPTION

Yes, various options can be built-in

GROUND LEASE ACQUISITION FEE

Typically 1.00% - pending deal terms

GEOGRAPHY

Top 75 U.S. MSAs



Example Capital Stack

\$100M Project Value

FEE SIMPLE

Equity
\$35.00M

Debt
\$65.00M



WITH GROUND LEASE FINANCING

Equity
\$21.46M

Debt
\$45.39M

Ground Lease
\$33.15M

Representative Equity Returns

Unlevered Yield
7.22%

Cost of Capital
6.50%

IRR
14.80%

Multiple
3.10x



Unlevered Yield
9.42%

Cost of Capital
6.02%

IRR
18.75%

Multiple
3.98x

