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PRESENTATION

Operator

Ladies and gentlemen, thank you standing by, and welcome to the Landmark Infrastructure Partners third quarter earnings conference call. (Operator Instructions) After the speaker's presentation, there will be a question-and-answer session. (Operator Instructions) As a reminder, today's conference call is being recorded.

I will now turn the conference to your host, Mr. Marcelo Choi, Vice President, Investor Relations. Sir, you may begin.

Marcelo Choi - *Landmark Infrastructure Partners LP - VP, IR*

Thank you, and good morning. We'd like to welcome you to Landmark Infrastructure Partners third quarter earnings call. Today, we'll share an operating and financial overview of the business, and we'll also take your questions following our presentation.

Presenting on the call today are Tim Brazy, Chief Executive Officer; and George Doyle, Chief Financial Officer.

I would like to remind all participants that our comments today will include forward-looking statements, which are subject to certain risks and uncertainties. A number of factors and uncertainties could cause actual results in future periods to differ materially from our current expectations. For a complete discussion of these risks, we encourage you to read the partnership's earnings release and documents on file with the SEC. Additionally, we may refer to non-GAAP measures such as FFO, AFFO, EBITDA and adjusted EBITDA during the call. Please refer to the earnings release and our public filings for definitions and reconciliations of these non-GAAP measures to the most comparable GAAP measures.

And with that, I'll turn the call over to Tim.

Arthur P. Brazy - *Landmark Infrastructure Partners LP - CEO & Director of Landmark Infrastructure Partners GP LLC*

Marcelo, thank you. Good morning, everyone. I hope you're all doing well and continuing to manage during these very challenging times. Before we discuss the financial and operating results for the quarter, let me give you an update on the pandemic's impact on our overall business and that of our sponsor. As I've mentioned on prior earnings calls, our focus has been on the safety and health of our employees. Our sponsors' headquarters and satellite offices are closed and will remain closed through the end of this year. Our sponsor's 170 employees continue to work remotely. However, the shift to a distributed workforce has been very successful and everyone continues to execute at a very high level with minimal disruptions. Overall, we're extremely pleased with the execution of our business during this difficult time, and you can see that in our results.

Our portfolio continues to perform extremely well, and we closed a number of large data center acquisitions in the third quarter. These acquisitions were part of our strategy for the redeployment of capital that we started following the disposition of our European outdoor advertising portfolio. Despite the difficulties of working remotely, and with each transaction having its own set of unique challenges and requirements, our teams were able to close those deals as anticipated. With the support of the entire organization, our sponsor has been able to fully transition to a remote workforce, not ideal or desired, but extremely effective. As we think about leaning back into the office in the first quarter of next year, we'll be able to consider that, knowing that we can be extremely productive in the office, working at home or a remote location or with some hybrid approach. I'm incredibly proud of our team. They've performed at a tremendous level during a very challenging period, and they've delivered some great results.

Now in terms of our portfolio, we continue to monitor the outdoor advertising tenants and their industry due to the near-term challenges brought on by the health crisis. While the near-term fundamentals are improving, we are still in a period of uncertainty with the pandemic ongoing. The tone from the operators has generally been more positive, their expectations were that the second quarter was likely the low point for outdoor advertising with improvement anticipated for the third quarter and further sequential improvement projected for the fourth quarter. With many parts of the country open again, and mobility and outdoor traffic back to near pre-pandemic levels in most markets, billboard operators are seeing an uptick in advertising spending for the second half of 2020.

However, advertising spend is expected to remain below pre-COVID levels. It remains to be seen how the shape of the industry recovery plays out. There's still a high degree of uncertainty given the many different factors around the pandemic, including a potentially increasing second wave of infections and the development of safe and effective vaccines, but we are encouraged by the improving trends within the industry. As we've mentioned on prior calls, we have received a number of requests for rent relief and rent reductions from our outdoor advertising tenants. While these requests continue to trickle in, we have seen the number of requests decline during the third quarter. While uncertainty remains due to the ongoing health crisis, we believe that the worst is likely behind us in the outdoor advertising segment, as outdoor traffic has rebounded, the demand for outdoor advertising seems to be improving, and we're seeing fewer requests for rent relief and reductions. We'll continue to monitor industry developments, but we are confident that the industry will rebound post-pandemic, and that the outdoor advertising segment is an attractive one for Landmark in the long term.

Turning now to our third quarter results. Despite the challenges in the outdoor advertising segment, we posted another strong quarter of operating and financial results with rental revenues higher year-over-year and quarter-over-quarter, and AFFO per unit year-to-date increased as well compared to the same period in 2019. The challenges that we've seen in our outdoor advertising sector have been more than offset by the strong continued performance in our other business segments. As far as our overall business strategy is concerned, our focus remains on our higher return development projects and select acquisitions. In the third quarter, we redeployed capital that we raised from the sale of our European outdoor advertising portfolio. We acquired 7 data center assets in 3 strategic locations, including the greater Atlanta and Toronto markets.

Year-to-date through September 30, we've acquired 14 assets for total consideration of approximately $133 million. Those assets are expected to contribute approximately $9.6 million in annual rents, and have been primarily comprised of data center assets. The Digital Infrastructure segment made up approximately 15% of the partnership's third quarter rental revenue, and is expected to be approximately 25% of the partnership's rental revenue on a run rate basis.

Given its importance, let me take a moment to talk about this key strategic segment for Landmark. Our Digital Infrastructure investment focus has been primarily on triple-net lease, powered shell, enterprise and colocation data centers, which are building facilities that have available power and connectivity, and typically require limited maintenance capital expenditures or operations by the investor. As an ask, our digital infrastructure assets possess characteristics that are similar to what we look for in our traditional ground lease assets within our 3 other segments: high-quality tenants; mission-critical and operationally essential infrastructure with a high payment priority; long-term leases with contractual escalators; high lease renewal rates with limited relocation risk; minimal property management required with leases typically structured as triple-net leases; and high barriers to entry as these are highly specialized, purpose-built, high-cost facilities that require significant technical expertise to design, build and manage. Similar to our wireless communications segment, digital infrastructure stands to benefit from the increasing demand of connected devices and the significant growth in data creation and consumption. The International Data Corporation forecasted global digital data growth from 33 zettabytes in 2018 to 175 zettabytes in 2025, a compounded annual growth rate of 27%, with mobile computing, the Internet of Things and cloud computing expected to be the primary drivers of this growth. The digital infrastructure team has been extremely successful in sourcing, negotiating and closing acquisitions for the sponsor, and Landmark Infrastructure, having closed over 2 dozen data center transactions for total consideration of over $600 million. Our target market for digital infrastructure assets is large, fragmented, under-penetrated and growing significantly, with more than 40 million square feet of potential data center acquisition opportunities as we move forward.

With regard to our development initiatives, while the pandemic has slowed the pace of our deployments this year, we continued to make further progress this quarter with Landmark Vertex, our stealth wireless infrastructure offering; and DART, our existing program with the Dallas Area Rapid Transit system. We continue to work on various deployments of Vertex, and with regard to our DART project, we've placed 88 digital kiosks into service as of October 31, with rental revenues expected to commence in the fourth quarter of 2020.

And with that, I'll turn the call over to George, who will provide us with a more detailed financial review of the quarter. George?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Thank you, Tim. Our portfolio was resilient again this quarter, generating year-over-year AFFO growth during the year-to-date period ended September 30, despite the impact from the pandemic. A modest sequential decline in rental revenue from our outdoor advertising segment in the third quarter was more than offset by growth from our other segments, reflecting the high quality of assets in our portfolio. As Tim mentioned in his remarks, we have seen the outdoor advertising industry continue to stabilize. While we are optimistic that we have seen the bottom for the outdoor industry, the recent COVID infection rates have been increasing, and the full impact from this pandemic is unknown. Through the end of the third quarter, we continue to see virtually no impact from the pandemic on our wireless, renewable and digital infrastructure assets, and expect our recent investments to drive meaningful growth and AFFO per unit in the fourth quarter and into 2021.

Diving into our third quarter results. Rental revenue for the quarter was $14.2 million, which was 10% higher year-over-year and 3% higher versus the second quarter. The year-over-year growth in rental revenue was driven from a number of lease amendments, as well as the customary contractual lease escalators, and the impact from accretive acquisitions completed within the last 12 months. In the third quarter, outdoor advertising rental revenue declined by approximately $100,000, or 3% compared to the second quarter of 2020, primarily due to lower percentage rent from leases with revenue sharing provisions.

Turning to FFO and AFFO. FFO per diluted unit was $0.29 this quarter compared to $0.20 in the third quarter of last year. As we have discussed in prior calls, FFO can fluctuate quarter-to-quarter depending on the change in the fair value of our interest rate hedges as well as various other items, including foreign currency transaction, gains and losses. AFFO, which excludes these gains and losses on our interest rate hedges and other items, was $0.31 per diluted unit this quarter compared to $0.32 in the third quarter of last year. Despite the challenges brought on by the pandemic and the disposition of our European outdoor advertising joint venture, we have driven AFFO growth on a year-to-date basis. As I mentioned earlier in my remarks, we expect to see further growth in AFFO per unit as the acquisitions completed in the third quarter were only outstanding during the third quarter on average for a period of 16 days.

Now turning to our balance sheet. We ended the quarter with $193 million of outstanding borrowings under our revolving credit facility, as we redeployed capital raise from the disposition of our European outdoor advertising joint venture. We continue to see very attractive financing rates for our asset classes, and we have no scheduled maturities until November 2022. In terms of liquidity, we ended the quarter with approximately $9 million in cash and $257 million of undrawn borrowing capacity under our revolving credit facility, subject to compliance with certain covenants. Our debt to adjusted EBITDA ratio on a revolving credit facility was at approximately 6x at the end of the quarter.

Regarding our distribution policy, as we have discussed in the last few quarters, we remain in an unprecedented and challenging environment. While certain parts of the country remain open, we are seeing a global virus resurgence, with the number of cases spiking across the U.S. Without a proven vaccine in place, the virus resurgence may cause states to shut down certain businesses again, which could lead to lower outdoor traffic and reduce advertising spending. For the time being, outdoor traffic patterns have recovered across most parts of the country, but outdoor advertising spending, while improved, has not returned to pre-COVID levels. We are encouraged in the improvement that we have seen in outdoor traffic, and the stable cash flows that our portfolio continues to produce, but we are still waiting for more clarity on the full extent of the pandemic.

In light of these factors, the Board decided to maintain the $0.20 per unit distribution this quarter. Based on this level of distribution, our distribution coverage ratio for the third quarter was 1.57x. We believe that post the pandemic, our portfolio will support a higher distribution, but we will continue to monitor the impact of the pandemic and general economy on our portfolio, and we'll look to reassess the distribution levels in 2021.

In summary, our portfolio continues to perform well as seen in the solid results we posted this quarter and year-to-date, despite the near-term challenges within the outdoor advertising industry. We believe that we are well positioned to drive further growth in the fourth quarter and into 2021, driven by the accretive acquisitions we completed towards the end of the third quarter and the progress that we have made on our development projects.

We will now take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Rick Prentiss of Raymond James.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research & Research Analyst*

Glad you're making through of these difficult times with resilience and operating safely. A couple of questions, if I could. You mentioned that the year-to-date acquisitions were about $133 million and $9.6 million annual rent. So if we do that quickie math, it looks like about a low-7 cap rate that you're paying. But how should we think about -- how much did you spend on the deployment projects versus acquisitions?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Yes. In the third quarter, Ric, we spent the majority of the capital on the acquisitions. We didn't have that much spend on the development projects. So the $133 million is going to be all acquisitions.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research & Research Analyst*

The $133 million is year-to-date, right?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Yes.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research & Research Analyst*

So fairly minimal development throughout 2020 then?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Yes, mostly, as we talked about last quarter as well, mostly we're done with the hardware purchases, most of it is services related. And there will be some ongoing services as we wrap up that project over the course of this year and next year. But the services are a smaller amount of the spend at this point.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research & Research Analyst*

Makes sense. And then you mentioned you've got 88 of the DART kiosks in service October 31, I think, is what I wrote down. How should we think about what that revenue contribution might be in fourth quarter and then run rating on an annual basis? And will that show up in the wireless category? Or which category?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

For now, we expect the initial revenue to just be outdoor advertising revenue. The kind of way to think about it is the minimum rent is going to be at around a 6 cap on the deployed capital. But it is going to take some time for that to settle out, because there's a lot of upfront costs that were incurred that aren't spread out evenly as the kiosks are deployed. So we're looking to have around 350 kiosks in total, and the initial ones, I would expect the cap rate to be a bit lower and then it will average out to the 6 cap. And then over time, I would expect the percentage rent to kick in and then drive that higher.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research & Research Analyst*

Okay. That helps. And when we look at a couple of other revenue items, just to stay on that area, the wireless side, looks like you had a few lease terminations. Anything going on there yet as far as Sprint, T-Mobile? Or how should we think about the change in leases on the wireless side?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

We're seeing a one-off asset here and there churn. So it's not the, as far as we can tell, a trend of terminations coming in. I mean we do expect some churn, obviously, coming from the Sprint and T-Mobile merger. But we are also, at the same time, seeing a fair amount of modification activity across the portfolio. So from what we've seen to date, we're offsetting that by a handful of new leases and then also increases on some of the existing sites. But we have not seen a, call it a wave of termination letters come in yet relative to the Sprint/T-Mobile merger.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research & Research Analyst*

Okay. And on the data center side, what sort of escalators? Is that kind of maybe a 2% escalating business? Or as we think of those acquisitions you've made and obviously minimal spending at this -- due at the locations, how should we think about the revenue growth rates on those assets that you're getting into in a big way, getting up to 25% of run rate?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Sure. They generally range in the, call it, 2%, 2.5% type range. I think historically, the industry has seen a bit higher escalators. But at this point, they seem to be right around that 2% range.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research & Research Analyst*

Okay. And final one for me. On outdoor advertising, it does look like leases picked up from 2Q to 3Q. Is that what you're kind of talking about, that we've maybe seen the bottom of some recovery? And so lease, number of leases are trending up a little bit? Or was that some of the acquisitions?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

You're saying the number of leases? Or the revenue, Ric?

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research & Research Analyst*

Yes, the number of leases. Because revenue was down quarter-over-quarter, but number of leases looks like it was up quarter-to-quarter?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Yes, that's probably some of the DART sites that are being put in place.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research & Research Analyst*

Okay, because those show up under outdoor advertising. Great.

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Yes.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research & Research Analyst*

Okay, guys. Continue to stay well, and I look forward to updating view on the distribution. Because hopefully, we can get through this pandemic and get a vaccine out there.

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Sounds good.

Operator

Our next question comes from Liam Burke of B. Riley.

Liam Dalton Burke - *B. Riley Securities, Inc., Research Division - Analyst*

You mentioned the deployment or progress on Vertex. Could you give us a sense of time line similar to how you've progressed on DART with actual deployment of kiosks? Could you give us a sense as to the deployment schedule?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Yes. At this point, I would say it's going to be pretty consistent deployment through roughly the middle to end of next year. So we have a fair number of sites that are in progress. We have our remaining kiosks that are under order right now. So I'd expect, and this is going to be weather-dependent and pandemic lockdown dependent, but I would expect it's a pretty consistent deployment from here on out. So in total, we're targeting to have about 350 deployed through the middle to end of next year, I would expect we're in the 325 range, and then the last will depend on when the sites are ready for the deployment. There's a certain number of sites that are under construction and -- not from a kiosk standpoint, but just the transit system is doing construction there. So there will be a few lingering sites. But it should be pretty consistent over the course of the next 12 months.

Liam Dalton Burke - *B. Riley Securities, Inc., Research Division - Analyst*

Right. And then following that with Vertex, how does that look to you? Or do you have any sense that you could share with us where that progression looks -- how that progression looks?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Certainly. The activity there is starting to pick up. We expect that we'll have a number of sites that are in process of being deployed this quarter. And I would expect that as we kind of work through the winter time frame and through the pandemic, if that starts to increase in the middle of next year.

Liam Dalton Burke - *B. Riley Securities, Inc., Research Division - Analyst*

Okay. Great. And you mentioned the sponsor has a fairly sizable backlog of data centers. If I'm looking at your investment priorities into 2021, how would you balance infrastructure build-out or new infrastructure build outlook, forgetting for a moment DART and Vertex, versus data center acquisitions?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Well, I think it's going to depend upon the opportunities that we see on the infrastructure development side of things. Those are -- I would say, they're not as consistent of an opportunity as what we see on the data center side of things. So we like the developments because they're a higher return typically, and they fit very well with our existing portfolio. But they are more infrequent than I would say on the data center side of things. So we're going to look to see what opportunities we can find on that front and certainly supplement some of our investment activity with attractive data center acquisitions.

Operator

Our next question comes from Bora Lee of RBC Capital.

Bora Lee-Marks - *RBC Capital Markets, Research Division - Assistant VP*

Just first of all on, can you comment on what sort of a Sprint/T-Mobile activity you've been seeing? Is any either increased activity or decommissioning?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Sure. Okay, we've seen very little on the decommissioning front. We have seen the -- some of the existing sites being upgraded. So we have seen some additional revenue from upgrades. We've seen a little bit of Dish activity in the market as well. But I would say, generally, we have not seen a significant amount of terminations or a wave of terminations come through.

Bora Lee-Marks - *RBC Capital Markets, Research Division - Assistant VP*

Do you have any sense from either conversations or backlog of any meaningful change in activity go forward from any of those parties?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

No. We don't at this point. It's still a bit uncertain as to what exactly they're doing and the timing of their moves. But like I mentioned, we do see Dish now starting to pick up sites in the market.

Bora Lee-Marks - *RBC Capital Markets, Research Division - Assistant VP*

Okay. Great. And to switch to the data centers, can you remind us, are they all SLBs? Sale-leasebacks?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Yes. These were -- yes, these were all sale-leasebacks.

Bora Lee-Marks - *RBC Capital Markets, Research Division - Assistant VP*

And can you give a sense of what the remaining lease terms are for these assets?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Yes. They're generally going to be in the 10- to 15-year range. So very long.

Bora Lee-Marks - *RBC Capital Markets, Research Division - Assistant VP*

Great. And last question on that. Just strategically, are there -- what are you thinking in terms of target markets for data centers? Are you looking -- so you mentioned that you did some acquisitions in Toronto as well as Atlanta, so it seems like it goes anywhere from Tier 1, 2. Is that a fairly accurate statement that you are looking at Tier 1, 2, 3, regardless of market? Or are you trying to target a specific -- or are you more interested in specific assets rather than necessarily target sizes, target markets?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

I would say it's probably a bit of a combination of both. The valuation of data centers is very asset-specific. And we are -- well we're very focused on our -- is buying the land and the shell under critical use data centers. So these are heavily occupied in strategic locations, well connected to fiber. They are investments where we're coming in at a relatively low basis relative to what our underlying tenant has invested in the site. So certainly, the Tier 1 markets, they're always attractive, I would say, for the most part, obviously, because of the amount of activity there. But there are opportunities in Tier 2, Tier 3 markets that selectively we like. So it really is a combination of both, but it definitely is heavily dependent on the characteristics of the asset and what kind of parameters we're entering that investment at.

Operator

(Operator Instructions) Our next question comes from Dave Rodgers of Baird.

David Bryan Rodgers - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

I think most of my questions were answered. I guess, George, I would ask, though, in terms of the creditworthiness of the tenants that you're buying the data centers from, can you give us some comfort, some thought around how many tenants that is? How many different tenants you've acquired from so far? And what is that investment basis that you talked about? On a (inaudible) for rate split.

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Sure. So we have a variety of credits in the portfolio. Some are not rated, but I would say they're pretty strong credit. It can range anything from investment grade down to, call it, non-investment-grade type credits. So in the BB or potentially the C range. What makes the data centers so attractive is that it's such a critical asset that credit is only one element to evaluate. And you've seen this over the course of the last year or so. There's been a few data center operators that have had some credit challenges. But the underlying business in the data center is, if it's a solid business, it typically withstands any sort of credit event at a corporate level for the tenant. And this is the same thing that you're seeing play out right now in the outdoor advertising industry, in the same dynamic we have in the renewable industry as well. So provided you have a great asset, it's heavily utilized by the tenants, it's critical infrastructure, it's been upgraded significantly. You may not have the strongest credit in place with the tenant, but just the arrangement with that tenant, with the infrastructure they have in our powered shell, it certainly diminishes the impact of a potential credit event on the portfolio. So we feel that, with the acquisitions we've done with the underlying occupancy and the tenants that weren't a very secure position, regardless of the credit profile of the tenant. And like I mentioned, same thing you see in a number of our other asset classes as well. And our tenant base is a variety of colocation companies, cloud and some enterprises as well. So we have a bit of mix of tenant profile, then certainly, geography as well.

David Bryan Rodgers - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

And should we think about your basis in these assets, on a per foot or per raised foot basis in the kind of mid-100s? Is that a reasonable estimate?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

I would say it's probably slightly higher than that. You're probably in the mid-200s, if not a little bit higher. But what makes it attractive for us is our underlying tenants may have invested another, call it 700,000 per square foot to turn the shell into a fully operating data center. And so typically, what would happen at the end of a lease term, if, for whatever reason, that tenant was not looking to renew the lease, well, they leave all those improvements at the site, because it's not really practical to move them. And then you have an asset where you bought at maybe that $250 per square foot range, but you end up with improvements that can be released that might have an all-in value per square foot or upwards of maybe $1,000 per square foot. So our investment is relatively low compared to the overall investment in one of these centers.

Operator

(Operator Instructions) We have a question from Ric Prentiss of Raymond James.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research & Research Analyst*

Not as busy in earnings days as the next couple of days, I wanted to ask a couple of extras since we've got the time. On the cost side of things, how should we think about property operating costs then as you get more into the data center spot, it was not up much 2Q to 3Q, but obviously, you've got -- you have a full quarter of the data centers in 4Q. Are you expecting much of a change on the property operating expense area?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

There will be a little bit of a change, but not too much. Most of the expenses on the data centers would be reimbursed by the underlying tenant in the data center. So it would end up being kind of a wash, whatever additional operating expenses you get from owning what these centers is typically. There's offsetting revenue. Where we're likely to see a little bit more operating expenses is just from the DART project. There are a few costs associated with that. But we won't see those until the, more of the kiosks are deployed.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research & Research Analyst*

Okay. And on the G&A side, G&A came in light in the quarter, both year-over-year and quarter-over-quarter. Is that something sustainable? When should we think about G&A costs? And then maybe an update, I think the G&A contribution coming back from the sponsor right now is on track to run through November of '21?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Yes, that's right. I would say G&A for the quarter can be a little bit misleading just because of the timing between the quarters. But on a year-to-date basis, we are down a bit on G&A. And I do think that is sustainable. We're focused on controlling some of our overhead costs. And certainly, we've been pretty active over the last couple of years doing a lot of things, different geographies, initiatives. Some of that is starting to settle down, especially with the disposition of the U.K. portfolio or the European portfolio. So I think the run rate this year will ultimately be lower than 2019, and I think that is sustainable. As we look out, it's towards the end of 2021, the amount of the reimbursement from the sponsor, I would expect to be declining as we approach that point, but we haven't made an assessment yet as to what the arrangement with the sponsor will be for G&A support. So that's something that we'll get into probably in the first part of next year with the sponsor.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research & Research Analyst*

All right. And last one for me, obviously, data centers brings up mobile compute, edge compute, tower guys are talking a lot more about edge as well. How do you see the edge playing out? I know it's more of a theoretical concept and everybody has a different definition, but what are you thinking about with edge and what it might mean to your outdoor -- sorry, your wireless as well as your data center business?

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Yes. I think there will ultimately be opportunities on the edge side of things. But we just have not seen the revenue model develop yet. I think there's opportunities to have data centers at towers, rooftops. Certainly, you can add more infrastructure at our existing data centers, but we've yet to see a lot of revenue opportunities tied with that. And I think that's what's ultimately going to drive the development on the edge side of things. I don't think it has too much of an impact on our existing portfolio. I would expect the existing colo operators or enterprises to that have consistent, if not growing data storage needs at the existing facilities. But certainly, storage demand overall, whether it's edge or otherwise, I would expect, is going to significantly grow here, as 5G and some of the mobile computing needs are -- grow.

Arthur P. Brazy - *Landmark Infrastructure Partners LP - CEO & Director of Landmark Infrastructure Partners GP LLC*

Well, you're going to need it for IoT. So we're actually excited about having it develop further. But as George said, we just have not seen the model, but that drives that significantly quite yet. But the portfolio is well positioned to take advantage of that when it does actually make an impact.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research & Research Analyst*

That seems like people are trying to learn right now before doing a whole lot.

Arthur P. Brazy - *Landmark Infrastructure Partners LP - CEO & Director of Landmark Infrastructure Partners GP LLC*

Agreed.

George P. Doyle - *Landmark Infrastructure Partners LP - CFO & Treasurer of Landmark Infrastructure Partners GP LLC*

Yes. I think that's right.

Operator

I'm showing no further questions at this time. I'd like to turn the call back over to Tim Brazy for any closing remarks.

Arthur P. Brazy - *Landmark Infrastructure Partners LP - CEO & Director of Landmark Infrastructure Partners GP LLC*

Thank you, operator, and I want to thank everybody for joining us this morning. I know this is still a pretty difficult time for everyone on a, maybe a number of different levels, certainly uncharted territory. As George and I have talked about today, we've taken what we think are the appropriate steps to position Landmark to withstand the various challenges in the market and to take advantage of opportunities as we move forward. And we're going to maintain our current strategy, flexibility to address the ongoing effects of the pandemic, and for that matter, any further market disruptions. But we do believe that the fundamentals of our business are strong. It does look like it will still take some time for aspects of the economy to recover. But we're very confident in the future of our industries and the company, and our assets have proven themselves to be incredibly resilient. So we're -- I think we're very well positioned to take advantage of markets as we move forward.

So with that, I want to wish you and your families well, please continue to be careful and stay safe, and we'll talk to you next quarter.

Operator

Thank you. Ladies and gentlemen, this does conclude today's conference. Thank you all for participating. You may all disconnect. Have a great day.
