



YOUR PERSPECTIVE
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PROPERTY PURCHASE DUE DILIGENCE CHECKLIST

The following is a sample of a due diligence checklist that an investor may use in connection with the acquisition of a retail or office property. Please note that this is not a closing agenda and does not reflect all of the documents necessary for completion of the acquisition.

Note that the investor should review this checklist shortly after execution of the Purchase Agreement and assign the various review tasks to people within its organization or to third-party contractors engaged to complete some or all of the review. As well, the “Date Required” column should be completed and adhered to, so as to ensure that the reviews are completed prior to the condition removal dates contained within the Purchase Agreement.

As well, the list of reports listed under the heading “Physical Information – Obtain / review third party reports” can be expanded depending on the nature of the property and the issues that it faces. The same can be said for the list of items under “Financial Review”, which again can be modified and expanded depending on the nature of the property and the type of information available from the owner and property manager.

Finally, note that this same checklist can be used for an industrial or apartment property, although the nature of the financial information available may be different.

PRELIMINARY INFORMATION

Property name:	
Address:	
Age:	
Total sq. ft.:	
Leasable sq. ft.:	
No. of parking stalls:	
No. of buildings:	
No. of acres:	
No. of floors:	
Construction: Type	
Condition	
Roof: Type	
Age / Condition	
Current zoning:	

DUE DILIGENCE REVIEW

ITEM	DATE REQUIRED	RESPONSIBLE PERSON	COMPLETE / DATE	STATUS
ACQUISITION				
Purchase Agreement			<input type="checkbox"/>	
Inspection Condition Removal			<input type="checkbox"/>	
Financing Condition Removal			<input type="checkbox"/>	
Closing Date			<input type="checkbox"/>	
FINANCING				
Loan Application			<input type="checkbox"/>	
Commitment Letter			<input type="checkbox"/>	
Review of current mortgage docs (if being assumed)			<input type="checkbox"/>	
Confirmation of mortgage balance (if being assumed)			<input type="checkbox"/>	
TENANT INFORMATION				
Review tenant schedule			<input type="checkbox"/>	
Review standard lease form			<input type="checkbox"/>	
Review marketing material			<input type="checkbox"/>	
Market lease rate survey			<input type="checkbox"/>	
FINANCIAL REVIEW				
Review property rent roll (past 12 mos)			<input type="checkbox"/>	
Review and audit leases, amendments, modifications			<input type="checkbox"/>	
Confirm security deposits			<input type="checkbox"/>	

ITEM	DATE REQUIRED	RESPONSIBLE PERSON	COMPLETE / DATE	STATUS
Review historical operating statements and expense recoveries			<input type="checkbox"/>	
Review current budget			<input type="checkbox"/>	
Review historical tenant improvement allowances			<input type="checkbox"/>	
Review most recent property appraisal			<input type="checkbox"/>	
Review tenant billings (12 mos)			<input type="checkbox"/>	
Review current or future lease concessions			<input type="checkbox"/>	
Review current and past two year's capital budget			<input type="checkbox"/>	
Review current and past two year's promotion fund operations			<input type="checkbox"/>	
Review replacement reserve budget			<input type="checkbox"/>	
PHYSICAL INFORMATION				
Obtain / review third party reports:			<input type="checkbox"/>	
a) Structural/Physical			<input type="checkbox"/>	
b) Mechanical			<input type="checkbox"/>	
c) Environmental			<input type="checkbox"/>	
d) Soils			<input type="checkbox"/>	
e) Parking / Landscaping			<input type="checkbox"/>	
Review as-built drawings			<input type="checkbox"/>	
Review site and area plans			<input type="checkbox"/>	

ITEM	DATE REQUIRED	RESPONSIBLE PERSON	COMPLETE / DATE	STATUS
Review survey plans of tenant premises, vacancies and common areas			<input type="checkbox"/>	
Review historical capital repairs			<input type="checkbox"/>	
PUBLIC REGISTRY SEARCH				
[See legal due diligence checklist]			<input type="checkbox"/>	
PERSONAL PROPERTY				
Inventory and determine value of personal property			<input type="checkbox"/>	
SERVICE CONTRACTS				
Prepare contract summary			<input type="checkbox"/>	
Review all service contracts and determine retention on a case-by-case basis			<input type="checkbox"/>	
Obtain and review all agreements for leased equipment			<input type="checkbox"/>	
INSURANCE				
Review current insurance policy			<input type="checkbox"/>	
Review claims history			<input type="checkbox"/>	
Details of current unsettled claims			<input type="checkbox"/>	
Obtain insurance quote			<input type="checkbox"/>	

ITEM	DATE REQUIRED	RESPONSIBLE PERSON	COMPLETE / DATE	STATUS
TAXES				
Review property tax assessment			<input type="checkbox"/>	
Review tax billings (2 yrs)			<input type="checkbox"/>	
Review details of any protest			<input type="checkbox"/>	
PROPERTY MANAGEMENT				
Review existing property management agreement			<input type="checkbox"/>	
Consider retention of existing Employees			<input type="checkbox"/>	
CLOSING MATTERS				
Review tenant estoppel certificates and compare to lease audit			<input type="checkbox"/>	
Obtain certificate of insurance			<input type="checkbox"/>	
Execute new property management agreement			<input type="checkbox"/>	
Notification to tenants			<input type="checkbox"/>	
Review and finalize statements of adjustments			<input type="checkbox"/>	
OTHER ISSUES				
			<input type="checkbox"/>	
			<input type="checkbox"/>	
			<input type="checkbox"/>	