



INVESTMENT DUE DILIGENCE

SAMPLE CHECK LIST

REAL ASSETS/REAL ESTATE

Purpose

The purpose of an investment due diligence check list is for an investor to make sure that they have completed full due diligence on a potential investment opportunity. In order for an investor to make a well-informed investment decision, they typically have a standard set of questions and required information that they need to review before they are willing to make an investment. The areas covered in a due diligence check list are related to helping an investor make a reasonable decision about the risk adjusted return of an investment opportunity.

CAPITAL SEEKER/ISSUER REQUIREMENT

Provide as much transparency as possible in order to allow the investor access to complete information

Provide information that supports investment return potential

Provide risk and mitigation information

INVESTOR GOAL

Maximum transparency in order to make an informed investment decision

Demonstrated return potential

Demonstrate an understanding of and mitigation for potential risks

Real asset/real estate due diligence focuses on the characteristics of the underlying assets as well as the corporate structure which means that both the corporate structure and asset characteristics are covered in the due diligence check list.

Covered Topics

The Due Diligence check list typically covers standard topics such as (see full sample due diligence check list in the Appendix):

- Issuer/Property Overview
- Governance/Team
- References/Vendors
- Presentations/Investor Communications/DDQ
- Company and Financial Analysis
- Physical Property Inspection and Review
- Tenant/Lease Matters
- Securities/Offering Documents
- Regulatory/Compliance/Operations

Having well-constructed and complete information on these basic topics provides the information that an investor requires in order to complete their due diligence process.



Result

The result of well-constructed and complete due diligence information is a seamless and well received capital raising process which increases a capital seeker/issuer's chances to raise capital. Investors respect and appreciate thoughtful due diligence information since it shortens their due diligence process significantly meaning they are able to make an investment decision more quickly.

Given most capital seeker / issuer's preference for a quick and seamless capital raise - investor and capital seeker / issuer's interest to have a seamless due diligence process, the capital seeker / issuer and investors interests are aligned in having complete due diligence information.

Contact Us
For Your
Capital Raise

About Deer Isle Group:

Deer Isle Group ("Deer Isle") with its subsidiaries, Deer Isle Capital, a registered broker/dealer, and Deer Isle Financial, is a differentiated investment bank that provides "as needed" financial/strategy and closing advisory as well as proprietary technology solutions that give access to 10,000+ institutional investors. Our business is built upon providing investors and capital seekers/issuers the right tools in order to ensure a transparent, smooth and efficient capital solution. Our strength in these factors has helped drive our proven execution capabilities.

Deer Isle's successful track record includes having raised over \$5 billion in private placement capital since our founding in 2007.



Appendix

Real Asset (Real Estate) Due Diligence Checklist

This checklist is an outline of the required due diligence items. This list may not be comprehensive and is dependent upon specific Transactions. Satisfactory completion of the list is at the sole discretion of the Financial Advisor.

Company Name*:

Due Diligence Complete:

Suitability Check Complete:

Completion Date:

*(Company Name is exact name as set forth in Organizational Documents)

Document	✓	Comments
Issuer/Property Overview:		
▪ Name of Acquiring (title holding) Entity		
▪ Charter documents (US/Foreign): Certificate of Incorporation, By-Laws, LLP/LLC Agreement, Registration documents, Memorandum of Association		
▪ Corporate/board resolutions		
▪ Board minutes		
▪ Certificate of Good Standing		
▪ Better Business Bureau complaints		
▪ Subsidiary list		
▪ Memorandum of Understanding		
▪ Purchase Agreement		
▪ Litigation, claims and proceedings settled or concluded or pending or threatened List		
▪ Employee, contractor, supplier disputes or labor strikes		
▪ Title company		
▪ Title commitment and underlying documents		
▪ Lien List (including tax and contingent liabilities)/Releases		
▪ Insurance policies and list of prior insurance claims <ul style="list-style-type: none">○ Property/Liability/Casualty○ Final certificate of insurance		



Document	✓	Comments
<ul style="list-style-type: none"> Agreements restricting the Company/Property ability to do business, compete, solicit, etc. 		
<ul style="list-style-type: none"> Agreements with investment bankers, placement agents or brokers 		
<ul style="list-style-type: none"> Adherence to FINRA Communications requirements before and outside of Broker Dealer 		
<ul style="list-style-type: none"> Website review 		
<ul style="list-style-type: none"> Investor Communications (e.g., property updates) 		
<ul style="list-style-type: none"> Promotional materials, including social media handles 		
<ul style="list-style-type: none"> Leasing brochures, maps and photographs 		
Governance/Team:		
<ul style="list-style-type: none"> Company organizational chart 		
<ul style="list-style-type: none"> Current officers and directors (names and titles) list 		
<ul style="list-style-type: none"> Key personnel biographies / track record 		
<ul style="list-style-type: none"> Advisor list 		
<ul style="list-style-type: none"> (Property) Management Company & Agreements 		
<ul style="list-style-type: none"> (Property) Management Company Agreements 		
<ul style="list-style-type: none"> (Property) Management Files 		
<ul style="list-style-type: none"> Leasing (Operating) Company 		
<ul style="list-style-type: none"> Leasing (Operating Company Agreements 		
<ul style="list-style-type: none"> Development Company 		
<ul style="list-style-type: none"> Development Company Agreements 		
<ul style="list-style-type: none"> Construction Contracts/Subcontracts 		
<ul style="list-style-type: none"> Bank(s) 		
<ul style="list-style-type: none"> Criminal background check 		
<ul style="list-style-type: none"> OFAC, UN/EU sanctions check on key personnel 		
<ul style="list-style-type: none"> Web search on personnel and advisors 		
<ul style="list-style-type: none"> Employee, contractors and advisor's compensation/alignment of interest 		
<ul style="list-style-type: none"> Stock option agreement and plan 		
<ul style="list-style-type: none"> Key item/financial decision-making process 		



Document	✓	Comments
References/Vendors:		
▪ Accounting references		
▪ Legal references		
▪ Other (min 3) references (Lender, Mortgage Consultant, Contractor)		
Presentations/Investor Communications/DDQ:		
▪ Teaser		
▪ Pitch deck		
▪ Business plan and asset management initiatives		
▪ Term sheet		
▪ Financial models / pro forma financials / Returns		
▪ Due Diligence Checklist		
▪ Backup and supporting information, research and studies		
▪ Additional materials		
Company and Financial Analysis:		
▪ Capital raise purpose/use of proceeds		
▪ Capital structure (fully diluted shares, list of shareholders, schedule of options/warrants/rights, etc.)		
▪ Corp structure prior to and after property acquisition / Steps to implementation		
▪ Notes of Issuer's history/background/ownership		
▪ Previous/concurrent/planned capital raise documents/amount/timing		
▪ Financial statements (balance sheet/income statement/cash flow)		
▪ Audited financial statements, if applicable		
▪ Credit Facility Agreement/Terms		
▪ Escrow / Funding / Escrow Agreement		
▪ Loans - Terms and covenants/restrictions		
▪ Loan/Credit Facility documents		
▪ Closing costs estimate		
▪ Budget for current year / budget for next year		
▪ Tax considerations		
▪ Related party transaction list/policy		
▪ Additional materials		



Document	✓	Comments
Physical Property Inspection and Review:		
▪ Asset Description/Maps & Pictures/Benefits/Risks		
▪ On-site visit		
▪ Market analysis of location/property use		
▪ Appraisal		
▪ Audited Financials, if applicable		
▪ Ground lease terms (if applicable)		
▪ Building permits, licenses, certificates of occupancy		
▪ Existing survey		
▪ New ALTA survey (or update)		
▪ Subdivision and parcel maps		
▪ Site plans including Utility (verification, fees, deposits paid)		
▪ As-built plans/specs (electrical, mechanical, structural)		
▪ Existing inspection reports (roofing, HVAC, seismic, soils)		
▪ Maintenance schedule for equipment, repairs		
▪ Service and Warranties (with expiration dates) Agreements and Assignability/Cancelation Schedule		
▪ Current engineering report (Property Condition Assessment), include structural, mechanical, code compliance and ADA compliance.		
▪ Proper zoning, zoning letter, pending rezoning for improvements		
▪ Development rights transferred		
▪ Restrictive covenants, easements, and agreements		
▪ Local improvement district information		
▪ Appropriate assignment documents for leases, entitlements, and other assets		
▪ Existing environmental reports and studies		
▪ Environmental site assessment for all phases		
▪ Adequate Parking (i.e. governmental regulations, practical requirements, lease requirements)		
▪ Energy usage reports, available wattage psf		
▪ Building warranties/guarantees		
▪ Off-Take Agreements (for Real Assets)		



Document	✓	Comments
Tenant/Lease Matters:		
▪ Current certified rent roll / creditworthiness / payment history		
▪ Leases, amendments and all related documents;		
▪ Lease summaries reviewed by legal counsel		
▪ Tenant lease files		
▪ Tenant correspondence files		
▪ Tenant sales reports		
▪ Security deposit list		
▪ Aged receivables report		
▪ Landlord obligations (construction, tenant payments)		
▪ Square footage difference: leases and rent roll		
▪ Signed Tenant Estoppel Certificates		
▪ Signed estoppels and rent/deposit schedule difference		
Securities/Offering Documents:		
▪ Offering size / Amount / Terms		
▪ Roadmap to issuance		
▪ Type of offering (506(b)/506(c)/Reg CF)		
▪ Equity, Debt, SAFE, purchase agreement or other agreements		
▪ Offering to U.S. persons and/or non-U.S. persons		
▪ Subscription Agreements		
▪ Form D Filing		
▪ Transfer restrictions		
Regulatory/Compliance/Operations:		
▪ Code of Ethics		
▪ AML manual/procedures / FCPA Policy		
▪ KYC information/procedures		
▪ Business continuity/protection of books and records		
▪ Employee handbook		
▪ Remuneration policy		
▪ ESG/SRI policy		
▪ Privacy policy		
▪ Communications with local, state or federal regulatory agencies		

