

Passive Investor Toolkit

Complete Due Diligence Framework for Syndications & REITs

Introduction

This toolkit provides comprehensive due diligence checklists, evaluation frameworks, and analysis tools for passive real estate investors. Whether you're investing in syndications, REITs, or other passive vehicles, use these resources to make informed decisions.

PART 1: Syndication Due Diligence Checklist

Sponsor Evaluation

- Track Record: Number of deals, total returns, average hold time
- Experience: Years in business, markets operated in
- Team Structure: Key personnel and their backgrounds
- References: Past investor testimonials and references
- Skin in the Game: Sponsor co-investment amount
- Fee Structure: Acquisition, asset management, disposition fees
- Communication Style: Frequency and quality of investor updates
- SEC Compliance: Any regulatory issues or violations
- Litigation History: Past or pending lawsuits
- Financial Stability: Sponsor's balance sheet strength

Deal Analysis

- Property Type & Class: Multifamily, office, retail, industrial
- Market Analysis: Population growth, job growth, demographics
- Business Plan: Value-add strategy, hold period, exit strategy
- Financial Projections: Revenue growth, expense assumptions
- Underwriting Assumptions: Occupancy, rent growth, cap rates
- Sensitivity Analysis: Best/base/worst case scenarios
- Debt Structure: LTV, interest rate, term, recourse
- Reserve Accounts: Capital improvements, operating reserves
- Insurance & Risk Management: Coverage types and amounts
- Environmental Issues: Phase I results, potential liabilities

Legal Structure Review

- Entity Structure: LLC, LP, or other formation
- PPM Review: Private Placement Memorandum key terms
- Operating Agreement: Voting rights, major decisions
- Waterfall Structure: Preferred return, profit splits
- Distribution Schedule: Monthly, quarterly, upon sale
- Capital Call Provisions: Additional investment requirements
- Transfer Restrictions: Ability to sell your interest
- Dissolution Terms: How/when the investment ends
- Tax Implications: K-1 timing, UBIT considerations

PART 2: REIT Analysis Framework

Publicly Traded REIT Evaluation

Financial Metrics:

- Funds From Operations (FFO) per share
- Adjusted FFO (AFFO) growth rate
- Net Asset Value (NAV) per share
- Price to FFO ratio vs. peers
- Dividend yield and payout ratio
- Debt to EBITDA ratio
- Interest coverage ratio

Portfolio Quality:

- Geographic diversification
- Tenant diversification
- Lease expiration schedule
- Occupancy trends
- Same-store NOI growth
- Development pipeline

Management Assessment:

- Executive team experience
- Insider ownership percentage
- Corporate governance rating
- Strategic vision clarity

PART 3: Investment Comparison Tools

Criteria	Weight	Investment A	Investment B	Investment C
Sponsor Quality	25%	_____	_____	_____
Market Fundamentals	20%	_____	_____	_____
Deal Structure	20%	_____	_____	_____
Projected Returns	15%	_____	_____	_____
Risk Assessment	10%	_____	_____	_____
Liquidity Options	10%	_____	_____	_____
Total Score	100%	_____	_____	_____