



Andrea Karp

With over 20 years in commercial real estate, Andrea Karp currently serves as Managing Director, Head of Due Diligence for Black Creek Group, where she is responsible for overseeing all due diligence activities for the company.

400 STEPS TO SUCCESS

The Important Role Due Diligence Plays in Effective Real Estate Investing

Anyone who has invested in real estate knows it's far costlier to resolve problems after a sale closes, making it critical to conduct in depth due diligence prior to closing. At Black Creek Group, we do just that as we approach every real estate transaction with a disciplined due-diligence process and our eyes wide open.

**OVER
\$19
BILLION
BOUGHT OR
DEVELOPED**

Over the course of our 25-year history, during which we've bought or developed over \$19 billion worth of real estate, we've developed a due-diligence process that is collaborative and holistic. Our process is one where the due

diligence department works in close partnership with the acquisition, development, finance, asset management, construction management and legal teams to ensure thorough and efficient vetting.

As an active buyer of commercial real estate, Black Creek Group's success is driven by our ability to quickly decide which deals are worthy of our investors. We perform a complete due-diligence process in a rapid, but methodical fashion on every deal we consider, regardless of whether it's a \$3 million or \$100 million transaction.

At the heart of this process is an over 400 point checklist that covers everything from ensuring internal compliance to conducting tenant interviews to thorough property and market reviews. This checklist has been created from our years of experience and helps us to evaluate each property from every conceivable angle. It's a dependable process that has been refined over time to ensure that no stone is left unturned and no task, however simple, is left undone. From A to Z, our checklist allows us to quickly and properly evaluate a property to determine its true value.

More importantly, by creating and following a standardized process, we improve efficiency within the organization, allowing us to handle a large number of transactions at any given time. This proven due-diligence process has helped to shape Black Creek Group's reputation as a dependable buyer. When we decide to pursue an acquisition, we intend to close the deal in a swift manner with no last minute surprises for any of the parties involved. With a standard process we know all Black Creek Group teams are working toward the same goal of a successful and seamless closing and transition of the property into our portfolio.



DOING THE DETECTIVE WORK

The due-diligence phase of a commercial real estate acquisition is relatively brief, typically with only 25 to 30 days to conduct a thorough examination of a multimillion-dollar transaction. Thus, it is essential for all our teams to be engaged and working collectively to tick off over 400 steps along the way.

The due diligence and acquisition teams work together with the help of the legal, asset management, finance and construction teams, as well as third-party consultants, to sift through extensive property and financial documents, market research and tenant information. The teams then go one step further, speaking with local building departments, conducting on site visits, tenant interviews and market tours.

As we evaluate the investment, we rely on a wide array of third-party consultants for their objective insights. Their expertise may be knowledge of environmental matters and the property's physical condition along with any legal issues surrounding zoning, title and survey matters. The reports provided by these consultants are an important piece of the due-diligence process, as they often lead us to the discovery of items that need further investigation.

Internally, we rely on the extensive experience of asset management and construction management teams to help assess the property from a real-world viewpoint.

Working with these teams provides meaningful perspective and creative solutions for any variety of issues identified.

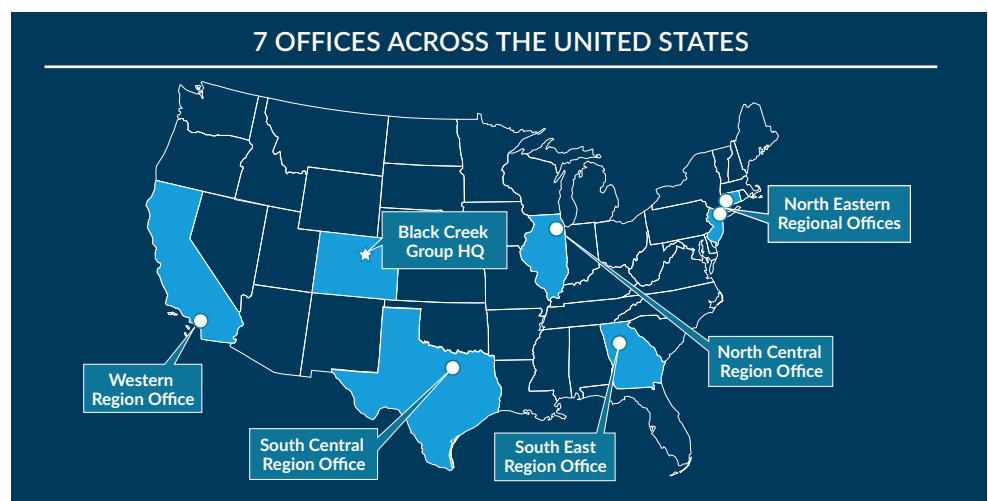
The teams also work together to conduct a thorough review of the financial and operating history of the property along with potential operational and credit risks. From reviewing leases to examining current and historical operating expenses to exploring potential tenant viability and risks, the teams work hand in hand to uncover all the details.

Our legal teams help identify and evaluate potential legal issues through the review of zoning, title, survey and leases. The finance team focuses on underwriting debt assumptions and sourcing appropriate financing for each investment, along with providing guidance on lender-specific issues that should be addressed during the diligence process.

The due-diligence period is essentially a “free look” at a property – having the ability to examine every aspect of our potential acquisition – so it is essential that issues are identified quickly and resolved prior to the due-diligence expiration date. By using a standard process along with our local market knowledge, we can complete transactions quickly while still protecting our investment.

LOCAL EXPERTISE SUPPORTED BY A CENTRALIZED PROCESS

One of the advantages we have throughout the due-diligence and acquisition process is our local market knowledge with our seasoned real-estate professionals in seven offices across the United States. We know the markets in which we buy because we live and work there. This knowledge plays an essential role in the due diligence we conduct.



Black Creek Group's real-estate experts provide invaluable insight into the markets and submarkets, from market rents and specific tenant demand to real-time replacement costs. They understand the neighborhoods, concerns and the political sensitivities that can impact our investments. This intimate familiarity provides a level of knowledge that goes far beyond what can be found in research studies or third-party reports.

Black Creek Group's regional teams help to identify and appropriately underwrite capital expenditures that may be regional in nature or in some cases, tenant specific. Our teams understand the specific building requirements or regional needs in their parts of the country. They know the actual costs for building repairs and improvements, which can vary widely depending on location — exceptionally valuable insight that can make a significant difference in the initial pricing and the ultimate performance of an investment.

There are countless considerations that vary from market to market. Our local expertise, married with our in-depth, repeatable process, will often mean the difference between a seamless acquisition and one that presents unanticipated challenges that others may not discover until it's too late or that they may be unable to resolve.

A deal can hinge on what we learn during due diligence. Therefore, having a thorough and efficient due-diligence process is an essential piece of a real estate acquisition. Most problems have a solution, but identifying and mitigating them upfront can help preserve and protect the value of the assets long-term.

IDENTIFY & MITIGATE THE RISKS

A due-diligence procedure that includes a systematic financial, legal and physical inspection by experienced professionals is an investment that will continue to create value.

It can steer you away from unattractive opportunities and help you close quickly on the right deals at the right price. Black Creek Group's more than 400-point process ensures nothing slips through the cracks. But more importantly, it allows us to move quickly and nimbly to evaluate and acquire a property. It has helped to build our reputation and develop relationships, allowing us to build value, one property at a time.

ABOUT BLACK CREEK GROUP

Black Creek Group is an experienced real estate investment management and development firm that has bought or built over \$19 billion of investments over its 25-year history. The firm manages diverse investment offerings across the spectrum of commercial real estate—including office, industrial, retail and multifamily providing a range of investment solutions for both institutional and wealth management channels. Black Creek Group has nine offices across North America with more than 300 professionals.

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