

---

REAL CAPITAL PORTFOLIO

# Funds & SPV Due Diligence Checklist

What to verify before committing capital to any  
pooled real estate investment vehicle.

---

r-cp.eu

## DUE DILIGENCE OVERVIEW

# Before You Invest a Single Euro

Funds and SPVs offer access to institutional-quality real estate without the burden of direct management. But they also require you to trust someone else with your capital. This checklist ensures you ask the right questions before committing.

The single biggest risk in pooled investments is the operator. A great asset class with a bad manager will underperform. A mediocre asset class with a great manager can outperform.

## SECTION 01

# Manager & Operator Assessment

**Track Record:**

- How many years has the manager been operating?
- How many previous funds/SPVs have they managed?
- What were the actual returns (not projected) on previous vehicles?
- Have they returned capital on time in previous funds?
- Can they provide references from existing investors?

**Team:**

- Who are the key principals? What is their background?
- Do they have direct real estate operating experience (not just finance)?
- Is there key-person risk (everything depends on one individual)?
- Do principals invest their own capital alongside investors?

**Regulatory & Legal:**

- Is the manager registered with relevant financial authorities?
- Are they licensed to manage investment vehicles in your jurisdiction?
- Have there been any regulatory actions, lawsuits, or complaints?

**Red Flag:**

If the manager cannot or will not provide audited track record data, or if they have no personal capital invested, proceed with extreme caution.

## SECTION 02

# Structure & Terms

**Fund/SPV Structure:**

- What is the legal structure? (LP, LLC, SA, SRL, etc.)
- What jurisdiction is it registered in?
- Is there an independent fund administrator?
- Is there an independent auditor?
- Is there an advisory board or investor committee?

### Investment Terms:

- What is the minimum investment amount?
- What is the fund term / lock-up period?
- Are there any extension provisions?
- What are the distribution mechanics? (quarterly, annual, at exit?)
- Is there a preferred return / hurdle rate?
- What is the profit split above the hurdle? (e.g., 80/20)

### Fees:

Fee Type	Typical Range	What to Watch
Management fee	1.0–2.0% of committed capital	Charged on committed vs. invested capital
Acquisition fee	0.5–1.5% per deal	Stacks on top of management fee
Performance fee	15–20% above hurdle	With or without catch-up?
Disposition fee	0.5–1.0% on sale	Some managers charge on both ends
Administration	0.1–0.3%	Often passed through to investors

## SECTION 03

# Investment Strategy & Assets

---

**Strategy Clarity:**

- What is the stated investment strategy? (Core, Value-Add, Opportunistic)
- What asset types will they invest in?
- What geographic markets?
- What is the target leverage (LTV)?
- Is there a clear thesis — not just ‘we buy good real estate’?

**Portfolio Construction:**

- How many assets will the fund hold?
- Is there a maximum allocation to any single asset?
- What is the diversification strategy (geography, type, tenant)?

**Deal Pipeline:**

- Do they have identified assets or is it a blind pool?
- If blind pool, what is the investment period?
- How do they source deals? (proprietary vs. open market)

## SECTION 04

# Reporting & Governance

---

**Transparency:**

- How often do they report? (quarterly minimum)
- Do reports include asset-level detail?
- Are financial statements audited annually?
- Do they provide NAV updates?
- Is there a portal for investors to access documents?

**Investor Rights:**

- Can you attend annual investor meetings?
- Are there any transfer restrictions on your interest?
- What happens in a default or wind-down scenario?
- Is there a LPAC (Limited Partner Advisory Committee)?

If the answers to these questions are vague, incomplete, or met with resistance — that tells you everything you need to know. Walk away.

## SCORING SUMMARY

# Quick Assessment Scorecard

Rate each section from 1 (poor) to 5 (excellent):

Category	Score (1–5)	Notes
Manager track record	___ / 5	
Team quality & alignment	___ / 5	
Legal & regulatory status	___ / 5	
Fee reasonableness	___ / 5	
Strategy clarity	___ / 5	
Transparency & reporting	___ / 5	
Investor protections	___ / 5	
<b>TOTAL</b>	___ / 35	

Score Range	Assessment	Action
28–35	Strong candidate	Proceed with legal review
21–27	Acceptable with conditions	Negotiate terms, seek references
14–20	Significant concerns	Request more information or pass
Below 14	Do not invest	Walk away

**Continue your education with RCP**

Academy modules, benchmark data, investment pathway comparisons, and more.

**Join free at [r-cp.eu/join](https://r-cp.eu/join)**

Real Capital Portfolio | [r-cp.eu](https://r-cp.eu) | Educational content only.