

Due Diligence Checklist for Passive Self-Storage Investment Fund

This checklist guides investors in evaluating a passive self-storage investment fund to ensure alignment with financial goals and risk tolerance.



Management and Track Record

Verify the experience and track record of fund managers in self-storage or real estate.

Request historical performance data of the fund or similar funds.

Review case studies or examples of past self-storage investments.

Investment Strategy

- Understand the fund's investment thesis (e.g., acquisition, development, value-add).
- Clarify target markets, regions, and property types (e.g., Class A, B, or C).
- Confirm the hold period and exit strategy for investments.

Property Portfolio

- Obtain a list of properties, including location, size, age, and occupancy rates.
- Inquire about the fund's due diligence process for property acquisitions.
- Check for regular property inspections and maintenance plans.

Financials and Fees

- Review projected cash flows, distributions, and financial statements.
- Understand the fee structure (management fees, carried interest).
- Verify projected IRR and cash-on-cash return.

Legal and Compliance

- Ensure the fund is compliant with securities laws and regulations.
- Check for legal disputes or liabilities related to the fund or properties.

Market Conditions

- Assess demand for self-storage in target markets.
- Evaluate competition and potential market saturation.

Risk Management

- Identify key risks (e.g., economic downturns, natural disasters).
- Review risk mitigation strategies (e.g., insurance, diversification).

Transparency and Reporting

- Confirm frequency and detail of investor reports.
- Ensure access to property-level financials and performance metrics.

Notes for Investors

Self-Storage Focus:

Pay attention to occupancy rates, rental rate growth, and operating expenses. Ensure the fund maintains and improves properties to maximize returns.

Passive Investment:

Prioritize the fund's management capabilities and oversight, as investors will not directly manage properties.

Professional Advice:

Consult a financial advisor or real estate expert to validate findings.