



DUE DILIGENCE

In a period of unprecedented market uncertainty, expert due diligence is your first and best advantage over others. Altus Group doesn't simply conduct due diligence, we create that advantage.



# FOCUS ON

## Due Diligence

Altus Group's Due Diligence team is the industry benchmark in independent analysis; giving your team the edge required to avoid misinformed acquisitions and to secure opportunities unrecognized by others. Altus Group dives deeper and digs harder with a team of proven professionals who have a track record of success. We also draw upon a uniquely broad range of disciplines and expertise by engaging three distinct business units: Cost Consulting and Development Cost Management; Research, Valuation and Advisory; and Realty Tax Consulting. The result is that your potential acquisition is subjected to scrutiny through far more than a single lens. And the evaluation is tailored to the priorities you rank as important.

We have provided valuation, advisory and/or due diligence services on many of the largest single-asset and portfolio transactions in North America and offer a full array of acquisition support services delivered by specialists whose depth of local knowledge is complemented by unmatched proprietary research tools and a coast-to-coast pool of professional, independent experience.

### **Comprehensive Resources**

As the dominant player in virtually every asset class and urban centre across North America, Altus Group possesses unsurpassed local market knowledge. Our team of business school graduates, professional quantity surveyors, qualified appraisers and analysts from development/public real estate backgrounds utilizes industry-leading proprietary research products and day-to-day exposure to much of North America's institutional real estate through its valuation practice. Our business units also provide in-house advisory services.

### **Services at a Glance:**

#### **Research, Valuation and Advisory**

##### **Base Rent Verification and Security**

- Review and summarize all leases and tenant correspondence; highlight all notable options to expand, terminate, etc.
- Reconcile leases/rent letters/estoppels and/or architectural certificates/bank statements to rent roll.
- Conduct personnel tenant interviews.
- Survey competing office complexes to determine market rental rates.

##### **Recovery Revenue Verification**

- Tenant-by-tenant CAM and tax verification.
- Summarize administration, amortization or depreciation, capital tax, realty tax, tenant hydro, janitorial and other operating costs by tenant.
- Compare current charges policy to market standards.
- Identify any potential irregularities or mistakes with respect to CAM and taxes charges.
- Tax assessment review (preliminary or in-depth).

##### **Financials Review**

- Review and analysis of historical audited financial statements, year-to-date performance and current budget.
- Variance analysis with Altus cash-flow forecast.
- Review of accounts receivable.
- Review of accounts payable for consistency of contractual agreements with respect to cleaning, security, etc., and compare to cancelled cheques.
- Tax assessment review (preliminary or in-depth).
- Analyze all miscellaneous revenue, including licensing agreements, and compare to the current market.

##### **Cash-Flow Modelling**

- Argus or Dyna software.

**Street Smart. World Wise.**

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## Cost Consulting and Development Cost Management

### Physical Due Diligence

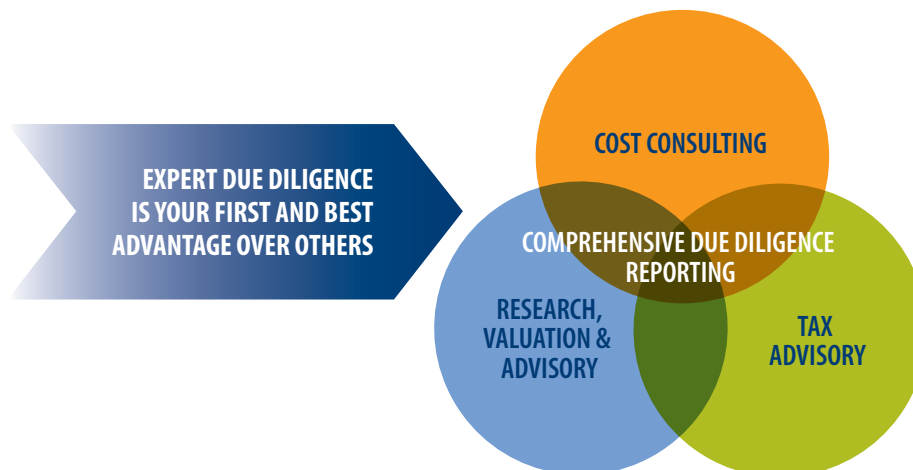
- Complete a building audit to assess the condition of the building's components and systems.
- Coordinate and summarize the findings reached by any specialist consultants required to inspect the property.
- Review original design documentation, if available.
- Interview the property manager and tenants to determine if there are issues or complaints.
- Identify any building components or systems that have reached or are projected to reach the end of their productive life cycle within the planning period.
- Provide cost estimates for any capital expenditures identified in the long term capital plan.
- Provide support and assistance during negotiations, if any, between purchaser and vendor.

### Short, Medium and Long-Term Modeling – Life Cycle Costing

- Utilize results from building audit.
- Combine additional capital expense streams for program, regulatory and strategic requirements.
- Provide overall strategic decision-support tools and analytics for the execution phase (year 1), tactical phase (years 2-5) and strategic phase (years 6-25).
- Direct reporting to the asset manager on large portfolios through web-based technology.

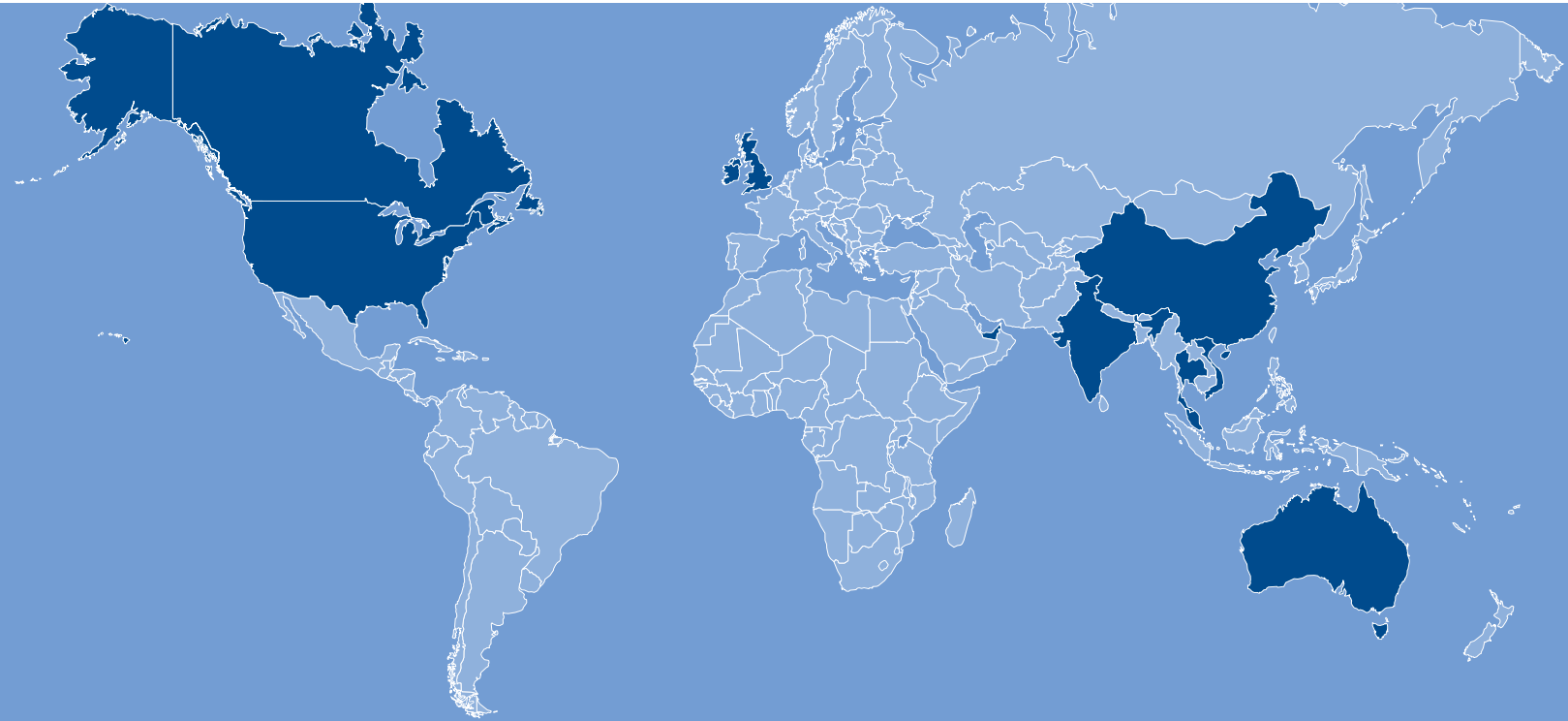
### Property Tax Due Diligence

- Assessment of tax liability.
- Review of lease and tax allocation between landlord and tenant (in accordance with the governing legislation).
- Review of outstanding appeals before the assessment tribunals.
- Cataloguing of historical appeal results.
- Review and analysis of supplementary and/or omitted assessments.
- Preparation of tax budgets for current and future years.
- Tax budgeting for new constructions/alterations/demolition.
- Review of tax classification – present and future use.





## Our Network



Altus offers diversified services and unparalleled expertise to a broad range of clients, in various industries across Canada and internationally.

### About Altus Group

Altus Group is the leading multidisciplinary provider of independent real estate consulting and professional advisory services worldwide. With a staff of over 1,500, Altus Group has a network of over 50 offices in 11 countries worldwide, including Canada, UK, Australia, Asia, USA and the Middle East. We operate four interrelated Business Units, bringing years of expertise together into one comprehensive platform: Research, Valuation and Advisory; Cost Consulting and Project Management; Realty Tax Consulting and Geomatics services. Our business units work independently or in cooperation to provide clients with the benefit of combined expertise. Our distinctive approach allows for decisions based on independent, carefully reviewed conclusions.

Altus Group provides services to some of the most prominent businesses, including banking institutions, pension funds, insurance companies, accounting firms, law firms, public real estate organizations (including REITs), industrial companies, private investors, asset and fund managers, real estate developers, governmental institutions, and oil and gas companies.



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