

The *gate checklist*.

The five gates every acquisition must clear before it becomes a deal. These are ours. Run them on ours, and on anyone else's.

THE RULE Any single failure kills the deal. There is no partial credit, no averaging, and no making it up on the exit. A gate you argue your way past was never a gate.

PROPERTY

PRICE

DATE

GATE ONE

Day-one cash flow

The property must cover its costs from existing operations, at today's rents, with today's expenses. The upside is the reward for good operation. It is never the requirement for survival.

PASS

FAIL

EVIDENCE

GATE TWO

Debt coverage with margin

Net operating income must cover debt service by at least 1.25x, our floor for the margin of safety between a bad quarter and a bad outcome. Institutional lenders draw the line near the same place, for the same reason.

PASS

FAIL

COVERAGE RATIO & EVIDENCE

GATE THREE

Basis below replacement cost

We buy existing doors meaningfully below what building them new would cost. That gap is structural downside protection: competitors cannot build against you profitably, and the asset's floor is anchored to physical reality rather than sentiment.

PASS

FAIL

BASIS VS. REPLACEMENT

GATE FOUR

Provable rent delta

Below-market rents must be demonstrable. Comps you can walk into, not "market surveys." The business plan is normalising what is provably under-managed. If the upside requires the market to move, it isn't upside. It's exposure.

PASS

FAIL

COMPS WALKED

GATE FIVE

Downside-case survival

The stacked bad year — flat rents, higher expenses, current-quote insurance stressed 25% further, worse vacancy — must still service debt and protect principal. **This is the gate that killed our Chicago deal.** It stays.

PASS

FAIL

STACKED CASE RUN BY / DATE

RUN BY

VERDICT

Sign it. A gate decision you were unwilling to put your name to was a preference, not a standard.

Notice what isn't here: a return target. Targets belong in private conversations that can carry their assumptions honestly. A sponsor happy to print the number before meeting you is telling you which of the two of you matters more.