

SHADOW AUDIT

AVB

2024 SAME-STORE PORTFOLIO

AUDIT ID: SHADOW-003

DATE: 02/2026

CONFIDENTIAL

INSTITUTIONAL USE ONLY

METHODOLOGY

The Shadow Audit identifies underwriting bias by applying two standardized adjustments to reported Same Store results.

1. REVENUE MISS: 2% REDUCTION

Underwriters consistently overproject revenue growth.

2. EXPENSE GAP: 3% INCREASE

Underwriters consistently underproject expense growth.

These adjustments are applied to actual reported numbers from the SEC 10-K filing. The resulting Proforma NOI represents a normalized operating baseline.

The difference between Current NOI and Proforma NOI is the NOI Gap. Valuation impact is calculated using a 5.5% cap rate.

This methodology is applied consistently across all Shadow Audits to enable comparable analysis across portfolios and time periods.

SOURCE DATA

AVB 2024 10-K FILING

Filed: February 2025

Access:

https://www.sec.gov/Archives/edgar/data/915912/000091591225000005/avb-20241231.htm#i92d7aec21d28456280e44fc373ee90b2_49

SAME-STORE TABLE (Page 38)

"The 2.7% increase in our Same Store Residential NOI in 2024 is due to an increase in Residential revenue of \$87,854,000, or 3.4%, partially offset by an increase in Residential property operating expenses of \$39,211,000, or 5.0%, over 2023."

Source verification: All numbers extracted directly from the above filing. No estimates or adjustments to source data.

ANALYSIS

CURRENT OPERATIONS

Revenue	\$2,680,192,000
Expenses	\$829,021,000
NOI	\$1,851,171,000

ADJUSTMENTS

Revenue Miss (2%)	-\$53,603,840
Expense Gap (3%)	+\$24,870,630
Total Adjustment	-\$28,733,210

PROFORMA OPERATIONS

Proforma Revenue	\$2,626,588,160
Proforma Expenses	\$853,891,630
Proforma NOI	\$1,772,696,530
NOI Gap	\$78,474,470
Decline	4.24%

VALUATION IMPACT (5.5% CAP)

Current Value	\$33,657,654,545
Proforma Value	\$32,230,846,000
Value Creation	-\$1,426,808,545

CALCULATION CHECK

Proforma Revenue = Revenue × 0.98
Proforma Expenses = Expenses × 1.03
Proforma NOI = Proforma Revenue – Proforma Expenses
NOI Gap = Current NOI – Proforma NOI

NorthQuest

This analysis is based on publicly available SEC filings. NorthQuest LLC applies a standardized methodology to identify underwriting bias. Results are estimates and should be verified through full due diligence prior to any acquisition decision.

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