

SHADOW AUDIT

AVB

2023 SAME-STORE PORTFOLIO

AUDIT ID: SHADOW-004

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 2023 10-K FILING

Filed: February 2024

Access:

https://www.sec.gov/Archives/edgar/data/915912/000091591224000004/avb-20231231.htm#idcd17d01640c4b6f958c590953c29d3b_46

SAME-STORE TABLE (Page 37)

"The increase in our Same Store Residential NOI in 2023 is due to an increase in Residential rental revenue of \$149,495,000, or 6.3%, partially offset by an increase in Residential property operating expenses of \$48,752,000, or 6.6%, over 2022."

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

ANALYSIS

CURRENT OPERATIONS

| | |
|----------|-----------------|
| Revenue | \$2,523,452,000 |
| Expenses | \$ 787,408,000 |
| NOI | \$1,736,044,000 |

ADJUSTMENTS

| | |
|-------------------|---------------|
| Revenue Miss (2%) | -\$50,469,040 |
| Expense Gap (3%) | +\$23,622,240 |
| Total Adjustment | -\$26,846,800 |

PROFORMA OPERATIONS

| | |
|-------------------|-----------------|
| Proforma Revenue | \$2,472,982,960 |
| Proforma Expenses | \$ 811,030,240 |
| Proforma NOI | \$1,661,952,720 |
| NOI Gap | \$ 74,091,280 |
| Decline | 4.27% |

VALUATION IMPACT (5.5% CAP)

| | |
|----------------|------------------|
| Current Value | \$31,564,436,364 |
| Proforma Value | \$30,217,322,182 |
| Value Creation | -\$1,347,114,182 |

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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