

SHADOW AUDIT

AVB

2021 SAME-STORE PORTFOLIO

AUDIT ID: SHADOW-006

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 2021 10-K FILING

Filed: February 2022

Access:

<https://www.sec.gov/Archives/edgar/data/915912/000091591222000005/avb-20211231.htm>

SAME-STORE DATA (Page 37)

"The decrease in our Residential Same Store NOI in 2021 is due to a decrease in rental revenue of \$45,643,000, or 2.2% and an increase in property operating expenses of \$20,300,000, or 3.2%, over 2020."

Residential NOI 2021: \$1,488,933,000 (Page 36)

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

ANALYSIS

CURRENT OPERATIONS

| | |
|----------|-----------------|
| Revenue | \$2,028,317,000 |
| Expenses | \$ 621,412,000 |
| NOI | \$1,406,905,000 |

ADJUSTMENTS

| | |
|-------------------|---------------|
| Revenue Miss (2%) | -\$40,566,340 |
| Expense Gap (3%) | +\$18,642,360 |
| Total Adjustment | -\$21,923,980 |

PROFORMA OPERATIONS

| | |
|-------------------|-----------------|
| Proforma Revenue | \$1,987,750,660 |
| Proforma Expenses | \$ 640,054,360 |
| Proforma NOI | \$1,347,696,300 |
| NOI Gap | \$ 59,208,700 |
| Decline | 4.21% |

VALUATION IMPACT (5.5% CAP)

| | |
|----------------|------------------|
| Current Value | \$25,580,090,909 |
| Proforma Value | \$24,503,569,091 |
| Value Creation | -\$1,076,521,818 |

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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