

# **SHADOW AUDIT**

## **AVB**

### **2020 SAME-STORE PORTFOLIO**

AUDIT ID: SHADOW-007

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 2020 10-K FILING

Filed: February 2021

Access:

<https://www.sec.gov/Archives/edgar/data/915912/000091591221000004/avb-20201231.htm>

SAME-STORE DATA (Page 37)

"The decrease in our Established Communities' NOI in 2020 is due to a decrease in rental revenue of 3.7%... as well as an increase in property operating expenses of \$17,424,000, or 2.9%, over 2019."

Established Communities NOI decrease: \$96,395,000

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

**ANALYSIS**

CURRENT OPERATIONS

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Revenue	\$2,026,719,000
Expenses	\$619,814,000
NOI	\$1,406,905,000

ADJUSTMENTS

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Revenue Miss (2%)	-\$40,534,380
Expense Gap (3%)	+\$18,594,420
Total Adjustment	-\$21,939,960

PROFORMA OPERATIONS

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Proforma Revenue	\$1,986,184,620
Proforma Expenses	\$638,408,420
Proforma NOI	\$1,347,776,200
NOI Gap	\$59,128,800
Decline	4.20%

VALUATION IMPACT (5.5% CAP)

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Current Value	\$25,580,090,909
Proforma Value	\$24,505,021,818
Value Creation	-\$1,075,069,091

CALCULATION CHECK

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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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