

SHADOW AUDIT

AVB

2019 SAME-STORE PORTFOLIO

AUDIT ID: SHADOW-008

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 2019 10-K FILING

Filed: February 2020

Access:

<https://www.sec.gov/Archives/edgar/data/915912/000091591220000004/a201910-k.htm#s91AD685D3C3F5050A44EF5EB3822CFB8>

SAME-STORE TABLE (Page 37)

	Rental revenue (000s)			
			\$ Change	% Change
	2019	2018	2019 to 2018	2019 to 2018
New England	\$ 249,515	\$ 242,127	\$ 7,388	3.1%
Metro NY/NJ (2)	410,503	400,205	10,298	2.6%
Mid-Atlantic	292,691	284,131	8,560	3.0%
Pacific Northwest	112,553	108,549	4,004	3.7%
Northern California	363,554	352,879	10,675	3.0%
Southern California	405,556	394,237	11,319	2.9%
Total Established	\$ 1,834,372	\$ 1,782,128	\$ 52,244	2.9%

	Total revenue	NOI	Gross real estate (1)
For the year ended December 31, 2019			
Established			
New England	\$ 249,301	\$ 164,977	\$ 2,065,954
Metro NY/NJ	411,115	291,662	3,545,753
Mid-Atlantic	292,943	207,091	2,685,052
Pacific Northwest	113,021	82,186	990,563
Northern California	363,910	280,216	2,850,491
Southern California	406,049	291,340	3,609,595
Total Established (2)	1,836,339	1,317,472	15,747,408
Other Stabilized	298,415	202,445	3,551,512
Development / Redevelopment	163,471	107,293	3,702,194
Land Held for Future Development	N/A	N/A	—
Non-allocated (3)	4,960	N/A	557,346
Total	\$ 2,303,185	\$ 1,627,210	\$ 23,558,460

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

ANALYSIS

CURRENT OPERATIONS

Revenue	\$1,836,339,000
Expenses	\$518,867,000
NOI	\$1,317,472,000

ADJUSTMENTS

Revenue Miss (2%)	-\$36,726,780
Expense Gap (3%)	+\$15,566,010
Total Adjustment	-\$21,160,770

PROFORMA OPERATIONS

Proforma Revenue	\$1,799,612,220
Proforma Expenses	\$534,433,010
Proforma NOI	\$1,265,179,210
NOI Gap	\$52,292,790
Decline	3.97%

VALUATION IMPACT (5.5% CAP)

Current Value	\$23,954,036,364
Proforma Value	\$23,003,258,364
Value Creation	-\$950,778,000

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.

northquestgroup.com

shadow@northquestgroup.com