

SHADOW AUDIT

BRT

2022 SAME-STORE PORTFOLIO

AUDIT ID: SHADOW-011

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

BRT 2022 10-K FILING

Filed: March 2023

Access:

<https://www.sec.gov/Archives/edgar/data/14846/000001484623000005/brt-20221231.htm>

SAME-STORE DATA (Page 34)

Same Store NOI 2022: \$15,668,000

Same Store NOI 2021: \$14,107,000

Same Store NOI increase: \$1,561,000

"In 2022, ... Same store NOI increased in 2022 by \$1.6 million from 2021 due to a \$2.6 million increase in rental revenues ... offset by a \$1.0 million increase in real estate operating expenses."

Total Portfolio Revenue 2022: \$70,527,000

Total Portfolio real estate operating expenses 2022: \$30,558,000

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

ANALYSIS

CURRENT OPERATIONS

| | |
|----------|--------------|
| Revenue | \$27,642,000 |
| Expenses | \$11,979,000 |
| NOI | \$15,663,000 |

ADJUSTMENTS

| | |
|-------------------|------------|
| Revenue Miss (2%) | -\$552,840 |
| Expense Gap (3%) | +\$359,370 |
| Total Adjustment | -\$912,210 |

PROFORMA OPERATIONS

| | |
|-------------------|--------------|
| Proforma Revenue | \$27,089,160 |
| Proforma Expenses | \$12,338,370 |
| Proforma NOI | \$14,750,790 |
| NOI Gap | \$912,210 |
| Decline | 5.82% |

VALUATION IMPACT (5.5% CAP)

| | |
|----------------|---------------|
| Current Value | \$284,781,818 |
| Proforma Value | \$268,196,182 |
| Value Creation | -\$16,585,636 |

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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