

SHADOW AUDIT

BRT

2021 SAME-STORE PORTFOLIO

AUDIT ID: SHADOW-012

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 2021 10-K FILING

Filed: March 2022

Access: <https://www.sec.gov/Archives/edgar/data/14846/000001484622000010/brt-20211231.htm>

SAME-STORE DATA (Page 36)

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

Same Store NOI 2020: \$13,091,000

Same Store NOI increase: \$1,016,000

"NOI increased in 2021 by \$2.8 million... The Same Store NOI increase is due primarily to a \$1.7 million increase in rental revenue from increased rental rates... offset by a \$765,000 increase in operating expenses."

Total Portfolio Revenue 2021: \$32,041,000 (from F-5)

Total Portfolio real estate operating expenses 2021: \$14,202,000 (from F-5)

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

ANALYSIS

CURRENT OPERATIONS

Revenue	\$25,344,000
Expenses	\$11,234,000
NOI	\$14,110,000

ADJUSTMENTS

Revenue Miss (2%)	-\$506,880
Expense Gap (3%)	+\$337,020
Total Adjustment	-\$843,900

PROFORMA OPERATIONS

Proforma Revenue	\$24,837,120
Proforma Expenses	\$11,571,020
Proforma NOI	\$13,266,100
NOI Gap	\$843,900
Decline	5.98%

VALUATION IMPACT (5.5% CAP)

Current Value	\$256,545,455
Proforma Value	\$241,201,818
Value Creation	-\$15,343,637

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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