

SHADOW AUDIT

BRT

2020 SAME-STORE PORTFOLIO

AUDIT ID: SHADOW-013

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 2020 10-K FILING

Filed: March 2021

Access:

<https://www.sec.gov/Archives/edgar/data/14846/000001484621000008/brt-20201231.htm>

SAME-STORE DATA (Page 33)

Same Store NOI 2020: \$12,892,000

Same Store NOI 2019: \$12,572,000

Same Store NOI increase: \$320,000

"Same Store NOI increase is primarily due to a \$929,000 increase in rental revenue from increased rental rates and, to a lesser extent, higher occupancy rates, offset by a \$609,000 increase in operating expenses."

Total Portfolio Revenue 2020: \$27,451,000 (from F-6)

Total Portfolio real estate operating expenses 2020: \$12,377,000 (from F-6)

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

ANALYSIS

CURRENT OPERATIONS

Revenue	\$23,471,000
Expenses	\$10,582,000
NOI	\$12,889,000

ADJUSTMENTS

Revenue Miss (2%)	-\$469,420
Expense Gap (3%)	+\$317,460
Total Adjustment	-\$786,880

PROFORMA OPERATIONS

Proforma Revenue	\$23,001,580
Proforma Expenses	\$10,899,460
Proforma NOI	\$12,102,120
NOI Gap	\$786,880
Decline	6.11%

VALUATION IMPACT (5.5% CAP)

Current Value	\$234,345,455
Proforma Value	\$220,038,545
Value Creation	-\$14,306,910

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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