

SHADOW AUDIT

BRT

2019 SAME-STORE PORTFOLIO

AUDIT ID: SHADOW-014

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 2019 10-K FILING

Filed: March 2020

Access: <https://www.sec.gov/Archives/edgar/data/14846/000001484620000010/brt-20191231.htm>

SAME-STORE DATA (Page 32)

Same Store NOI 2019: \$9,007,000

Same Store NOI 2018: \$8,295,000

Same Store NOI increase: \$712,000

"Same store NOI increased \$712,000 primarily due to increased rental rates and, to a lesser extent, other revenues and higher occupancy rates, offset by a \$163,000 increase in operating expenses."

Total Portfolio Revenue 2019: \$27,009,000 (from F-6)

Total Portfolio real estate operating expenses 2019: \$12,332,000 (from F-6)

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

ANALYSIS

CURRENT OPERATIONS

Revenue	\$16,584,000
Expenses	\$ 7,572,000
NOI	\$ 9,012,000

ADJUSTMENTS

Revenue Miss (2%)	-\$331,680
Expense Gap (3%)	+\$227,160
Total Adjustment	-\$558,840

PROFORMA OPERATIONS

Proforma Revenue	\$16,252,320
Proforma Expenses	\$ 7,799,160
Proforma NOI	\$ 8,453,160
NOI Gap	\$558,840
Decline	6.20%

VALUATION IMPACT (5.5% CAP)

Current Value	\$163,854,545
Proforma Value	\$153,693,818
Value Creation	-\$10,160,727

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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