Recast Financials & 5-Year Pro Forma

Storage Quarters | 15415 Pine Ridge Rd, Fort Myers, FL 33908

This summary restates Storage Quarters' reported operating results, presents a **recast (normalized) view of earning power** a new owner would inherit, and projects a 5-year **pro forma**. All historical figures are taken directly from the seller's profit-and-loss statements and tie to them exactly. The recast removes non-recurring, owner-discretionary, and financing items; the pro forma reflects lease-up of current vacancy and the facility's Cubby AI revenue-management (ECRI) program.

Reported results (as filed, accrual basis)

($)	2023	2024	2025	2026 YTD*
Total income	$226,100	$254,145	$210,337	$90,844
Cost of goods sold	($93)	$0	($447)	$0
Operating expenses	($88,748)	($60,262)	($71,914)	($25,870)
Reported Net Operating Income	**$137,258**	**$193,882**	**$137,975**	**$64,974**
Mortgage interest (below NOI)	($108,554)	($138,947)	($125,392)	($50,628)
Depreciation (below NOI)	$0	$0	($34,064)	$0
Net income	**($33,316)**	**$24,892**	**$4,545**	**$14,249**

*2026 is January–May year-to-date. Parentheses = costs/negatives.

Reading the statements

Two points matter for valuation. First, the seller's books already place **mortgage interest, depreciation, contract labor, and charitable contributions below the NOI line** — so Reported NOI is already a pre-debt, pre-depreciation property figure. Second, rental income dipped from 2024 to 2025; the current rent roll (next pages) shows the in-place run-rate has since recovered to roughly **$214,000/year**, which anchors the pro forma.

Owner's note: the on-site manager is compensated with an apartment (in-kind), and move-ins/move-outs run largely automated online through Cubby — so the business carries **no cash management salary**. The “Contract labor” line ran to $0 in 2026.

Recast to normalized earning power

Bridge from the most recent full year (2025) to a normalized, stabilized NOI — the figure that reflects how the property earns on a clean, forward basis.

Recast bridge — 2025 → normalized	Amount	Running NOI
2025 Reported NOI		**$137,975**
+ Revenue to current in-place run-rate (rent roll)	+$13,054	$151,029
+ Remove non-recurring cost of goods sold	+$447	$151,476
+ Normalize operating costs (see notes)	+$5,498	$156,975
Normalized stabilized NOI		**$156,975**

Operating-cost normalization nets to +$5,498: bad debt normalized to a 3-year average (2025 was unusually high) and advertising normalized off its 2025 spike, plus removal of one-time/discretionary items (closing/refi, entertainment, uncategorized). Insurance is held at the actual current premium (below), so it is essentially unchanged from 2025.

Add-backs & normalizations applied

Item	Treatment
Mortgage interest / depreciation	Removed — financing & non-cash (already below NOI line)
Closing / refi costs ($3,255)	Removed — one-time financing
Charitable contributions ($4,550)	Removed — discretionary
Entertainment / uncategorized	Removed — discretionary / non-operating
Bad debt	Normalized to 3-yr average (~$5,600 vs. $9,718 in 2025)
Advertising	Normalized to 3-yr average (~$1,540 vs. $3,519 in 2025)
Property + GL insurance	Actual 2025–26 policies: $2,508 property + $945 GL = $3,453/yr (no flood)

Additional add-backs available to a buyer (upon diligence)

Not included in the normalized NOI above, but documentable in diligence and additive to a buyer's earnings: **contract labor** ($23.6K / $28.8K / $7.6K in 2023–25, already excluded from NOI and $0 in 2026, as operations are automated); any **owner personal expenses** run through the P&L; and any **one-time repairs** (e.g., a $5,287 March-2026 R&M item) confirmed as non-recurring. These are presented conservatively — quantify and substantiate them in the offering package to support a higher adjusted figure.

Rent roll & revenue basis

As of 6/28/2026. In-place rents sit well above current street/asking rates — the result of the Cubby revenue-management program, which moves tenants in at promotional rates and raises them over time with AI-generated increases. That gain-to-lease, plus 41 vacant units, is the engine of the pro forma.

176	~75%	~68%	~$214,000
Total units	Occupancy (unit)	Occupancy (area)	In-place rent / yr

Unit mix & in-place vs. street rates

Size / category	Units	Occ.	Vacant	In-place	Street
5x5	28	16	12	$49	$28
5x10	33	27	6	$75	$46
12x12	30	30	0	$134	$92
10x10	8	7	1	$150	$125
10x20	25	24	1	$190	$116
10x25 / 15x30	9	9	0	—	—
Other storage (10x30, 8x10, 12x18, 15x20)	9	6	3	—	—
Standard storage subtotal	**142**	**119**	**23**	**—**	**—**
RV / vehicle parking	27	13	13	$77	$52
Mailbox lockers (1x1)	6	1	5	$10	$10
Manager apartment (not rented)	1	—	—	—	—
Total	**176**	**133**	**41**	**$17,899/mo**	**$16,377/mo**

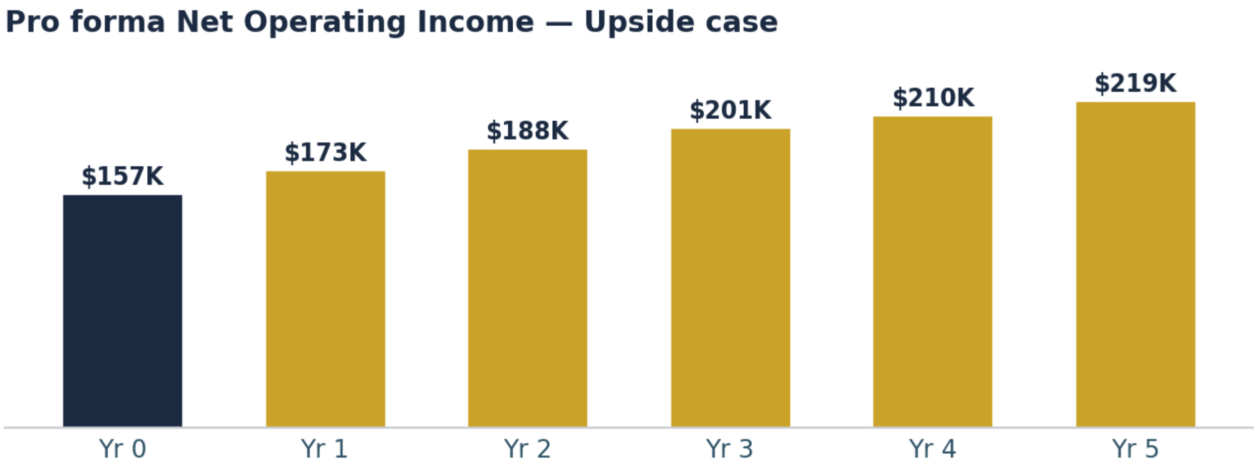
Context on the 41 vacancies: 18 are low-rate ancillary spaces (13 RV/vehicle parking + 5 mailbox lockers), and 18 are the smallest lockers (twelve 5x5, six 5x10); only five mid- or large units are vacant. The revenue-driving standard storage units run ~84% occupied, and economic occupancy is ~109%.

Recent capital improvements (last 24 months)

Year	Improvement	Cost
2024	Exterior repaint — Ryan Hammond, Inc.	$25,733
2025	Asphalt sealcoating — North Port Sealcoating	$53,918
	Total recent capital invested	**$79,650**

These were capitalized as improvements — not run through operating expenses — so they do **not** reduce the NOI shown anywhere in this package; the pro forma is already clean of them. For a buyer, roughly $80,000 of fresh exterior paint and new pavement sealcoat means low deferred maintenance and minimal near-term capital outlay, which supports both the asking price and a premium (low) cap rate.

5-year pro forma — Upside case



Year 0 = current stabilized (normalized). Yrs 1-5 = lease-up + Cubby ECRI rate growth.

($)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Total income	$223,391	$241,262	$258,151	$273,640	$284,585	$295,969
Operating expenses	($66,416)	($68,409)	($70,461)	($72,575)	($74,752)	($76,995)
Net Operating Income	**$156,975**	**$172,854**	**$187,690**	**$201,065**	**$209,833**	**$218,974**

Assumptions (editable): Year 0 = normalized stabilized. Revenue growth 8% / 7% / 6% / 4% / 4% (front-loaded lease-up of vacancy + ECRI rate increases); operating expenses grow 3%/yr; no cash management fee (owner/in-kind manager). Insurance is set to the actual current policies ($3,453/yr); routine R&M held at a normalized allowance pending confirmation.

Illustrative value (NOI ÷ cap rate)

Cap rates reflect the premium hard-corner location at Pine Ridge Rd & Gladiolus Dr and ~$80K of recent capital improvements (2024–25).

NOI basis	@ 5.5%	@ 6.0%	@ 6.5%
Year 0 (stabilized)	$2,854,100	$2,616,200	$2,415,000
Year 1	$3,142,800	$2,880,900	$2,659,300
Year 5	$3,981,300	$3,649,600	$3,368,800

Disclaimers

Prepared from seller-provided statements and rent roll; a buyer should perform independent due diligence and verification. This is not an appraisal and not investment, tax, or legal advice. Cap-rate values are illustrative only. A sale will trigger Florida property-tax reassessment toward the purchase price, which would raise operating expense and lower NOI from the figures shown; property taxes should be re-modeled once a price is set. Routine R&M and the additional owner add-backs noted on page 2 should be confirmed before relying on these figures in a transaction. (Insurance now reflects the actual 2025–26 property and general-liability policies.)