

# **CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

**Spartan Storage Fund I, LLC, a Limited Liability Company (LLC)**

**PURSUANT TO RULE 506(c) OF THE SECURITIES ACT OF 1933**

**April 13, 2022**

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***Total Offering: \$150,000,000***

***Limited Liability Company Units***

***Minimum Investment: One Class A Unit = \$50k***

***Minimum Investment: Twenty Class B Units = \$1M***

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**THE UNITS OF OWNERSHIP ARE BEING OFFERED BY SPARTAN STORAGE FUND I, LLC (THE “FUND” OR THE “COMPANY”) TO A LIMITED NUMBER OF INVESTORS PURSUANT TO THE EXEMPTION FROM REGISTRATION CONTAINED IN SECTION 4(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED, AND RULE 506(c) PROMULGATED UNDER SUCH ACT FOR OFFERS AND SALES OF SECURITIES TO “ACCREDITED INVESTORS” NOT INVOLVING ANY PUBLIC OFFERING. NO APPLICATION TO REGISTER THE UNITS HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR WITH ANY STATE SECURITIES COMMISSION.**

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**THESE SECURITIES INVOLVE A HIGH DEGREE OF RISK.**

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**THERE IS NO PUBLIC MARKET FOR THE UNITS. THE SECURITIES OFFERED ARE RESTRICTED SECURITIES UNDER FEDERAL AND STATE SECURITIES LAWS. SEE “RESTRICTIONS ON THE PLACEMENT.” THE PLACEMENT PRICE OF THE UNITS HAS BEEN ESTABLISHED BY THE FUND AND BEARS NO RELATIONSHIP TO THE FUND’S ASSETS, BOOK VALUE OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.**

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## **SUMMARY OF OFFERING**

This Confidential Private Placement Memorandum (“Memorandum”) relates to the sale (“Offering”) of limited liability company membership interests (the “Units”) in Spartan Storage Fund I, a Wyoming limited liability company (the “Fund”) and is being furnished to selected qualified prospective investors (“Prospective Investors”) in connection with the Offering. The Units are being offered for sale only to persons that are “Accredited Investors,” as that term is defined under the Securities Act of 1933, as amended (the “Securities Act”), and Regulation D promulgated thereunder.

The Fund intends to raise between \$5,000,000 (the “Minimum Offering Amount”) and \$150,000,000 (the “Target Offering Amount”), with an option, at sole discretion of the Manager to an over-allotment of \$50,000,000 for a total of \$200,000,000 (the “Maximum Offering Amount”) in the Offering. The Offering will terminate on the earliest of: (a) the date the Fund, in its discretion, elects to terminate, or (b) the date upon which all Units have been sold, or (c) April 12, 2023, or such date as may be extended from time to time by the Fund, but not later than 180 days thereafter (the “Offering Period”). The Fund shall return subscription funds, without interest or deduction, in the event the Minimum Offering Amount is not raised by the end of the Offering Term. All proceeds from the sale of Units up to the Minimum Offering Amount will be deposited in a segregated Investment holding account. Upon the sale of \$5,000,000 of Units,

all proceeds will be delivered directly to the Fund's corporate account and be available for use by the Fund at its discretion.

The Fund is managed by Spartan Investment Group, LLC (the "Manager"), a Delaware limited liability company.

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The Offering is being conducted in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder, and other similar exemptions under applicable securities laws of the states. The Fund intends to operate in such a manner that it will not become subject to regulation under the Investment Company Act of 1940, as amended (the "Investment Company Act") and does not intend to register as an Investment Company thereunder. The Fund intends to operate in such a manner that it will not become subject to regulation under the Investment Advisor Act of 1940, as amended (the "Investment Advisor Act") and does not intend to register as an Investment Advisor thereunder. There is no public market for the Units, and no public market is expected to develop. The Units are "restricted securities" and may not be resold or otherwise transferred, unless an exemption from the registration requirements of the Securities Act and any applicable securities laws of any state or jurisdiction is available, and the transfer otherwise complies with the transfer restrictions contained in the limited liability company operating agreement of the Fund (the "Operating Agreement") Prospective Investors should be aware that they will be required to bear the financial risks of this Investment for an indefinite period of time.

This Memorandum is solely for use by the Prospective Investor to whom it is delivered for the purpose of considering an Investment in the Fund, and by such person's advisors and representatives providing assistance in such purpose. It may not be copied or provided to any other person or used for any other purpose. Each person accepting delivery of this Memorandum, by such acceptance, agrees to keep the contents of this Memorandum and any related documents in strict confidence and to return this Memorandum and all other related documents to the Fund if the Prospective Investor decides not to invest in the Fund, if his, her, or its subscription is rejected or if the Offering is terminated.

**An Investment in the Units will involve significant risks. Prospective Investors should carefully review all information in the Section entitled "*Risk Factors*" beginning on page eight of this Memorandum.**

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**Spartan Storage Fund I, LLC  
1440 Brickyard Road Ste #4  
Golden, CO 80403**

## NOTICE TO PROSPECTIVE INVESTORS

THIS MEMORANDUM IS BEING USED IN CONNECTION WITH THE PRIVATE PLACEMENT OF SECURITIES OF THE FUND PURSUANT TO AN EXEMPTION FROM REGISTRATION CONTAINED IN SECTION 4(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND REGULATION D PROMULGATED THEREUNDER. OFFERS AND SALES WILL ONLY BE MADE TO PERSONS WHOM THE FUND BELIEVES TO BE “ACCREDITED INVESTORS” AS DEFINED IN REGULATION D.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH OR APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE NOR HAS THE COMMISSION OR ANY SUCH AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

AN INVESTMENT IN THE SECURITIES PURSUANT TO THIS OFFERING WILL BE SUBJECT TO CERTAIN RESTRICTIONS AS DESCRIBED MORE FULLY HEREIN AND IN THE SUBSCRIPTION AGREEMENT. INVESTORS MUST EXPECT TO BEAR THE ECONOMIC RISK OF AN INVESTMENT IN THE SECURITIES FOR AN INDEFINITE PERIOD. THE SECURITIES MAY NOT BE OFFERED, SOLD, OR OTHERWISE DISPOSED OF WITHOUT REGISTRATION UNDER THE SECURITIES ACT UNLESS, IN THE WRITTEN OPINION OF COUNSEL ACCEPTABLE TO THE FUND, SUCH REGISTRATION IS NOT REQUIRED. ANY SUCH REALES MUST ALSO COMPLY WITH ANY APPLICABLE STATE SECURITIES REQUIREMENTS. IT IS NOT EXPECTED THAT ANY MARKET WILL DEVELOP FOR THE SECURITIES.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES OFFERED HEREBY, NOR DOES IT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY FROM ANY PERSON IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO A PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

STATEMENTS IN THIS MEMORANDUM ARE MADE AS OF THE DATE HEREOF UNLESS STATED OTHERWISE AND NEITHER THE DELIVERY OF THIS MEMORANDUM AT ANY TIME, NOR ANY SALE HEREUNDER, SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

ANY ESTIMATES OR PROJECTIONS AS TO EVENTS THAT MAY OCCUR IN THE FUTURE (INCLUDING PROJECTIONS OF REVENUE, EXPENSE, AND NET INCOME) ARE BASED UPON THE BEST JUDGMENT OF THE FUND’S MANAGEMENT AS OF THE DATE OF THIS MEMORANDUM. WHETHER OR NOT SUCH ESTIMATES OR PROJECTIONS MAY BE ACHIEVED WILL DEPEND UPON THE FUND ACHIEVING ITS OVERALL BUSINESS OBJECTIVES AND THE AVAILABILITY OF FUNDS, INCLUDING FUNDS FROM THE SALE OF THE SECURITIES. THERE IS NO GUARANTEE THAT ANY OF THESE PROJECTIONS WILL BE ATTAINED. ACTUAL RESULTS WILL VARY FROM THE PROJECTIONS AND SUCH VARIATIONS MAY BE MATERIAL.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX, OR INVESTMENT ADVICE. INVESTORS SHOULD CONSULT THEIR OWN LEGAL COUNSEL, ACCOUNTANT, OR BUSINESS ADVISOR AS TO LEGAL AND RELATED MATTERS CONCERNING AN INVESTMENT IN THE SECURITIES. THIS MEMORANDUM DOES NOT PURPORT TO BE ALL-INCLUSIVE OR CONTAIN ALL THE INFORMATION WHICH A PROSPECTIVE INVESTOR MAY REQUIRE. PROSPECTIVE INVESTORS ARE ADVISED OF THE NEED TO CONDUCT THEIR OWN THOROUGH INVESTIGATION AND DUE DILIGENCE BEFORE MAKING AN INVESTMENT IN THE SECURITIES.

NEITHER THE FUND NOR ITS COUNSEL MAKES ANY REPRESENTATION TO ANY OFFEREE OR

PURCHASER OF THE SECURITIES OFFERED HEREBY REGARDING THE LEGALITY OF AN INVESTMENT THEREIN BY SUCH OFFEREE OR PURCHASER UNDER APPLICABLE LEGAL, INVESTMENT, OR SIMILAR LAWS OR REGULATIONS.

THIS MEMORANDUM CONTAINS SUMMARIES, BELIEVED BY THE FUND TO BE ACCURATE, OF CERTAIN TERMS OF CERTAIN DOCUMENTS, BUT REFERENCE IS MADE TO THE ACTUAL DOCUMENTS, COPIES OF WHICH ARE AVAILABLE AT THE OFFICES OF THE FUND. ALL SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THIS REFERENCE.

THE FUND WILL PROVIDE INVESTORS, PRIOR TO THE SALE OF THE SECURITIES, WITH THE OPPORTUNITY TO ASK QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION WHICH THE FUND POSSESSES OR CAN ACQUIRE WITHOUT UNREASONABLE EFFORT OR EXPENSE.

THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF PROSPECTIVE INVESTORS INTERESTED IN THE PROPOSED PRIVATE PLACEMENT OF THE SECURITIES. DISTRIBUTION OF THIS MEMORANDUM TO ANY PERSON OTHER THAN SUCH PROSPECTIVE INVESTOR AND THOSE PERSONS RETAINED TO ADVISE SUCH PROSPECTIVE INVESTOR WITH RESPECT THERETO IS UNAUTHORIZED, AND ANY REPRODUCTION OF THIS MEMORANDUM OR RELATED DOCUMENTS, IN WHOLE OR IN PART, IS PROHIBITED. EACH PROSPECTIVE INVESTOR, BY ACCEPTING DELIVERY OF THIS MEMORANDUM, AGREES TO RETURN IT AND ALL OTHER DOCUMENTS RECEIVED IN CONNECTION WITH THIS OFFERING TO 3 PILLARS LAW, PLLC IF SUCH PROSPECTIVE INVESTOR DOES NOT PURCHASE ANY OF THE SECURITIES OR IF THE OFFERING IS TERMINATED.

THIS OFFER CAN BE WITHDRAWN AT ANY TIME BEFORE A CLOSING AND IS SPECIFICALLY MADE SUBJECT TO THE TERMS DESCRIBED IN THIS MEMORANDUM AND IN THE PURCHASE AGREEMENT.

**An Investment in the Units is speculative and involves significant risks. See the section entitled “Risk Factors” in this Memorandum for a complete discussion of the risks, including, without limitation, the following:**

- the Units are unsecured and there is significant risk with respect to the Units, including loss of principal;
- the Fund is newly formed and has limited capital;
- additional financing of the Fund is necessary to purchase the Property and prior to any distributions being made to Unit Holders of the Fund;
- the risks inherent in or associated with the Fund’s proposed operations to purchase the Property, rent units of such Property, manage such Property and then to sell or possibly refinance such Property;
- general economic conditions, industry cycles, financial, business, and other factors, many of which are beyond the Fund’s control, may adversely affect its future operations, and
- the lack of any market for the Units and legal restrictions on the transfer of unregistered securities such as the Units.

Proceeds of the Offering will be held in a depository account, specified in the Subscription Agreement, in a non-interest-bearing account at Chase Bank, which is separate from the Fund’s operating account until such time that the Manager accepts or rejects each subscription (the “Depository Account”). If a subscription is rejected, the applicable subscription funds will be returned promptly to the subscriber after the subscription is rejected, without interest or deduction. Until such time as the Minimum Offering Amount is met, funds shall be held in the Depository Account. At such time as the Minimum Offering Amount is met, the Fund may conduct an initial closing for accepted subscriptions, and the funds related to such accepted subscriptions in the initial closing shall be transferred by the Manager to the Fund’s operating account and each subscriber whose funds are accepted in such initial closing shall be issued Units corresponding to their subscription. After an initial closing, the Fund may conduct additional closings hereunder from time to time as it determines in its discretion.

The Fund intends to use part of the gross proceeds from the sale of the Units to pay the actual costs incurred by

the Fund which are associated with the organization of the Offering and/or the closing of the subscriptions of the Offering (including, without limitation, legal fees, accounting fees, state securities filing fees, and marketing costs), as well as reimbursement of such costs incurred by the Manager on behalf of the Fund. See **"Use of Proceeds."**

The Units have not been approved or disapproved by the Securities and Exchange Commission ("SEC") or the securities regulatory authority of any state, nor has the SEC or any securities regulatory authority of any state passed upon the accuracy or adequacy of this Confidential Private Placement Memorandum (this "Memorandum") or any supplements hereto. Any representation to the contrary is a criminal offense. In making an Investment decision, investors must rely on their own examination of the person or entity creating the securities and the terms of the Offering, including the merits and risks involved.

The Fund will not be registered as an Investment Company under the Investment Company Act of 1940 (the "'40 Act"). In addition, neither the Fund nor its affiliates will be registered as an Investment advisor under the Investment Advisors Act. Consequently, Investors will not be afforded the protections of any of those laws and regulations.

An Investment in the Units is suitable only for persons of substantial means who have no need for liquidity in their Investment. Prospective investors are not to construe the contents of this Memorandum as legal or tax advice. Each investor should consult his own independent counsel, accountant or business advisor as to legal, tax and related matters concerning the Investment. Any investor who desires to purchase the Units must obtain and thoroughly read this Memorandum and any supplements. This Memorandum constitutes an offer only to the offeree who has received this Memorandum from the Fund. Furthermore, this Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is prohibited.

The Units are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933, as amended (the "Act"), and applicable state securities laws, pursuant to registration or exemption therefrom. Subscribers for the Units should be aware that they will be required to bear the financial risks of this Investment for an indefinite period of time. No public market currently exists or is ever intended to exist for the Units.

No person has been authorized to give any information or make any representations other than those contained in this Memorandum and, if given or made, such information or representations must not be relied upon as having been given by the Fund.

The Act and the securities laws of certain jurisdictions grant purchasers of securities sold in violation of the registration or qualification provisions of such laws the right to rescind their purchase of such securities and to receive back the consideration paid. The Fund believes that the Offering of the Units described in this Memorandum is not required to be registered or qualified. Many of these laws granting the right of rescission also provide that suits for such violations must be brought within a specified time, usually one year from discovery of facts constituting such violation and three years from the violation. Should any investor institute such an action on the theory that the Offering conducted as described herein was required to be registered or qualified, the Fund contends that the contents of this Memorandum constituted notice of the facts constituting such violation as of the Memorandum Date hereof.

THIS OFFERING OF SECURITIES IS BEING MADE PURSUANT TO THE PRIVATE PLACEMENT EXEMPTION AVAILABLE IN RULES 506(C) OF REGULATION D, PROMULGATED UNDER SECTION 4(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED, AND PURSUANT TO THE NATIONAL SECURITIES MARKET IMPROVEMENT ACT OF 1996.

THE OFFER AND SALE OF THE UNITS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). NO UNITS MAY BE RESOLD, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT, OR THE FUND HAS RECEIVED EVIDENCE SATISFACTORY TO IT THAT SUCH TRANSFER DOES NOT INVOLVE A TRANSACTION REQUIRING REGISTRATION UNDER THE ACT AND IS IN COMPLIANCE WITH THE ACT.

THE UNITS HAVE NOT BEEN QUALIFIED UNDER CERTAIN STATE SECURITIES LAWS IN RELIANCE UPON THE APPLICABLE EXEMPTIONS FROM REGISTRATION FOR PRIVATE OFFERS AND SALES OF SECURITIES. NO UNITS MAY BE SOLD, ASSIGNED OR OTHERWISE TRANSFERRED UNLESS THE FUND HAS RECEIVED EVIDENCE SATISFACTORY TO IT THAT SUCH TRANSFER DOES NOT INVOLVE A TRANSACTION REQUIRING QUALIFICATION UNDER SAID STATE SECURITIES LAWS AND IS IN COMPLIANCE WITH SUCH LAWS.

THIS IS A SUMMARY ONLY AND DOES NOT PURPORT TO BE COMPLETE. ACCORDINGLY, REFERENCE SHOULD BE MADE TO THE OPERATING AGREEMENT, ARTICLES OF ORGANIZATION AND OTHER DOCUMENTS REFERRED TO HEREIN, COPIES OF WHICH ARE ATTACHED HERETO OR WILL BE SUPPLIED UPON REQUEST, FOR THE EXACT TERMS OF SUCH AGREEMENTS AND DOCUMENTS.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION WOULD BE UNLAWFUL. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION (OTHER THAN THAT CONTAINED IN ADDITIONAL WRITTEN DOCUMENTATION REFERRED TO HEREIN), OR TO MAKE ANY ORAL OR WRITTEN REPRESENTATIONS CONCERNING THE FUND OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM, OR OF ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE FUND OR ANY OF ITS EMPLOYEES, AGENTS OR AFFILIATES, AS INVESTMENT, LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT HIS OWN COUNSEL, ACCOUNTANT AND OTHER PROFESSIONAL ADVISORS AS TO LEGAL, TAX AND OTHER RELATED MATTERS CONCERNING HIS INVESTMENT.

## FORWARD LOOKING STATEMENTS AND HISTORICAL INFORMATION

Some of the statements in this Memorandum constitute forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “expects,” “plans,” “anticipates,” “believes,” “intends,” “estimates,” “predicts,” “potential,” “continue,” “will be,” and similar words or phrases, or the negative thereof or other variations thereof or comparable terminology. All statements other than statements of historical fact in this Memorandum are forward-looking statements.

All forward-looking statements are only predictions or projections and involve known and unknown risks, uncertainties and other factors that may cause the actual transactions, results, performance, or achievements of the Fund to be materially different from any future transactions, results, performance or achievements expressed or implied by such forward-looking statements. The cautionary statements set forth under the caption “Risk Factors” and elsewhere in this Memorandum identify important factors with respect to such forward-looking statements which you should specifically consider in evaluating these statements and which further include, without limitation, the following factors, any of which may cause our actual results to differ materially from any forward-looking statement:

- industry developments affecting the Fund’s business, financial condition and results of operations;
- international, national and local economic and business conditions that impact upon the Fund’s business;
- cash flow;
- operating performance;
- financing activities;
- tax status of the Fund;
- the Fund’s ability to compete effectively;
- governmental approvals, actions, and initiatives, and changes in laws and regulations or the interpretation thereof; and
- the effects of new tax legislation.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we, nor any other person, will assume responsibility for the accuracy or completeness of these statements and thus no assurance can be made to any investor that the Fund’s expectations will be attained or that any deviations will not be material. We are under no duty to update any of the forward-looking statements after the Memorandum to conform these statements to actual results, and as such, we undertake no obligation to publicly release the results of any revisions to the forward-looking statements that may be made to reflect any future events or circumstances.

## MEMORANDUM SUMMARY

*The following summary is qualified in its entirety by the more detailed information and financial statements and notes thereto appearing elsewhere in this Private Placement Memorandum. See “Risk Factors” for important information that Prospective Investors should consider before making their Investment decision.*

Spartan Storage Fund I, LLC (the “Fund” or the “Fund”), was formed as a limited liability company (LLC) under the laws of the State of Wyoming on March 21, 2022 for the purpose of acquiring, developing and ultimately disposing of self-storage real estate assets.

Its principal offices are presently located at 1440 Brickyard Road Ste #4, Golden, CO 80403. The Manager of the Fund is Spartan Investment Group, LLC (“SIG” or the “Manager”), a Delaware limited liability company.

## THE OFFERING

\$150,000,000

Limited Liability Company Membership Interest (“Units”)

Minimum Investment: One Class A Unit (\$50,000)

Minimum Investment: Twenty Class B Units (\$1,000,000)

The Fund intends to raise between \$5,000,000 (the “Minimum Offering Amount”) and \$150,000,000 (the “Target Offering Amount”) with an option, at sole discretion of the Manager to an over-allotment of \$50,000,000 for a total of \$200,000,000 (the “Maximum Offering Amount”) in the Offering. The Offering will terminate on the earliest of: (a) the date the Fund, in its discretion, elects to terminate, or (b) the date upon which all Units have been sold, or (c) April 12, 2023, or such date as may be extended from time to time by the Fund, but not later than 180 days thereafter (the “Offering Period”).

The offering price for the Class A and Class B Units is \$50,000 per Unit, subject to a 20 Unit minimum purchase for the Class B Units. Thus, a minimum purchase of one Class A Unit will result in a minimum capital commitment of \$50,000 per investor, and a minimum purchase of 20 Class B Units will result in a minimal capital commitment of \$1,000,000, subject to the right of the Manager to waive or reduce said minimums for the Units in its sole and absolute discretion. Investors will become “Unit Holders” of the Fund upon the acceptance of their subscriptions by the Manager, execution of a joinder to the Operating Agreement of the Fund (as provided for in the subscription agreement), the wiring of funds to the depository account and the transfer of funds from the depository account to the Fund operating account.



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## I. WHO MAY INVEST

The offer and sale of the Units is being made in reliance on an exemption from the registration requirements of the Act and applicable state securities laws. ***Accordingly, distribution of this Memorandum and any supplements has been strictly limited to persons who are “Accredited Investors” as defined in the Act.*** The Fund reserves the right, in its sole discretion, to declare any prospective investor ineligible to purchase Units based on any information that may become known or available to the Fund concerning the suitability of such prospective investor, for any other reason, or for no reason.

An Investment in the Units involves a high degree of risk and may only be purchased by persons of substantial financial means who have no need for liquidity in this Investment. This Investment will be sold only to Prospective Investors who purchase a minimum of one (1) Class A Unit at \$50,000, or twenty (20) Class B Units at \$1,000,000 subject to the right of the Manager to waive or reduce said minimum in its sole and absolute discretion.

The Units may not be suitable Investments for a qualified plan, an IRA or other tax-exempt entity. This Memorandum discusses certain risks that may be associated with an Investment in the Units by a “Qualified Plan” (as such term is defined in the Fund Operating Agreement), which includes, without limitation, an IRA, and certain other tax-exempt entities. Each investor must consult its own advisers before making an Investment and must be willing to bear the risks of Investment.

Each prospective investor must meet, among others, ALL of the following Investor Suitability Requirements, as applicable:

- The investor is a bona fide resident or domiciliary of the address set forth in the Subscription Agreement.
- As applicable, the investor is an “Accredited Investor” as defined under Rule 501 of Regulation D promulgated under the Act. An investor who meets one of the following tests should qualify as an “Accredited Investor”:
  - 1) a bank, insurance Fund, registered Investment Company, business development Fund, or small business Investment Fund;
  - 2) an employee benefit plan, within the meaning of the Employee Retirement Income Security Act, if a bank, insurance Fund, or registered Investment adviser makes the Investment decisions, or if the plan has total assets in excess of \$5 million;
  - 3) a charitable organization, corporation, or partnership with assets exceeding \$5,000,000;
  - 4) a director, executive officer, or general partner of the Fund selling the securities;
  - 5) a business in which all the equity owners are accredited investors;
  - 6) a natural person who has individual net worth, or joint net worth with the person’s spouse or spousal equivalent, that exceeds \$5,000,000 at the time of the purchase, excluding the value of the primary residence of such person;
  - 7) a natural person with income exceeding \$200,000 in each of the two most recent years, or joint income with a spouse or spousal equivalent, exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year;
  - 8) a trust with assets in excess of \$5,000,000, not formed to acquire the securities offered, whose purchases a sophisticated person makes.
  - 9) natural persons based on certain professional certifications, designations or credentials issued by an accredited educational institution, which the Commission may designate from time to time, to include, but not limited to holders in good standing of the Series 7, Series 65, and Series 82 licenses;
  - 10) with respect to private funds, natural persons who are “knowledgeable employees” of the fund;
  - 11) limited liability companies with \$5 million in assets;
  - 12) SEC and state-registered Investment advisers, exempt reporting advisers, and rural business Investment companies (RBIC);
  - 13) certain entities including Indian tribes, governmental bodies, funds, and entities organized under the laws of foreign countries, that own “Investments” as defined in Rule 2a51-1(b) under the Investment Company Act,

in excess of \$5 million, and was not formed for the specific purpose of investing in the securities offered;  
or  
14) “family” offices with at least \$5 million in assets under management and their “family clients”, as each term is defined under the Investment Advisers Act.

For purposes of calculating an investor’s net worth above, “net worth” is generally defined as the difference between total assets and total liabilities. For purposes hereof, the value of the Investor’s primary residence must be excluded from net worth. Indebtedness that is secured by the Investor’s primary residence, up to the estimated fair market value of the primary residence, shall not be included as a liability (except that if the amount of such indebtedness outstanding exceeds the amount outstanding 60 days prior to the Offering, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability). Indebtedness secured by the primary residence in excess of the value of the home is considered a liability and must be deducted from the Investor’s net worth. In the case of fiduciary accounts, the net worth and/or income suitability requirements may be satisfied by the beneficiary of the account or by the fiduciary, if the fiduciary directly or indirectly provides funds for the purchase. The definition of “spousal equivalent” is a “cohabitant occupying a relationship generally equivalent to that of a spouse.”

### **Restrictions Imposed by the USA PATRIOT Act and Related Acts**

In accordance with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended (the “USA PATRIOT Act”), our Units may not be offered, sold, transferred or delivered, directly or indirectly, to any “Unacceptable Investor,” which means anyone who is:

- a “designated national,” “specially designated national,” “specially designated terrorist,” “specially designated global terrorist,” “foreign terrorist organization” or “blocked person” within the definitions set forth in the Foreign Assets Control Regulations of the U.S. Treasury Department;
- acting on behalf of, or an entity owned or controlled by, any government against whom the U.S. maintains economic sanctions or embargoes under the regulations of the U.S. Treasury Department;
- within the scope of Executive Order 13224 — Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit, or Support Terrorism, effective September 24, 2001;
- subject to additional restrictions imposed by the following statutes or regulations and executive orders issued thereunder: the Trading with the Enemy Act, the Iraq Sanctions Act, the National Emergencies Act, the Antiterrorism and Effective Death Penalty Act of 1996, the International Emergency Economic Powers Act, the United Nations Participation Act, the International Security and Development Cooperation Act, the Nuclear Proliferation Prevention Act of 1994, the Foreign Narcotics Kingpin Designation Act, the Iran and Libya Sanctions Act of 1996, the Cuban Democracy Act, the Cuban Liberty and Democratic Solidarity Act and the Foreign Operations, Export Financing and Related Programs Appropriation Act or any other law of similar import as to any non-U.S. country, as each such act or law has been or may be amended, adjusted, modified, or interpreted from time to time; or
- designated or blocked, associated or involved in terrorism, or subject to restrictions under laws, regulations, or executive orders as may apply in the future similar to those set forth above.

## II. HOW TO SUBSCRIBE

If you are interested in subscribing for the Units, you must carefully read this Memorandum. Then you must (i) complete, execute and deliver the Subscription Agreement (which includes a joinder to the Operating Agreement if you are a Unit Holder), which will be provided via electronic signature and (ii) wire the subscription funds to the Depository Account (wire instructions to be provided by the Fund) or pay by check to the Fund the subscription funds. By executing the Subscription Agreement, you will attest that you:

- have received and read this Memorandum;
- meet the investor suitability standards;
- if a Unit Holder, agree to be bound by the terms of the Operating Agreement of Spartan Storage Fund I, LLC (the “Operating Agreement”) which is attached to this Memorandum as Exhibit A;
- have received and reviewed due diligence documents;
- are purchasing the Units for your own account and accept and agree to the terms of the Units;
- acknowledge that there is no public market for the Units;
- if an entity, represent that the investor’s purchase of the Units has been duly authorized;
- if an employee benefit plan, foreign plan, IRA, Keogh plan or other employee benefit account or arrangement, acknowledge and agree that the Fund and the Manager will not have any direct fiduciary duty to or relationship with you and that the assets of the Fund will not be considered “plan assets” and will not be subject to any fiduciary or Investment restrictions under any pension code applicable to you;
- are in compliance with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended (the “USA PATRIOT” Act), and are not on any governmental authority watch list.

The Fund includes these representations in the Subscription Agreement in order to prevent persons who do not meet its suitability standards or other Investment qualifications from subscribing to the Units.

Subscriptions will be effective only when accepted by the Fund, and the Fund reserves the right to reject any subscription in whole or in part, in its sole discretion. Proceeds of the Offering will be held in the Depository Account until such time that each applicable subscription is either accepted or rejected by the Manager. If a subscription is not accepted, those funds will be returned promptly to the prospective subscriber, without interest or deduction.

The Manager shall endeavor to employ capital within 90 days of receipt. If capital is not deployed within 90 days, the Fund Manager may, at its’ discretion, return investor funds. If investor funds are not returned, the Preferred Return, as further defined below, will begin to accrue.

Once funds are transferred to the Fund’s Operating Account, funds may be used by the Fund for escrow, down payments on property, working capital needs, the payment of fees and expenses or other business purposes. Thereafter, we will accept subscriptions and make closings at various times as such subscriptions are received and in each such case, the funds will be so transferred from the Depository Account to the Fund upon the applicable closing.

### III. SUMMARY OF THE OFFERING

**The following summary is intended to provide selected and limited information regarding the Fund and the Offering and should be read together with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Memorandum.** Because it is a summary, it does not contain all of the information you should consider before making an Investment decision. You should read the entire prospectus carefully, including the section entitled “Risk Factors.” **Each Prospective Investor is required to read the entire Memorandum and each of the Exhibits before investing in the Fund.** Unless the context otherwise requires, the terms “we,” “us,” “our,” “our Fund,” and similar expressions refer to Spartan Storage Fund I, LLC, a Wyoming limited liability company.

#### **Overview:**

Spartan Storage Fund I, LLC (“Fund”) intends to raise capital through sales of passive membership interests (the “Class A Units” and “Class B Units”) and to use such capital to engage in real estate investment activities in primarily the self-storage asset class, throughout the United States. Activities include real estate acquisition, and participation in other private equity exempt offerings as the Sponsor” or “Co-Sponsor” but at no time will Funds be used to purchase limited partnership interests, passive membership interests or other securities.

#### **Fund History & Structure:**

The Fund was formed on March 21, 2022 as a Wyoming limited liability company. The Fund is governed by the terms of the Fund’s operating agreement dated April 13, 2022 (“Operating Agreement”). The Operating Agreement provides that the Fund is owned by Unit Holders with each Member’s ownership Units represented by a number of Units, designated as either Class A Units, Class B Units or Class C Units. The Manager is also the Sponsor of the Offering and will take its ownership Units in Class C Units held in Spartan Holding Company, LLC.

#### **Fund Manager:**

The Operating Agreement provides that the Fund shall be managed by the Manager and that the Unit Holders shall not have any rights to control or manage the Fund, except for those rights reserved in the Fund Operating Agreement. The Manager of the Fund is Spartan Investment Group, LLC.

#### **Fund Contact:**

The principal executive office of the Fund is located at:

Spartan Storage Fund I, LLC  
1440 Brickyard Road #4  
Golden, CO 80403

#### **Offering Overview:**

The Fund is offering a minimum of \$5,000,000 and a maximum of \$200,000,000 in interests at a price of \$50,000 per Unit (the “Offering”).

#### **Offering Period:**

The Offering will terminate on the earliest of: (a) the date the Fund, in its discretion, elects to terminate, or (b) the date upon which all Units have been sold, or (c) April 12, 2023, or such date as may be extended from time to time by the Fund, but not later than 180 days thereafter (the “Offering Period”).

#### **Investment Strategy:**

The Fund seeks to achieve current income, capital appreciation, and capital preservation through investments in properties comprised primarily of self-storage units that may or may not have ancillary property features. This may include the purchase of current assets in the Spartan Investment Group, LLC portfolio that meet the Acquisition Criteria, as further described below.

#### **Investor Suitability Standards:**

This Offering is for a select group of Accredited Investors, as defined under Rule 215 and 501 of the Securities Act of 1933 (the “Act”) who are US Persons, as defined in Regulation S of the Act. Each investor must meet the Manager’s

suitability requirements and the Manager reserves the right to approve or reject any investor's subscription for the Units. A potential investor in this Offering will only become a Member of the Fund upon acceptance of the investor's subscription.

In the sole discretion of the Fund Manager, the Fund may accept subscriptions for Units from Prospective Investors who are "benefit plans" (as defined by the Employee Retirement Income Security Act of 1974, as amended, "ERISA") or IRAs (collectively, "Qualified Plans"); provided, however, that at all times Qualified Plans cannot own, in the aggregate, 25% or more of the total number of the Units then outstanding ("Plan Asset Rule"). Accordingly, to maintain said proportion of Qualified Plans within the Offering, to the degree that in each applicable closing the tendered subscriptions from Qualified Plans exceed said 25% threshold limit, that portion of the Subscription from all such Qualified Plan subscribers which exceeds said threshold must be liquidated by each subscriber, on a pro rata basis, from each of the respective Qualified Plans into cash and invested as cash in the Offering in the subscriber's name set forth in the applicable subscription agreement. In order to minimize the need for liquidation, the Fund shall be authorized to hold subscriptions from Prospective Investors who are Qualified Plans for an additional 30 days so that such held subscriptions can be accommodated in a later closing.

If the Fund receives more than 25% of its capital from Qualified Plans, then it may elect to be a Real Estate Operating Fund (REOC) in order to qualify for an exemption from the Plan Asset Rule.

**Deposit of Proceeds:**

All subscription funds received by the Fund will be held in a non-interest bearing depository account, separate from the Fund's operating accounts, until such time that the Manager issues a capital call. If a subscription is rejected, the applicable subscription funds will be returned promptly to the subscriber after the subscription is rejected, without interest or deduction. Following acceptance of any subscription, upon the applicable closing for each such subscription, the applicable subscription funds for all subscriptions so closed will be transferred by the Manager to the Fund for use and each subscriber will be issued the Units corresponding to his, her or its accepted subscription.

**Sale of Units:**

Offers and sales of Units will be made on a "best efforts" basis (with the contingency of the Minimum Offering Amount) by the officers and directors of the Fund; however, units may also be sold by FINRA member brokers or dealers who enter into a Participating Dealer Agreement with the Fund, who may receive commissions. The Fund reserves the right to pay expenses related to this Offering from the proceeds of the Offering.

**Plan of Distribution:**

See "Plan of Distribution."

**Capitalization:**

The Fund's Operating Agreement provides for three classes of units, Class A Units, Class B Units and Class C Units. The following pro-forma capitalization table of the Fund shows the outstanding units at the close of this Offering:

Class of Units	Minimum \$5,000,000	Target \$150,000,000	Maximum \$200,000,000
Class A and B Units	100	3000	4000

<b><u>Capital Accounts:</u></b>	The purchase price paid for Units in this Offering shall be considered a Member's initial capital contribution. Any additional capital contributions shall be included in calculating the total capital contributions by a Member.
<b><u>Capital Withdrawal:</u></b>	No Member of the Fund may withdraw any of its capital account or capital contribution.
<b><u>Reserves:</u></b>	The Fund, in the Fund Manager's sole and absolute discretion, may establish reserves to fund operating and other expenses of the Fund, without limitation, for the reimbursement of any expenses due to the Fund Manager.
<b><u>Voting; Amendments to Operating Agreement:</u></b>	In general, the Fund Operating Agreement may be amended only with the consent of the Manager and a majority-in-interest of the Unit Holders; provided, however, that any non-material changes, including, without limitation, any formatting, numbering, or other typographical changes, may be made by the Fund without said consent.
<b><u>No Registration Rights; Restriction on Transfer:</u></b>	The Units are being offered under an exemption from registration pursuant to Section 4(a)(2) of the Securities Act of 1933 and Regulation D, Rule 506 promulgated by the U.S. Securities and Exchange Commission ("SEC"). The Fund does not intend to register the Units in this Offering and these Units do not provide any registration rights. The Units are subject to a 1-year renewing lock-up period from the date of purchase before a Member may request redemption. The Units may only be sold or transferred upon such security being registered with the SEC or under an exemption provided under the Act and relevant state law. The Operating Agreement also provides certain restrictions on transfer including the Fund's and other Unit Holders' right of first refusal on any sale of a Unit, and the Manager, in its sole discretion, may require, and approve or reject, an opinion of counsel from a potential transferring Member stating the transfer is exempt from registration.
<b><u>Distributions and Reinvestments</u></b>	Class A Unit Holders and Class B Unit Holders shall have the option (prior to liquidation of the Fund and its fund) to receive any returns actually distributed either (i) paid to them via check or ACH, or (ii) to use these funds to automatically purchase additional Units at a per Unit price of \$50,000 (the "Reinvestment Option"). Unit Holders shall make such an election at the time of subscription and may change this election with 90 days' prior written notice to the Manager and not more frequently than two times per calendar year. The Manager may suspend or terminate the Reinvestment Option at any time in its sole discretion.
<b><u>Determination of the Offering Price:</u></b>	The price of a Unit was determined by the Fund and is not based on the Fund's assets, book value, results of operations, projected earnings, or any generally accepted method of valuation. No public trading market exists for the Units and none is expected to develop after this Offering. The Fund does not represent that the Units have or will have a market value equal to their purchase price or could be resold (if at all) at their original purchase price.
<b><u>Purchase of Securities by Affiliates:</u></b>	Securities may be purchased by the affiliates of the issuer, or by other persons who will receive fees or other compensation or be dependent upon the success of this Offering. Such purchases may be made at any time and will be counted in determining whether the required minimum level of purchases has been met for

the closing of the offering. Investors therefore should not expect that the sale of sufficient securities to reach the Minimum Offering Amount, or in excess of that amount, indicates that such sales have been made to investors who have no financial or other interest in the Offering, or who otherwise are exercising independent Investment discretion.

The sale of the Minimum Offering Amount, while necessary to the business operations of the issuer, is not designed as a protection to investors, to indicate that their Investment decision is shared by other unaffiliated investors. Because there may be substantial purchases by affiliates of the issuer, or other persons who will receive fees or other compensation or gain dependent upon the success of the Offering, no individual investor should place any reliance on the sale of the Minimum Offering Amount as an indication of the merits of this Offering. Each investor must make his own Investment decision as to the merits of this Offering.

**Management Compensation:**

The Manager will receive additional compensation, fees, and other forms of remuneration in addition to reimbursement of its expenses, from the Fund. See **“Exhibit C - Management Compensation and Fees, of the Fund Operating Agreement”** attached to this Memorandum. The Manager is also a Unit Holder in the Fund and as such will be entitled to receive distributions as provided for in the Operating Agreement. The management fees, in some cases, reflect an oral agreement between the Manager and the Fund for payment of such fees. The Manager does not intend to modify such fees.

**Expenses:**

The Fund will pay all of the costs and expenses associated with the operation and management of the Fund including, without limitation: (i) legal, accounting, audit, custodial and other professional fees as well as consulting fees relating to services rendered to the Fund; (ii) banking, registration, qualification, depositary, and similar fees; (iii) transfer, capital and other taxes, duties and costs incurred in acquisition, administration, and liquidation of the Fund’s assets; (iv) costs of financial statements and other reports; (v) Property management fees; and (vi) employee salaries. The Fund shall additionally pay any costs associated with the organization of the Offering or the closing of the subscriptions of the Offering whether incurred by the Fund or by the Manager on behalf of the Fund. See **“Use of Proceeds”**.

**Federal Tax Matters:**

The Manager intends to operate the Fund such that it will be classified as a partnership for federal income tax purposes. As a partnership for federal income tax purposes, a pass-through entity, the Fund will not be subject to U.S. federal income tax, but each Member will be required to include, in computing its U.S. federal income tax liability, its allocable share of the items of income, gain, loss and deduction of the Fund, regardless of whether the Fund makes any cash distributions to such Member.

The Fund Sponsor will contribute capital to the Fund and will secure recourse debt from time to time over the life of the Fund. Additionally, the Sponsor may be required to convert up to 100 of the Sponsor’s Class C Units to Class A Units or Class B Units or a new Class of Units to replenish working capital or for the purchase of additional Properties. As such, the Sponsor, through their membership interests in Class C Units, shall be allocated 50% of any applicable depreciation expense.

The U.S. federal income taxation of partnerships and partners is extremely complex, involving, among other things, significant issues as to the character and timing of realization of gains and losses. Prospective investors are urged to



consult their tax advisors with respect to such issues. See “**Federal Income Tax Matters.**”

***PROSPECTIVE INVESTORS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS AND COUNSEL WITH RESPECT TO THE POSSIBLE TAX CONSEQUENCES TO THEM OF AN INVESTMENT IN THE FUND. THESE TAX CONSEQUENCES MAY BE DIFFERENT FOR DIFFERENT INVESTORS.***

**Risk Factors:**

An Investment in the Units involves significant risks. See “**Risk Factors.**”

#### IV. RISK FACTORS

*Spartan Storage Fund I, LLC (the “Company” or the “Fund”) is organized as a Limited Liability Company under the laws of the State of Wyoming.*

*Accordingly, the Fund has only a limited history upon which an evaluation of its prospects and future performance can be made. The Fund’s proposed operations are subject to all business risks associated with new enterprises. The likelihood of the Fund’s success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the development of real estate, operation in a competitive industry, and the continued development of advertising, promotions and a corresponding customer base. There is a possibility that the Fund could sustain losses in the future.*

*There can be no assurances that Spartan Storage Fund I, LLC will operate profitably. An Investment in the Units involves a number of risks, each of which should be considered a substantial risk. Each prospective investor should consider carefully, among other risks, the following risk factors as well as all of the other information included in this Memorandum before investing in the Unit and should consult with his/her own legal, tax, and financial advisors with respect thereto. Any of these risks could materially and adversely affect our business, financial condition, and results of operations, which in turn might cause you to lose all or part of your Investment.*

##### **Risks Relating to the Project.**

*The Fund is subject to all risks of attributable to investments in real estate. The Fund will be investing in Properties that are subject to all risks inherent in such a business. In general, a downturn in the national or local economy, changes in zoning or tax laws, or the availability of financing could affect the performance and value of the Properties. Also, because real estate is relatively illiquid, the Fund may not be able to respond promptly to adverse economic or other conditions by disposing of its real estate holdings. Other risks include local market conditions, changes in economic conditions or interest rates, the unavailability or increased costs of financing, changes in real estate expenses, changes in governmental rules and policies (such as zoning), condemnation, casualty, acts of God, competition, the unavailability of funds to meet utility and maintenance costs, insurance costs and real estate taxes, liability under environmental or other laws and other factors which are beyond the control of the Fund. The Properties acquired by the Fund may not perform to the Fund’s expectations, may not appreciate in value, may depreciate in value, and/or may not ever be sold at a profit. The marketability and value of the Properties will depend upon many factors beyond the Fund’s control.*

*The United States generally and Texas specifically are suffering from a volatile market, as a result of the COVID-19 virus. Although it appears the Country has responded in time to avoid a long-term disruption of the Country (and World) economy, the trickle-down effect of lost revenues (and subsequently wages) may impact the current business plan. Ultimately the Fund’s ability to achieve projected revenue benchmarks may not be met.*

*The success of the Fund’s business plan is heavily reliant on the ability to perform expansions and upgrades at/of the existing Properties. The expansion plans could be delayed or interrupted for a number of reasons, such as permitting delays or denials, rising costs of or inability to obtain construction materials, changes in the real estate and development market generally, unforeseeable objects, materials, or substances being found underground, the sites could be found to be unsuitable for development due to the presence of hazardous materials, unsuitable soils, etc.*

*Variable development costs may affect anticipated project costs and overall value of the Properties. As we have seen in the past five years, development and construction costs are not stagnant and have been extremely variable. Additionally, construction material costs are at record highs. It is possible that construction costs could continue to increase or remain inflated, causing a decrease in value of the Properties or requiring additional funding. We have underwritten infrastructure costs using current pricing and included traditional contingencies. We believe in the near term, the COVID-19 pandemic could increase construction costs because of decreased commodity availability and the decreased availability of labor.*

*Property tax increases. Real property is at all times subject to property tax increases, particularly at the time of a*

purchase and increase in the County Assessor's valuation. A significant property tax increase in any of the Properties may affect the Fund's ability to meet projections.

*Eminent domain.* Real property is at all times subject to eminent domain legal doctrine. City, County, State and Federal policies may spur eminent domain proceedings to secure Properties.

*The Fund's success is subject to the fluctuations of the real estate market.* The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond the Fund's control.

*The Fund will be subject to the risk of liability and casualty loss as the owner of the Properties.* The Fund expects to maintain insurance against certain liabilities and losses on the Properties, but the insurance obtained may not cover all amounts or types of liability and loss. There is no assurance that any liability or loss that may occur will be insured or that, if insured, the insurance proceeds will be sufficient to cover the liability or loss. There are certain categories of risk of loss that may be or may become uninsurable or not economically insurable, such as earthquakes, floods and hazardous waste.

*Environmental liabilities are possible and can be costly.* Federal, state and local laws impose liability on a landowner for releases or the otherwise improper presence on the premises of hazardous substances. This liability is without regard to fault for, or knowledge of, the presence of such substances. A property owner may be held liable for hazardous materials brought onto the property before it acquired title and for hazardous materials that are not discovered until after it sells the property. Similar liability may occur under applicable state law. If any hazardous materials are found within the Properties in violation of law at any time, the Fund may be liable for all cleanup costs, fines, penalties, and other costs. This potential liability could continue after the Fund sells the Properties and may apply to hazardous materials present within the Properties before the Fund acquired the Properties. If losses arise from hazardous substance contamination that cannot be recovered from a responsible party, the financial viability of the Properties could be substantially affected. It is possible the Fund will acquire the Properties with known or unknown environmental problems that may adversely affect the Fund's business and financial viability.

*A general economic downturn and regional and national economic weakness could adversely affect the rental performance and resale viability of Properties.* Prospective Investors should be aware that periods of weak economic performance could adversely affect the Properties owned by the Fund. In addition, weakness in the regional and national economies could materially and adversely impact the tenants in the Properties and their business operations. If tenants were to suffer economically and be unable to pay the rent, the Fund may not receive the anticipated amount of income from the Properties. Likewise, a downturn in the real estate market could affect the value of the Properties and the ability of the Fund to sell the Properties at a profit, or at all.

*The real estate market is very competitive.* Numerous properties will compete with the Fund's Properties in attracting renters and buyers. Additional properties may be built in the markets in which the Fund's Properties is located. The number and quality of competitive properties in a particular area will have a material effect on the Fund's ability to rent space at the Properties and on the rents charged. Some of these competing properties may be newer or better located than the Fund's Properties. There are a significant number of properties that may be available for sale in the market in which the Fund's Properties is located. The number of properties offered at the time the Fund decides to sell its Properties could impact the number and quality of offers the Fund gets for the Properties as well as the time in which it may take to sell the Properties, if at all.

*Government regulation may affect the operation, cost and value of the Properties.* The operation of commercial real property is subject, both directly and indirectly, to federal, state, and local governmental regulation, including environmental, sewer, water, zoning and similar regulations. It is possible that (i) the enactment of new laws, (ii) changes in the interpretation or enforcement of applicable codes, rules and regulations, or (iii) the decision of any authority to change the current zoning classification or requirements, may have a substantial adverse effect on the operations and/or value of the Properties.

*Cost of renovations are unpredictable.* During the development of the Properties, there is no guarantee that the ability to develop the Properties will meet with expectations and such development can be more expensive and time-consuming than expected. The cost and availability of labor, materials and other items may change, causing the cost of

development of any Properties to be more expensive and to take longer than anticipated. These changes could delay completion of the project and subsequent collection of rental income and/or resale if the Properties. As such, the Fund may not be able to take advantage of certain market conditions for rental and resale which could result in the Properties losing value or garnering less income than needed.

*Compliance with Americans with Disabilities Act.* Under the Americans with Disabilities Act of 1990 (the ADA), all public accommodations are required to meet certain federal requirements related to access and use by disabled persons. A determination that the Properties is not in compliance with the ADA could result in imposition of fines or an award of damages to private litigants. If substantial modifications are made to comply with the ADA, which may have a substantial adverse effect on the operations and/or value of the Properties.

*The Fund has limited capitalization and may be dependent on raising funds to grow and expand its business.* The Fund has limited capitalization and may be dependent on raising funds to continue its business. The Fund will endeavor to finance its need for additional working capital through debt or equity financing. Additional debt financing would be sought only in the event that equity financing failed to provide the Fund necessary working capital. Debt financing may require the Fund to mortgage, pledge or hypothecate its assets, and would reduce cash flow otherwise available to pay operating expenses. There are no other current agreements or understandings with regard to the form, time or amount of any financing and there is no assurance that any financing can be obtained or that the Fund can continue as a going concern.

*Mortgages.* The financing obtained by the Fund would most likely involve a mortgage on the underlying Properties. If the Fund was unable to make payments on the loan or refinance the loan for any reason, the Fund's continued ownership of the underlying Properties would be jeopardized, and the Fund may lose funds that it expended for down payments and other deposits on the Properties.

*Variable Rates of Interest.* The Fund may obtain financing that provides for a variable rate of interest. As a result, in the event that interest rates increase, the Fund will have to pay a greater amount for interest payments. Based on historical interest rates, current interest rates are low and it is likely that interest rates will rise in the future.

*Fixed Rates of Interest.* The Fund may obtain fixed rate financing. As a result, if interest rates decrease and the Fund's financing is a fixed rate, the return on the Properties could be lower than necessary to continue to repay the fixed rate obligation.

*Control of Lenders.* It is possible the lender may require certain conditions or a certain amount of control in the Fund. These rights may be exercised such the results are in the best interest of the lender and not in the best interest of the Fund.

*Balloon Payments.* The financing obtained by the Fund may have short terms. Consequently, the Fund may be required to make a large balloon payment on the maturity date of a loan. In the event the Fund is unable to make the balloon payment or to refinance the loan for any reason, the Fund's continued ownership of the underlying Properties would be jeopardized.

*Inadequacy of Funds.* Gross offering proceeds of a minimum of \$5,000,000 and a maximum of \$200,000,000 may be realized. Management believes that such proceeds will capitalize and sustain Spartan Storage Fund I, LLC sufficiently to allow for the implementation of the Fund's Business Plans. If only a fraction of this Offering is sold, or if certain assumptions contained in Management's business plans prove to be incorrect; the Fund may have inadequate funds to fully develop its business and may need debt financing or other capital investment to fully implement the Fund's business plans.

*Dependence on Management.* In the early stages of development, the Fund's business will be significantly dependent on the Fund's management team. The Fund's success will be particularly dependent upon Spartan Investment Group, LLC. See "**Management**" section.

*Risks Associated with Expansion.* The Fund plans on expanding its business through the acquisition and/or development of real estate. Any expansion of operations the Fund may undertake will entail risks, such actions may involve specific operational activities which may negatively impact the profitability of the Fund. Consequently, the Unit Holders must assume the risk that (i) such expansion may ultimately involve expenditures of funds beyond the resources available to the Fund at that time, and (ii) management of such expanded operations may divert Management's attention and resources away from its existing operations, all of which factors may have a material adverse effect on the Fund's present and prospective business activities.

*General Economic Conditions.* The financial success of the Fund may be sensitive to adverse changes in general economic conditions in the United States, such as recession, inflation, unemployment, and interest rates. Such changing conditions could reduce demand in the marketplace for the Fund's real estate assets. Spartan Storage Fund I, LLC has no control over these changes.

*Possible Fluctuations in Operating Results.* The Fund's operating results may fluctuate significantly from period to period as a result of a variety of factors, including purchasing patterns of customers, competitive pricing, debt service and principal reduction payments, and general economic conditions. Consequently, the Fund's revenues may vary by quarter, and the Fund's operating results may experience fluctuations.

*Management Discretion as to Use of Proceeds.* The net proceeds from this Offering will be used for the purposes described under "Use of Proceeds." The Fund reserves the right to use the funds obtained from this Offering for other similar purposes not presently contemplated which it deems to be in the best Units of the Fund and its Unit Holders in order to address changed circumstances or opportunities. As a result of the foregoing, the success of the Fund will be substantially dependent upon the discretion and judgment of Management with respect to application and allocation of the net proceeds of this Offering. Investors for the Units offered hereby will be entrusting their funds to the Fund's Management, upon whose judgment and discretion the investors must depend.

*Limited Transferability & Liquidity.* To satisfy the requirements of certain exemptions from registration under the Securities Act, and to conform with applicable state securities laws, each investor must acquire his Units for Investment purposes only and not with a view towards distribution. Consequently, certain conditions of the Securities Act may need to be satisfied prior to any sale, transfer, or other disposition of the Units. Some of these conditions may include a minimum holding period, availability of certain reports, including financial statements from Spartan Storage Fund I, LLC, limitations on the percentage of Units sold and the manner in which they are sold. Spartan Storage Fund I, LLC can prohibit any sale, transfer or disposition unless it receives an opinion of counsel provided at the holder's expense, in a form satisfactory to Spartan Storage Fund I, LLC, stating that the proposed sale, transfer or other disposition will not result in a violation of applicable federal or state securities laws and regulations. No public market exists for the Units and no market is expected to develop. Consequently, owners of the Units may have to hold their Investment indefinitely and may not be able to liquidate their Investments in Spartan Storage Fund I, LLC or pledge them as collateral for a loan in the event of an emergency.

*Broker Dealer Sales of Units.* The Fund's membership Units are not presently included for trading on any exchange, and there can be no assurances that the Fund will ultimately be registered on any exchange. No assurance can be given that the Units of the Fund will ever qualify for inclusion on the NASDAQ System or any other trading market. As a result, the Fund's Units are covered by a Securities and Exchange Commission rule that opposes additional sales practice requirements on broker dealers who sell such securities to persons other than established customers and accredited investors. For transactions covered by the rule, the broker-dealer must make a special suitability determination for the purchaser and receive the purchaser's written agreement to the transaction prior to the sale. Consequently, the rule may affect the ability of broker-dealers to sell the Fund's securities and may also affect the ability of shareholders to sell their Units in the secondary market.

*Long Term Nature of Investment.* An Investment in the Units may be long term and illiquid. As discussed above, the offer and sale of the Units will not be registered under the Securities Act or any foreign or state securities laws by reason of exemptions from such registration which depends in part on the Investment intent of the investors. Prospective investors will be required to represent in writing that they are purchasing the Units for their own account for long-term Investment and not with a view towards resale or distribution. Accordingly, purchasers of Units must be willing and able

to bear the economic risk of their Investment for an indefinite period of time. It is likely that investors will not be able to liquidate their Investment in the event of an emergency.

*No Current Market for Units.* There is no current market for the Units offered in this private Offering and no market is expected to develop in the near future.

*Offering Price.* The price of the Units offered has been arbitrarily established by Spartan Storage Fund I, LLC, considering such matters as the state of the Fund's business development and the general condition of the industry in which it operates. The Offering price bears little relationship to the assets, net worth, or any other objective criteria of value applicable to Spartan Storage Fund I, LLC.

*Compliance with Securities Laws.* The Units are being offered for sale in reliance upon certain exemptions from the registration requirements of the Securities Act, applicable Wyoming Securities Laws, and other applicable state securities laws. If the sale of Units were to fail to qualify for these exemptions, purchasers may seek rescission of their purchases of Units. If a number of purchasers were to obtain rescission, Spartan Storage Fund I, LLC would face significant financial demands which could adversely affect Spartan Storage Fund I, LLC as a whole, as well as any non-rescinding purchasers.

*Lack of Firm Underwriter.* The Units are offered on a "best efforts" basis by the officers and directors of Spartan Storage Fund I, LLC without compensation and on a "best efforts" basis through certain FINRA registered broker-dealers which enter into Participating Broker-Dealer Agreements with the Fund. Accordingly, there is no assurance that the Fund, or any FINRA broker-dealer, will sell the Maximum Offering Amount or any lesser amount.

*Projections - Forward Looking Information.* Management has prepared projections regarding Spartan Storage Fund I, LLC's anticipated financial performance. The Fund's projections are hypothetical and based upon factors influencing the business of Spartan Storage Fund I, LLC. The projections are based on Management's best estimate of the probable results of operations of the Fund, based on present circumstances, and have not been reviewed by Spartan Storage Fund I, LLC's independent accountants. These projections are based on several assumptions, set forth therein, which Management believes are reasonable. Some assumptions upon which the projections are based, however, invariably will not materialize due the inevitable occurrence of unanticipated events and circumstances beyond Management's control. Therefore, actual results of operations will vary from the projections, and such variances may be material. Assumptions regarding future changes in sales and revenues are necessarily speculative in nature. In addition, projections do not and cannot take into account such factors as general economic conditions, unforeseen regulatory changes, the entry into the Fund's market of additional competitors, the terms and conditions of future capitalization, and other risks inherent to the Fund's business. While Management believes that the projections accurately reflect possible future results of Spartan Storage Fund I, LLC's operations, those results cannot be guaranteed.

*Our Success Will Depend Upon the Development of Real Estate, and We May be Unable to Consummate Acquisitions or Dispositions on Advantageous Terms, the Developed Properties May Not Perform as We Expect, or We May Be Unable to Efficiently Integrate Our Project into Our Existing Operations.* We intend to acquire and sell real estate assets. The acquisition of real estate entails various risks, including the risks that our real estate assets may not perform as we expect, that we may be unable to quickly and efficiently integrate assets into our existing operations and that our cost estimates for the development and/ or sale of a property may prove inaccurate.

*Reliance on Management to Select and Develop Appropriate Properties.* The Fund's ability to achieve its Investment objectives is dependent upon the performance of the Management team in the quality and timeliness of the Fund's acquisition of real estate properties. Investors in the Units offered will have no opportunity to evaluate the terms of transactions or other economic or financial data concerning the Fund's Investments. Investors in the Units must rely entirely on the management ability of and the oversight of the Fund's principals.

*Competition May Increase Costs.* The Fund will experience competition from other sellers of real estate and other real estate projects. Competition may have the effect of increasing acquisition costs for the Fund and decreasing the sales price or lease rates of developed assets.

*Delays in Acquisition of Properties.* Delays the Manager may encounter in the selection, acquisition and development of properties could adversely affect the profitability of the Fund. The Fund may experience delays in identifying properties that meet the Fund's ideal purchase parameters.

*Environmentally Hazardous Property.* Under various Federal, City and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the cost of removal or remediation of hazardous or toxic substances on, under or in such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require expenditures. Environmental laws provide for sanctions in the event of non-compliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. In connection with the acquisition and ownership of its properties, the Fund may be potentially liable for such costs. The cost of defending against claims of liability, complying with environmental regulatory requirements or remediation any contaminated property could materially adversely affect the business, assets or results of operations of the Fund.

*Management's Discretion in The Future Disposition of Properties.* The Fund cannot predict with any certainty the various market conditions affecting real estate Investments which will exist at any particular time in the future. Due to the uncertainty of market conditions which may affect the future disposition of the Fund's properties, the Fund cannot assure you that it will be able to sell its properties at a profit in the future. Accordingly, the timing of liquidation of the Fund's real estate Investments will be dependent upon fluctuating market conditions.

*Real Estate Investments Are Not as Liquid as Other Types of Assets, Which May Reduce Economic Returns to Investors.* Real estate Investments are not as liquid as other types of Investments, and this lack of liquidity may limit our ability to react promptly to changes in economic, financial, Investment or other conditions. In addition, significant expenditures associated with real estate Investments, such as mortgage payments, real estate taxes and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the Investments. Thus, our ability at any time to sell assets or contribute assets to property funds or other entities in which we have an ownership interest may be restricted. This lack of liquidity may limit our ability to vary our portfolio promptly in response to changes in economic financial, Investment or other conditions and, as a result, could adversely affect our financial condition, results of operations, and cash flows.

*We May Be Unable to Sell a Property if or When We Decide to Do So, Including as a Result of Uncertain Market Conditions, Which Could Adversely Affect the Return on an Investment in Our Fund.* Our ability to dispose of properties on advantageous terms depends on factors beyond our control, including competition from other sellers and the availability of attractive financing for potential buyers of the properties we acquire. We cannot predict the various market conditions affecting real estate Investments which will exist at any time in the future. Due to the uncertainty of market conditions which may affect the future disposition of the properties we acquire we cannot assure our Unit Holders that we will be able to sell such properties at a profit in the future. Accordingly, the extent to which our Unit Holders will receive cash distributions and realize potential appreciation on our real estate Investments will be dependent upon fluctuating market conditions. Furthermore, we may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure our Unit Holders that we will have funds available to correct such defects or to make such improvements. In acquiring a property, we may agree to restrictions that prohibit the sale of that property for a period or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These provisions would restrict our ability to sell a property.

*Illiquidity of Real Estate Investments Could Significantly Impede the Fund's Ability to Respond to Adverse Changes in the Performance of the Portfolio Investments and Harm the Fund's Financial Condition.* Since real estate Investments are relatively illiquid, the Fund's ability to promptly sell developed assets in response to changing economic, financial and Investment conditions may be limited. These risks could arise from weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in local, regional national or international economic conditions, and changes in laws, regulations, or fiscal policies of jurisdictions in which the property is located. The Fund may be unable to realize its Investment objectives by sale, other disposition, or refinance at attractive prices within any given period or may otherwise be unable to complete any exit strategy.

*The Terms of New or Renewal Leases May Result in a Reduction in Income.* Should the Fund lease its real estate properties, the terms of any such new or renewal leases may be less favorable to the Fund than the previous lease terms. Certain significant expenditures that the Fund, as a landlord, may be responsible for, such as mortgage payments, real estate taxes, utilities and maintenance costs generally are not reduced as a result of a reduction in rental revenues. If lease rates for new or renewal leases are substantially lower than those for the previous leases, Fund's rental income might suffer a significant reduction that may Additionally, the Fund may not be able to sell a property at the price, on the terms or within the time frame it may seek. Accordingly, the timing of liquidation of the Fund and the extent to which Investor Unit Holders may receive distributions and realize potential appreciation on the Fund's real estate Investments may be dependent upon fluctuating market conditions. The price the Fund obtains from the sale of a property will depend upon various factors such as the property's operating history, demographic trends in the property's locale and available financing for, and the tax treatment of, real estate Investments. The Fund may not realize significant appreciation and may even incur losses on its properties and other Investments. The recovery of any portion or all of an Investor Member's Investment and any potential return thereon will depend on the amount of net proceeds the Fund is able to realize from a sale or other disposition of its properties.

*Property the Fund Acquires May Have Liabilities or Other Problems.* The Fund intends to perform appropriate due diligence for each property or other real estate related Investment it acquires. The Fund also will seek to obtain appropriate representations and indemnities from sellers in respect of such properties or other Investments. The Fund may, nevertheless, acquire properties or other Investments that are subject to uninsured liabilities or that otherwise have problems. In some instances, the Fund may have only limited or perhaps even no recourse for any such liabilities or other problems or, if the Fund has received indemnification from a seller, the resources of such seller may not be adequate to fulfill its indemnity obligation. As a result, the Fund could be required to resolve or cure any such liability or other problems, and such payment could have an adverse effect on the Fund's cash flow available to meet other expenses or to make distributions to Investor Unit Holders.

*The Fund's Investments May Be Subject to Risks from the Use of Borrowed Funds.* The Fund may acquire properties subject to existing financing or by borrowing funds. The Fund may also incur or increase its indebtedness by obtaining loans secured by certain of its properties in order to use the proceeds for acquisition of additional properties. In general, for any particular property, the Fund will expect that the property's cash flow will be sufficient to pay the cost of its mortgage indebtedness, in addition to the operating and related costs of the property. However, if there is insufficient cash flow from the property, the Fund may be required to use funds from other sources to make the required debt service payments, which generally would reduce the amount available for distribution to Investor Unit Holders. The incurrence of mortgage indebtedness increases the risk of loss from the Fund's Investments since one or more defaults on mortgage loans secured by its properties could result in foreclosure of those mortgage loans by the lenders with a resulting loss of the Fund's Investment in the properties securing the loans. For tax purposes, a foreclosure of one of the Fund's properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the indebtedness secured by the mortgage. If that outstanding balance exceeds the Fund's tax basis in the property, the Fund would recognize a taxable gain as a result of the foreclosure, but it would not receive any cash proceeds as a result of the transaction.

Mortgage loans or other financing arrangements with balloon payments in which all or a substantial portion of the original principal amount of the loan is due at maturity, may involve greater risk of loss than those financing arrangements in which the principal amount of the loan is amortized over its term.

At the time a balloon payment is due, the Fund may or may not be able to obtain alternative financing on favorable terms, or at all, to make the balloon payment or to sell the property in order to make the balloon payment out of the sale proceeds. If interest rates are higher when the Fund obtains replacement financing for its existing loans, the cash flows from its properties, as well as the amounts the Fund may be able to distribute to Investor Unit Holders, could be reduced. If interest rates are higher when the Fund obtains replacement financing for its existing loans, the cash flows from its properties, as well as the amounts the Fund may be able to distribute to Investor Unit Holders, could be reduced. In some instances, the Fund may only be able to obtain recourse financing, in which case, in addition to the property or other Investment securing the loan, the lender may also seek to recover against the Fund's other assets for repayment of the debt. Accordingly, if the Fund does not repay a recourse loan from the sale or refinancing of the property or other Investment securing the loan, the lender may seek to obtain repayment from one or more of such other assets.



*Uninsured Losses Relating to Real Property May Adversely Affect an Investor Member's Return.* The Managing Member will attempt to assure that all of the Fund's properties are comprehensively insured (including liability, fire, and extended coverage) in amounts sufficient to permit replacement in the event of a total loss, subject to applicable deductibles. However, to the extent of any such deductible and/or in the event that any of the Fund's properties incurs a casualty loss which is not fully covered by insurance, the value of the Fund's assets will be reduced by any such loss. Also, certain types of losses, generally of a catastrophic nature, resulting from, among other things, earthquakes, floods, hurricanes or terrorist acts may not be insurable or even if they are, such losses may not be insurable on terms commercially reasonable to the Fund. Further, the Fund may not have a sufficient external source of funding to repair or reconstruct a damaged property; there can be no assurance that any such source of funding will be available to the Fund for such purposes in the future.

*Competition for Investments May Increase Costs and Reduce Returns.* The Fund will experience competition for real property Investments from individuals, corporations and bank and insurance Fund Investment accounts, as well as other real estate limited partnerships, real estate Investment funds, commercial developers, pension plans, other institutional and foreign investors and other entities engaged in real estate Investment activities. The Fund will compete against other potential purchasers of properties of high-quality commercial properties leased to credit-worthy tenants and residential properties and, as a result of the weakened U.S. economy, there is greater competition for the properties of the type in which the Fund will invest. Some of these competing entities may have greater financial and other resources allowing them to compete more effectively. This competition may result in the Fund paying higher prices to acquire properties than it otherwise would, or the Fund may be unable to acquire properties that it believes meet its Investment objectives and are otherwise desirable Investments.

In addition, the Fund's properties may be located close to properties that are owned by other real estate investors and that compete with the Fund for tenants. These competing properties may be better located and more suitable for desirable tenants than the Fund's properties, resulting in a competitive advantage for these other properties. The Fund may face similar competition from other properties that may be developed in the future. This competition may limit the Fund's ability to lease space, increase its costs of securing tenants, limit its ability to charge rents and/or require it to make capital improvements it otherwise might not make to its properties. As a result, the Fund may suffer reduced cash flow with a decrease in distributions it may be able to make to Investor Unit Holders.

*Environmental Regulation and Issues, Certain of Which the Fund May Have No Control Over, May Adversely Impact the Fund's Business.* Federal, state and local laws and regulations impose environmental controls, disclosure rules and zoning restrictions which directly impact the management, development, use, and/or sale of real estate. Such laws and regulations tend to discourage sales and leasing activities and mortgage lending with respect to some properties, and may therefore adversely affect the Fund specifically, and the real estate industry in general. Failure by the Fund to uncover and adequately protect against environmental issues in connection with a Portfolio Investment may subject the Fund to liability as the buyer of such property or asset. Environmental laws and regulations impose liability on current or previous real property owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at the property.

The Fund may be held liable for such costs as a subsequent owner and developer of such property. Liability can be imposed even if the original actions were legal and the Fund had no knowledge of, or was not responsible for, the presence of the hazardous or toxic substances. The Fund may also be held responsible for the entire payment of the liability if the Fund is subject to joint and several liability and the other responsible parties are unable to pay. Further, the Fund may be liable under common law to third parties for damages and injuries resulting from environmental contamination emanating from the site, including the presence of asbestos containing materials. Insurance for such matters may not be available.

*Terrorist Attacks or Other Acts of Violence or War May Affect the Industry in Which the Fund Operates, its Operations & its Profitability.* Terrorist attacks may harm the Fund's results of operations and an Investor Member's Investment. There can be no assurance that there will not be more terrorist attacks against the United States or U.S. businesses. These attacks or armed conflicts may directly or indirectly impact the value of the property the Fund owns or that secure its loans. Losses resulting from these types of events may be uninsurable or not insurable to the full extent of the loss suffered. Moreover, any of these events could cause consumer confidence and spending to decrease or result in increased volatility in the United States and worldwide financial markets and economy. They could also result in

economic uncertainty in the United States or abroad. Adverse economic conditions resulting from terrorist activities could reduce demand for space in the Fund's properties due to the adverse effect on the economy and thereby reduce the value of the Fund's properties.

*The Fund Will Be Subject to Risks Related to the Geographic Location of the Property it Develops.* The Fund intends to develop and sell real estate assets. If the commercial or residential real estate markets or general economic conditions in this geographic area decline, the Fund may experience a greater rate of default by tenants on their leases with respect to properties in these areas and the value of the properties in these areas could decline. Any of these events could materially adversely affect the Fund's business, financial condition or results of operations.

## **Risks Relating to the Units**

*Determination of the terms for the Units.* The distribution rights of the Units and all other terms and conditions with respect to the Units has been unilaterally determined by the Fund Manager and are not the result of arm's-length negotiations. Such rights, terms and conditions were determined based on the perception of the Fund Manager of the marketplace for Investments like the Units and without any analytical, market, technical or other formal assessment of the appropriate rights, terms, and conditions to be applied to the Units based on the nature of the Investment in the Units and the risks associated therewith or other factors.

*Absence of public market for the Units.* The Units will not be listed on any national securities exchange or included for quotation through an inter-dealer quotation system of a registered national securities association. The Units constitute new issues of securities with no established trading market. Furthermore, it is not anticipated that there will be any regular secondary market following the completion of the Offering of the Units. Accordingly, the Units should be purchased for their potential return only and not for any resale potential, which may or may not exist.

*Preferred returns may not be distributed to investors until later than year One..* Current estimates forecast that the Fund will not be able to make any distributions to investors on the preferred returns until year One, at the earliest. This is based on several factors, but primarily the fact that the property will take several years to develop. This forecast could change depending on the construction timeline. While preferred returns will accrue over the life of the project, it is possible that investors will not receive their full accrued returns until a liquidation event in approximately year ten.

*Limited transferability of the Units.* In order to purchase the Units, Prospective Investors must represent that they are acquiring the Units for Investment and not with a view to distribution, that prospective Investors understand that the Unit are not freely transferable and, in any event, that the Investors must bear the economic risk of Investment in the Units for an indefinite period of time because the Units have not been registered under the Act or applicable state "blue sky" or other securities laws. Further, the Units cannot be transferred unless they are subsequently registered or an exemption from such registration is available and all other applicable provisions of the Units, this Memorandum, the Fund Operating Agreement and the Subscription Agreement are followed. Investors understand the return of capital contributions are made at the sole discretion of the Manager, and the Fund business plan contemplates a return of capital contributions in year five at the earliest, if at all.

*The Fund and other Unit Holders have right of first refusal on any transfer.* Pursuant to the Operating Agreement, prior to any transfer of a Unit held by a Member, the selling Member must first offer such Unit(s) to the Fund and to the other Unit Holders for a period of time and only if they reject the offer can the selling Member proceed with a transaction with a third party. This process increases the time required to complete a transfer and thereby may make it more difficult to find buyers for the Units and to complete a transaction with such buyers.

*Lack of agency review.* Since the Offering of the Units is a private offering and, as such, is not registered under federal or state securities laws, prospective Unit Holders do not have the benefit of review of this Memorandum by the SEC or any state securities commission. The terms and conditions of the Offering may not comply with the guidelines and regulations established for any similar programs that are required to be registered and qualified with those agencies.

## **Risks Relating to The Formation and Internal Operation of the Fund**

*The Fund has limited operating history which makes it difficult to evaluate the Fund and lessens the probability of*

*success.* The Fund was organized on March 21, 2022. Consequently, the Fund has only a limited operating history and has not produced any revenue. The Fund must be considered in the developmental stage. Prospective investors should be aware of the difficulties encountered by such enterprises, as the Fund faces all the risks inherent in any new business, including the absence of any prior operating history, need for working capital and intense competition. The Fund cannot assure that it will be profitable or when it may be profitable, or that the Fund Manager will be able to perform its duties successfully. The likelihood of success of the Fund must be considered in light of such problems, expenses and delays frequently encountered in connection with the operation of a new business and the competitive environment in which the Fund will be operating.

*Investors will rely on the Manager to identify, acquire, administer, collect, and liquidate the Fund's Investments.* All decisions regarding management of the Fund's business affairs and the management of the Fund's Investments will be made by the Manager with the support of various principals, affiliates, advisors, and future employees. The Unit Holders, other than the principals, will not participate in any decision-making on behalf of the Fund. Accordingly, no person should purchase Units unless that person is willing to entrust all aspects of management of the Fund and the Fund assets to the Manager. Prospective investors should carefully evaluate the personal experience and business performance of the Manager and its principals. The Manager may not be removed from its respective position, except under limited circumstances, if at all.

*The loss of key personnel could adversely impact our business.* The Fund's success is highly dependent upon the continued services of key personnel, as described under "Management." The loss of a member of the Management team or any of the Fund's key principals, affiliates, employees, agents, or associates could have a material adverse impact on our business. We believe that the Fund's future success depends, in large part, upon the ability of the Manager and its affiliates to hire and retain or contract with highly-skilled managerial and operational personnel. There is significant competition for such personnel and we cannot assure you that the Manager will be successful in attracting and retaining such skilled personnel.

*The Manager may be entitled to indemnification by the Fund and Unit Holders.* The Manager, its officers, directors, Manager, employees, agents, attorneys and certain other parties may not be liable to the Fund and Unit Holders for errors of judgment or other acts or omissions not constituting bad faith, gross negligence or willful malfeasance as a result of certain indemnification provisions in the Fund Operating Agreement. A successful claim for such indemnification would deplete the Fund's assets by the amount paid.

*The Manager may be unable to obtain required financing to generate significant returns for Unit Holders.* For the Manager to generate significant returns for the Unit Holders, the Manager may need to secure financing to leverage proceeds from the Offering. However, there can be no assurances that the Fund Manager will be able to obtain required financing on satisfactory terms or at all.

*There may not be any current income to distribute to the Unit Holders.* The Fund anticipates that the majority, if not all, of the Fund's cash available for distribution will arise out of the cash flow generated from the successful development and subsequent rental of all aspects of the Property, and from rental of the apartments that the Fund develops, once fully built and rented to capacity. As described throughout this Memorandum, the acquisition, development, and ownership of the Property and the apartments involves great risk and those activities may not generate sufficient cash for distribution to Unit Holders.

*The Fund may have insufficient cash reserves to manage the Fund.* The Fund intends to maintain certain cash reserves from the proceeds of Unit Holders' capital contributions and other financing it may obtain to cover Fund operating expenses. However, there is no assurance that the amount of cash reserves will be adequate. If the reserves are insufficient to cover current costs or unexpected future costs, it may become necessary for the Fund to seek additional financing, which may be difficult, if not impossible, to obtain on favorable terms, if at all. If sufficient additional financing is not available, the Fund would be forced to delay and/or reduce payments and distributions to Unit Holders, seek alternative forms of financing, or sell available assets at a loss.

## **Risks Relating to Private Offerings**

*The Offering is not registered with the Securities and Exchange Commission or any state securities authorities*

*and they have not made any determination that this Memorandum is adequate or accurate.* The Offering of the Units will not be registered with the Securities and Exchange Commission under the Act or the securities agency of any state and are being offered in reliance upon an exemption from the registration provisions of the Act and state securities laws applicable only to offers and sales to Prospective Investors meeting the suitability requirements set forth herein. Since this is a nonpublic offering and, as such, is not registered under federal or state securities laws, Prospective Investors will not have the benefit of review by the Securities and Exchange Commission or any state securities regulatory authority. The Units are being offered, and will be sold, to Prospective Investors in reliance upon a private offering exemption from registration provided in the Act and state securities laws. If the Fund should fail to comply with the requirements of such exemption, the Prospective Investors may have the right, if they so desired, to rescind their purchase of the Units. It is possible that one or more Prospective Investors seeking rescission would succeed. This might also occur under the applicable state securities or “Blue Sky” laws and regulations in states where the Units will be offered without registration or qualification pursuant to a private offering or other exemption. If a number of Unit Holders were successful in seeking rescission, the Fund would face severe financial demands that could adversely affect the Fund as a whole and thus, the Investment in the Units by the remaining Unit Holders.

*The Fund is not registered with the Securities and Exchange Commission as an Investment Company under the Investment Company Act of 1940, as amended.* The Fund does not intend to register under the Investment Company Act of 1940, as amended, in reliance upon one or more exemptions from its registration provisions. If the Securities and Exchange Commission determined that the exemption(s) relied upon by the Fund were incorrect or unsupportable, such a determination could adversely affect the Fund as a whole and, thus, the Investment in the Units by the Unit Holders.

### **Risks Relating to the Fund Generally**

*The Fund’s business will not be diversified.* At this time the Fund anticipates that the majority, if not all, of the Fund’s cash available for distribution will come from its Investment in ACM, whose revenues in turn will come from rental income generated through the apartments, once they are fully developed and rented out, and from refinancing and ultimately selling the property. Accordingly, if for any reason ACM is unsuccessful in implementing its business plan or if there is substantially increased competition from new or existing competitors, such changes could substantially, negatively affect the viability of the Fund and the value of the Units, which in turn could potentially impact its profitability, its ability to operate, its ability to raise funds, and thus the Fund’s ability to pay any distributions to the Unit Holders.

*Loss on Dissolution and Termination.* The proceeds realized from the Fund’s Investment in the Property and the sale of the Units will be used to pay all of the accumulated operating expenses of the Fund upon dissolution or termination of the Fund. Thus, the ability of a Member to recover all or any portion of his, her or its Investment under such circumstances will, accordingly, depend materially on the amount of revenue realized from the rental and sale of the Property, as well as other material factors and events affecting the business of the Fund prior to the date of any such dissolution or termination and the amount of claims to be satisfied resulting therefrom.

*The condition of the U.S. and global financial markets is volatile and cannot be predicted.* Investors should be aware that the U.S. and global financial markets are currently somewhat volatile and that the condition of the financial markets has been erratic at times in recent years. Any weakening of the markets or instability could adversely affect the Fund’s ability to conduct its business and make needed purchases and Investments. Prospective investors should be aware that periods of weak economic performance globally, in the United States or regionally could adversely affect the Fund’s business and any Investments or purchases that it has made or will make. Further, financial market instability could result in significant regulatory changes that could have an unpredictable impact on the Fund’s business.

*Other Investment Funds.* The Manager may create and manage other investment funds that have similar investment strategies and objectives. Those activities would require the time and attention of the Manager. Any new investment fund created by the Manager may focus on the same investments as those on which the Fund anticipates focusing and may compete with the Fund for investment opportunities. In that event, the Manager, in its sole discretion, will allocate those opportunities between the Fund and those other funds on a basis the Manager believes, in good faith, to be fair and reasonable. Those funds also may compete with the Fund for Capital Commitments from potential investors. In those situations, the interests of the Manager may conflict with the interests of the Fund, the Members or both.

*Recourse to the Fund's Assets.* The Fund's assets, including any investments made by the Fund and a Portfolio Fund held by the Fund, are available to satisfy all liabilities and other obligations of the Fund. If the Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and will not be limited to any particular assets, such as the asset representing the investment giving rise to the liability. Accordingly, Members could find their interest in the Fund's assets adversely affected by a liability arising out of an investment of the Fund.

*Fund Not Registered.* The Fund is not expected to be registered under the Investment Company Act pursuant to an exemption set forth in Section 3(c)(1) and/or Section 3(c)(7) of the Investment Company Act. The Investment Company Act provides certain protection to investors and imposes certain restrictions on registered investment companies (including, for example, limitations on the ability of registered investment companies to incur debt), none of which will be applicable to the Fund. The Manager is not registered as a broker/dealer under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), or with the Financial Industry Regulatory Authority ("*FINRA*") and is consequently not subject to the record keeping and specific business practice provisions of the Exchange Act and the rules of FINRA. Neither the Fund nor its counsel can assure investors that, under certain conditions, changed circumstances, or changes in the law, the Fund may not become subject to the Investment Company Act or other burdensome regulation.

### **The Manager and Organizer are Not Registered as an Investment Advisor**

Neither the Manager, nor the Organizer nor any of their respective affiliates are a state or SEC registered investment adviser under the U.S. Investment Advisers Act of 1940, although the Manager or the Organizer may become required to register in the future.

### **Risks Related to Conflicts of Interest**

*There may be conflicts of interest between the Manager and the Fund, which might not be resolved in your favor.* The Manager may be involved in other business activities and may get involved in other business activities in the future. The Manager will have to allocate their time between the Fund and other activities in which they are involved. If they do not devote sufficient time to the business of the Fund, the Fund's business and results of operations could be negatively impacted.

*The Manager will engage in other activities outside of the Fund that could cause conflicts of interest.* The principals of the Manager may be engaged in activities other than this Offering and the business of the Fund. The Manager may have conflicts of interest in allocating time, services and functions between various existing and future enterprises. The Manager may organize other business ventures that may compete with the Fund.

*No arm's-length negotiations of compensation.* None of the agreements or arrangements, including those relating to compensation, among the Fund and the Fund Manager, is the result of arm's-length negotiations.

### **ERISA Risks**

*Investment considerations for tax-exempt Prospective Investors.* In considering an Investment in the Units of a portion of the assets of a trust or a pension or profit-sharing plan qualified under Section 401(a) of the Code and exempt from tax under Section 501(a) (a "Qualified Plan"), a fiduciary should consider the following:

- whether the Investment satisfies the diversification requirements of Section 404 of the Employee Retirement Income Security Act of 1974 ("ERISA");
- whether the Investment is prudent, since the Units are not freely transferable and there will not be a trading market created in which he/she can sell or otherwise dispose of the Units;
- whether the Units or other assets owed by the Fund constitute "Plan Assets" under ERISA; and
- the possibility that, in certain circumstances, pursuant to the terms and conditions of the Subscription Agreement, a portion of the assets may have to be liquidated from the Qualified Plan and invested in the Units in an individual name, subject to the Fund's right to seek qualification as a Real Estate Operating Fund which would exempt the Fund from this requirement.

See “Investment by Qualified Plans and Individual Retirement Accounts.”

*Considerations that trustees, custodians and fiduciaries must take into account before investing in the Units.* Trustees, custodians and fiduciaries of retirement and other plans subject to ERISA or Code Section 4975 (including individual retirement accounts) should consider, among other things:

- that the plan, although generally exempt from federal income taxation, would be subject to income taxation if its income from an Investment in the Fund and other unrelated business taxable income exceeds One Thousand Dollars and 00/100 (\$1,000) in any taxable year;
- whether an Investment in the Fund is advisable given the definition of plan assets under ERISA and the status of Department of Labor regulations regarding the definition of plan assets;
- whether the Investment is in accordance with plan documents and satisfies the diversification requirements of Section 404(a) of ERISA;
- whether the Investment is prudent under Section 404(a) of ERISA, considering the nature of an Investment in, and the compensation structure of, the Fund and the potential lack of liquidity of the Units; and
- whether the Fund or any Affiliate is a fiduciary or party in interest to the plan.

The prudence of a particular Investment must be determined by the responsible fiduciary taking into account all the facts and circumstances of the qualified plan and of the Investment. See “Federal Income Tax Matters” and “Investment by Qualified Plans and Individual Retirement Accounts.”

### **Risks Relating to Retirement Plan Investors**

*Investment by retirement plans generally.* In considering an Investment in the Units of a portion of the assets of a pension or profit-sharing plan qualified under Section 401(a) of the Code and exempt from tax under Section 501(a), a fiduciary should consider if: (a) the Investment satisfies the diversification requirements of Section 404 of the Employee Retirement Income Security Act of 1974 and regulations adopted pursuant thereto by the U.S. Department of Labor (ERISA); (b) the Investment is prudent, since the Units are not freely transferable and there may not be a market created in which the fiduciary can sell or otherwise dispose of the Units; (c) the underlying assets owned by the Fund could be deemed to be “plan assets” under ERISA; (d) the possibility that, in certain circumstances, pursuant to the terms and conditions of the Subscription Agreement, a portion of the Qualified Plan assets may have to be liquidated from the Qualified Plan and invested in the Units in an individual name, subject to the Fund’s intent to seek qualification as a Real Estate Operating Fund which may exempt the Fund from this requirement; and (e) whether the Investment otherwise complies with ERISA and the Code.

*Plan assets.* If the underlying assets owned by the Fund are deemed to be assets of a qualified plan or IRA that is considered to be investing in the Fund’s equity, operations will be severely limited. In such case, the Fund Manager may be considered a plan fiduciary and contemplated transactions described herein may be deemed to be “prohibited transactions” subject to excise taxation under the Internal Revenue Code. The standards of prudence and other provisions of ERISA would extend to the Fund Manager with respect to Investments made by us. We have not requested or obtained an opinion of counsel regarding such matters and have not obtained or sought any rulings from the U.S. Department of Labor regarding the same. In the event the Property of the Fund are deemed to constitute plan assets or certain of our transactions constitute “prohibited transactions” under ERISA or the Internal Revenue Code and we can obtain no exemption for such transactions, we have the right, but not the obligation (upon notice to all Unit Holders, but without the consent of any said parties), to (i) terminate the Offering of Units, (ii) compel a termination and dissolution of the Fund or (iii) restructure our activities to the extent necessary to comply with any exception in the Department of Labor Regulations or any prohibited transaction exemption granted by the Department of Labor or any condition which the Department of Labor might impose as a condition to granting a prohibited transaction exemption.

*We may not generate sufficient liquidity to satisfy IRA minimum distribution requirements.* Any potential investor who intends to purchase Units for his or her IRA and any trustee of an IRA or other fiduciary of a retirement plan considering an Investment in our Units should consider particularly the limited liquidity of an Investment in the Units as they relate to applicable minimum distribution requirements under the Internal Revenue Code. If the Units are still held

and the Fund's underlying assets and Property have not yet been sold at such time as mandatory distributions are required to commence to an IRA beneficiary or qualified plan participant, applicable provisions of the Internal Revenue Code and regulations may require that a distribution in kind of the Units be made to the IRA beneficiary or qualified plan participant. Any such distribution in kind of Units must be included in the taxable income of the IRA beneficiary or qualified plan participant for the year in which the Units are received at the fair market value of the Units without any corresponding cash distributions with which to pay the income tax liability arising out of any such distribution.

## **Tax Risks**

There are risks associated with the federal income tax aspects of an Investment in the Fund. The Internal Revenue Service ("IRS") could potentially examine tax issues that could affect the Fund. Moreover, the income tax consequences of an Investment in the Fund are complex and tax legislation could be enacted and regulations adopted in the future to the detriment of Unit Holders. The following paragraphs summarize some of the tax risks to the Unit Holders who own the Units. A discussion of the tax aspects of the Investment is set forth in "Federal Income Tax Matters." Because the tax aspects of this Offering are complex and may differ depending on individual tax circumstances, each prospective investor must consult with and rely on his/her own, independent tax advisor concerning the tax aspects of the Offering and his/her individual situation.

**No representation or warranty of any kind whatsoever is made with respect to the acceptance by the IRS of the treatment of any item by the Fund or by any Member.**

*An IRS audit of the Fund's books and records could result in an audit of a Member's income tax returns.* The Fund's federal income tax returns could potentially be audited by the IRS. Such an audit could result in the challenge and disallowance of some of the deductions claimed in such returns. The Fund does not assure or give a warranty of any kind with respect to the deductibility of any such items in the event of either an audit or any litigation resulting from an audit.

*A risk exists that the Fund will be taxed as a corporation and not as a partnership.* The Fund Manager intends for the Fund to be taxed as a partnership for federal income tax purposes. If the Fund were to be treated for tax purposes as a corporation, the tax benefits associated with an Investment in the Fund, if any, would not be available to the Unit Holders. The Fund would, among other things, pay income tax on its earnings in the same manner and at the same rate as a corporation, such earnings would be subject to tax again as ordinary income when distributed to the Unit Holders, and losses, if any, would not be deductible by the Unit Holders.

*Because of the probability of Unrelated Business Taxable Income, an Investment in the Fund is not appropriate for a charitable remainder trust.* The Fund may generate unrelated business taxable income ("UBTI") from its assets or debt financing, although a Qualified Plan may be eligible for an exemption therefrom. Tax-exempt entities must consult their own tax counsel regarding the effect of any UBTI. Due to the likely presence of UBTI, an Investment in the Units is not appropriate for a Charitable Remainder Trust.

*The IRS could disallow various deductions claimed.* The availability, timing and amount of deductions or allocations of income of the Fund will depend not only upon general legal principles but also upon various determinations that are subject to potential controversy on factual and other grounds. Such determinations could include, among other things, the allocation of basis to buildings, land, leaseholds, personal Property and other assets, as applicable. If the IRS were successful, in whole or in part, in challenging the Fund on these issues, the federal income tax benefits of an Investment in the Fund could be materially reduced.

*Limitations exist on losses and credits from passive activities.* A Member's share of the Fund's taxable income and loss will likely be considered to be derived from a passive activity. Deductions in excess of income (i.e. losses) from passive trade or business activities generally may not be used to offset "portfolio income" (i.e. interest, dividends and royalties, salary or other active business income). However, deductions from passive activities generally may be used only to offset income from passive activities. Interest deductions attributable to passive activities are treated as passive activity deductions and not as Investment interest. Thus, such interest deductions are subject to limitation under the passive activity loss rule and not under the Investment interest limitation. Credits from passive activities generally are limited to the tax attributable to the income from passive activities. Passive activities include trade or business activities in which the taxpayer does not materially participate, which would include holding an interest as a Member. Thus, the

Fund's Net Income and Net Loss will likely constitute income and loss from a passive activity.

*The IRS may challenge the allocation of net income and net losses.* In order for the allocations of income, gains, deductions, losses and credits under the Fund Operating Agreement to be recognized for tax purposes, such allocations must possess substantial economic effect. The Fund cannot assure you that the IRS will not claim that such allocations lack substantial economic effect. If any such challenge to the allocation of losses to any Member were upheld, the tax treatment of the Investment for such Member could be adversely affected.

*A Member may have taxable income that exceeds the amount of cash distributions received.* A Member's taxable income resulting from his/her interest in the Fund may exceed the cash distributions that such Member receives from the Fund. This may occur because the Fund's receipts may constitute taxable income but its expenditures may constitute nondeductible capital expenditures or loan repayments. Thus, a Member's tax liability generally may exceed his/her share of cash distributions from the Fund. The same tax consequences may result from the sale or transfer of a Member's Units, whether voluntary or involuntary, and may produce ordinary income or capital gain or loss.

*A Member could be liable for Alternative Minimum Tax.* The alternative minimum tax applies to certain items of tax preference. The limitations on the deduction of passive losses also apply for purposes of computing alternative minimum taxable income.

*If the IRS were to audit the Fund a Member could be liable for accuracy related penalties and interest.* In the event of an audit in which Fund deductions are disallowed, the IRS could assess significant penalties and interest on tax deficiencies. The Code provides for penalties relating to the accuracy of income tax returns equal to 20% of the portion of the underpayment to which the penalty applies. The penalty applies to any portion of any understatement which is attributable to: (1) negligence; (2) any substantial understatement of income tax; or (3) any substantial valuation misstatement. Additional interest may be imposed on underpayments relating to tax shelters. The Fund Manager believes that the Fund is not a "tax shelter," as defined, and that there is substantial support for the positions to be taken by the Fund on its income tax returns. However, the Fund cannot assure you that the IRS will agree with these positions.

*Changes in federal income tax law could adversely affect an Investment in the Fund.* Congress enacts new tax laws on a regular basis which make significant changes to the federal tax law. In addition, Congress could make additional changes in the future to the income tax consequences with respect to an Investment in the Fund. In addition, Congress is currently analyzing and reviewing numerous proposals regarding changes to the federal income tax laws. The extent and effect of such changes, if any, is uncertain.

*The discussion of tax consequences contained in this Memorandum is a summary of tax considerations based on the law, court rulings and regulations presently in effect and true. Nonetheless, Prospective Investors should be aware that new administrative, legislative or judicial action could significantly change the tax aspects of the Fund at any time, which could have a material adverse effect on the Fund and Unit Holders.*



## V. MANAGEMENT

### The Fund Manager

The Manager of the Fund is Spartan Investment Group, LLC, a Delaware limited liability company.

### Bio of Key Management Personnel

**Scott Lewis** is the co-founder and Chief Executive Officer of Spartan Investment Group, LLC (SIG). As the CEO, Scott is responsible for the strategic direction of the Fund and ensuring it aligns with SIG's mission to Improve Lives Through Real Estate. Prior to Spartan, Scott held positions as a regional sales manager for a biotech firm, various positions in strategic and project management for the federal government culminating at the GS 15 level and was on active duty in the US Army as an Infantry Officer. In addition to Spartan, Scott is active in the US Army Reserves and an Iraqi Freedom combat Vet. Scott graduated from Michigan State University with degrees in Chemistry and Marketing, from Catholic University with an MS in Management, and from Georgetown University with a Certificate in Project Management.

**Ryan Gibson** is the Chief Investment Officer of Spartan Investment Group, LLC. As the CIO, Ryan is responsible for investor relations and capital raises for the project. Ryan has coordinated over \$150M+ in private capital for SIG's projects to date and oversees all our marketing efforts, including our communication and outreach strategies. Previously, Ryan has identified and acquired several high profit margin real estate investment opportunities and owns cash flowing properties in several states. Prior to joining Spartan Investment Group, LLC, Ryan also worked for the FAA and in addition to holding the positions as Regional Chief Pilot, certified flight instructor, and Senior Aviation Analyst, Ryan was also directly involved with the FAA's implementation of sweeping regulatory changes in the commercial aviation industry. Ryan graduated from Mercyhurst University with a bachelor's degree in Business.

**Ben Lapidus** is a partner and the Chief Financial Officer for Spartan Investment Group LLC, where he has applied his finance and business development skills to acquire the Fund's current portfolio, build the corporate finance backbone for the firm, and organize hundreds of millions of debt capital. Ben is also the founder and host of the national Best Ever Real Estate Investing Conference and managing partner of Indigo Ownerships LLC, a legacy residential investment business. Before Spartan, Ben founded and sold a multi-million dollar study abroad company and worked with several technology start-ups through IPO or acquisition. He graduated with dual degrees in Finance and Economics from Rutgers University where he founded the Rutgers Entrepreneurial Society.

**Aaron Saunders** is the Managing Director of Construction for Spartan Investment Group. He brings over 15 years of construction leadership experience including roles as a Sr. Project Engineer, Project Sponsor, and Director of Operations. Aaron has managed concurrent projects ranging from 1M to 25M and has managed over 150M worth of projects during his career. He has a strong knowledge of project planning/scheduling, contract management, engineering oversight, subcontract management and has been a part of building multiple construction teams over his career. In addition to Spartan, Aaron oversees a real estate portfolio including single-family rentals, residential development, and multifamily limited partnerships.

## VI. ESTIMATED USE OF PROCEEDS

The Fund seeks to raise minimum gross proceeds of \$5,000,000 and target gross proceeds of \$150,000,000 with an option, at sole discretion of the Manager to an overallotment of \$50,000,000 for a total of \$200,000,000 from the sale of Units in this Offering. The Fund intends to apply these proceeds substantially as set forth herein, subject only to reallocation by Management in the best Interests of the Fund.

The chart below shows estimated sources and uses of proceeds for the example purchase of a Property by the Fund, and is added for illustrative purposes only. Management believes that the source of funds will derive from this Offering (based on the proceeds received from the Target Offering Amount) will be sufficient for the proposed operations of the Fund,

however, there can be no such assurances. Management intends to use the proceeds of this Offering substantially as follows, although it reserves the right to change the use of proceeds if deemed appropriate for the development of the Fund along its proposed business plan.

Net proceeds from the Offering which are not used to pay fees and expenses attributable to the Offering and ongoing operations will be used to (1) grow and further diversify the Fund's portfolio by making Investments in accordance with its investment strategy and policies and (2) reduce borrowings and repay indebtedness incurred under various financing instruments.

SOURCES		
Description		
<b>Equity</b>		
Class A and Class B Investor Equity <sup>1</sup>	\$2,000,000	
<b>Total Equity</b>		<b>\$2,000,000</b>
<b>Debt</b>		
Primary Loan	\$3,411,094	
Mezzanine Debt <sup>3</sup>	\$1,391,643	
<b>Total Debt</b>		<b>\$4,802,737</b>
<b>TOTAL SOURCES</b>		<b>\$6,802,737</b>

USES		
Acquisition	\$4,200,000	
<b>Total Purchase</b>		<b>\$4,200,000</b>
Closing Costs	\$75,600	
Initial Improvements	\$71,000	
Rebranding	\$50,000	
Permits & Plans	\$60,244	
Construction	\$1,204,886	
Contingency	\$126,513	
<b>Total Cost Basis</b>		<b>\$1,588,243</b>
Working Capital	\$201,168	
<b>Total Project Cost</b>		<b>\$5,989,411</b>
<b>Sponsor Fees</b>		
Acquisition Fee <sup>2</sup>	\$168,670	
Developer Fee <sup>3</sup>	\$598,941	
Financing Fee <sup>4</sup>	\$43,813	
<b>Total Sponsor Fees</b>		<b>\$811,424</b>
<b>Unallocated Fees</b>		<b>\$1,902</b>
<b>TOTAL USES</b>		<b>\$6,802,737</b>

1. If less than the Minimum Offering Amount is raised by the Termination Date, the Company will return all funds to subscribers and will not complete this Offering. The Company may use the funds once the minimum offering is raised, even though Company has not yet obtained the loan.

2. For expenses incurred in the purchase of the property, to include, but not limited to performing due diligence and underwriting of the property, negotiating the sale agreement, acquiring the Properties, and services for finalizing the purchase of the Properties. Based on 2.85% of the Total Project Cost.
3. Fees earned by the Manager for the development of the Project. Based on 10% of the Construction Costs and Initial Improvements; 25% to be paid upfront, 65% paid monthly during the course of the project, and 10% upon completion of the project. This illustration represents 100% of the fee.
4. The Fund Manager may, at its' sole discretion, retain a third-party broker to assist in the financing of Properties, with Broker fee to be paid out of this Financing Fee.

## **VII. PLAN OF OPERATIONS**

The Fund intends to operate as a real estate investment fund with substantially all allocated capital being utilized for investments that will mature over a six-year period. The Fund intends to raise capital from Investors for approximately 12-18 months and then execute its business strategy as follows:

### **Property Acquisition Phase – Years One to Three**

The Manager will be using operational principles and best practices developed from experience operating self-storage facilities and significant input from industry experts. The Manager has an extensive track record of acquiring and managing self-storage facilities.

The Fund's opportunities will be value-add acquisitions sourced through the Manager's professional real estate network across the United States. The management team's specialized approach to buying self-storage facilities, developed through intense focus on this asset class, seeks to acquire properties where equity and value is present at the time of acquisition, and is enhanced through the renovation, expansion, re-positioning, marketing, and management processes.

### **Stabilization Phase – Years Four to Five**

The Manager intends to hold and manage properties for a period of two to four years, and opportunistically sell as a portfolio to an institutional investor, as individual sales to commercial real estate buyers, or a combination of these two exit strategies.

### **Capital Returns / Distributions – Beginning in Year One**

Beginning in year One, through a combination of Property sales, cash out refinancing, and excess cash flows, the Fund will begin returning capital to investors. **The Managers will determine the appropriate time to begin the returns and have discretion to reinvest any proceeds earned throughout the life of the Fund into additional assets rather than returning such capital to investors. See "Plan of Distribution."**

### **Asset Liquidation / Divestment Phase – Beginning in Year Six**

Beginning in year Six, the Manager will begin marketing the portfolio and divesting the holdings as either a portfolio or as individual self-storage facilities. If the market is not favorable, or no buyer can be sourced, the Manager will continue actively managing the Fund and all Properties until it is determined that liquidation is in the best interest of the Unit Holders.

The Manager will take into consideration the tax laws and any changes that have occurred during the life of the Fund prior to liquidation. The decision-making process of the Manager will be outlined in the quarterly updates leading up to year Six so that all Investors can plan accordingly with personal tax advisors.

## **OPERATIONS**

### **Acquisition Criteria**

- Asset Class: Self Storage
- Property Type: Value Add
- Location: Secondary and tertiary markets, preferably where the Manager manages properties.
- Cash Flow: Between 5-8%

- Geographic Diversity
- Leverage Economies of Scale
- Mix of current cash flow and upside
- Opportunity to establish above market rents
- Upside rent and valuation potential from asset enhancements and re-positioning

The Fund may purchase assets currently owned in the Spartan Investment Group portfolio, that meets the Acquisition Criteria.

### **Asset Acquisition – Due Diligence**

The Manager will complete a methodical evaluation of each asset targeted for potential acquisition. Each asset will be subject to the following general vetting process prior to acquisition and inclusion into the Fund's portfolio:

- (a) A full market analysis is completed internally. Stemming from expertise in markets, and understanding of ideal market statistics for successful operations, the Manager's team will ensure that demand will be strong at price points that make the investment economically viable.
- (b) A complete off-site due diligence process will be conducted prior to on-site inspections that will require third-party inspections. During this process the Manager's team will review zoning, title and survey for the Property to ascertain legal status; law enforcement will advise of historical criminal activity; and fire inspector will advise of violations that will need to be addressed.
- (c) Only after the off-site due diligence has been completed and deemed acceptable will the Manager begin the on-site inspection process. This process will include but is not limited to third party site inspections addressing roofing, life safety, paving, electrical, plumbing, mechanical and an environmental assessment. The manager will also provide its own inspection to confirm the findings of the third-party inspector, and to begin cataloging repairs to be made.
- (d) Once inspections are underway, we will begin obtaining quotes from vendors necessary to conduct the turnaround process that makes up a large portion of our value-add strategy. This will typically include quotes from general contractors and or contractors that specialize in roofing, paving, fencing, electrical, security etc. with a focus on adding value where it can be recouped easily. The Manager will also request pricing for rebranding the facility with new signage and a marketing plan.
- (e) The Fund will utilize standard real estate purchase and sale contracts (or those of the state in which each Property is located), or alternatively will utilize a real estate attorney licensed in the state in which the Property is located to draft and negotiate the purchase and sale agreement to mitigate any potential contract-related risks to the Fund.

### **Closing and Settlement**

The Manager will utilize specific protocols, and deploy the services of title, settlement, and property closing professionals, to ensure that the closing and purchase of Fund properties is executed properly and legally.

- (a) The Fund will also implement a general liability umbrella policy for each Property.
- (b) A title policy and municipal lien search will be required and verified clear prior to closing.
- (c) A property survey will be requested and completed when applicable.

### **Making a Self-Storage Facility Suitable for the Rental Market**

The Fund may acquire properties that require the completion of deferred maintenance and upgrade of systems and minor structural features. Further, the Fund expects to acquire properties that may require substantial renovation and repositioning. As such, all renovation and construction activities on Fund assets will be completed following certain protocols:

- (a) All renovation and construction work will be performed by experienced contractors that meet strict standards of quality and experience. Spartan Construction Management, LLC, an Affiliate of the Manager, will be retained for the approval and oversight of all general contractors utilized by the Fund.

- (b) Property site inspection by a senior manager of the Manager, or his/her representative, will be executed on a routine basis to ensure all repair work is progressing on schedule and on budget.
- (c) Large capital projects will be focused on making the changes necessary to increase the value of a Property and allow for increased revenues through justified rent increases. These improvements will improve the overall quality of the Fund as well as the rental appeal while also demonstrating competence and reliability to lenders.

## **Property Management**

The Manager's leadership has experience managing numerous self-storage facilities across the southwest and southeast United States and has a deep understanding of the special considerations for managing this asset class. The Manager will directly manage each asset in the Fund's portfolio. This approach is both cost effective and designed to optimize the performance of each asset in the Fund's portfolio through thoughtful tenant selection, disciplined expense controls, and effective use of property management technology.

Additionally, this relationship will provide the Manager with immediate access to financial data and qualitative information about every asset in the Fund's portfolio. Because of this, the Manager will be able to manage the performance of each asset more effectively. The Manager will also be able to customize its data for analysis and reporting to Fund investors, improving the accuracy of record keeping and improving its ability to project and control expenses.

The Manager's approach to property management prioritizes property value, accurate reporting, tenant satisfaction, and strong financial controls. Because of the experience of the Manager's leadership team, the Fund's property management will be handled with specialized, industry leading attention to each Property, as well as customized operating procedures that will ensure excellence in cost control, lease administration, and accounting.

The Property Management Team will also conduct lease administration and property accounting in accordance with best practices that the Manager's leadership developed over the years. These lease administration and property accounting duties include billing, collections, vendor management, and internal financial controls to ensure consistency and accuracy.

In addition to specific tasks that may be assigned, the Property Leasing Team is responsible for:

- Marketing and leasing all assets in the Fund's portfolio
- Compliance with lease documentation and record keeping policies
- Rent roll administration
- Effective communication of lease terms to tenants
- Vendor / contractor insurance compliance
- Tenant insurance compliance
- Billing
- Budgeting

The goal of the Property Manager is to maximize the value of the Fund's real estate assets. To do this, the Property Manager uses various state of the art property management tools, many of these are SaaS products that drastically reduce the time and expense involved with leasing, inspections, rent collection, security, tenant communications, and maintenance.

The real estate principles employed by the Property Manager, combined with property management technology, allows the Property Manager to manage property at costs significantly lower than third-party managers, enhance the value of each asset in the Fund's portfolio, and effectively communicate critical financial and non-financial information with the Manager.

## **Asset Re-Positioning and Marketing**

Once any renovations and/or expansions of a Property are complete, the Fund will proceed with re-positioning the asset and marketing the asset to potential buyers. The Fund expects that many of the properties acquired will not be in a physical condition or managed such that the asset is attractive to a rental consumer willing to pay an increased rental rate. In part, much of the re-positioning process occurs with the modernization of the property and the inclusion of aesthetic features that will appeal to the core target rental audience in the selected markets. The Manager has extensive experience

in rehabilitating and infilling properties such that they have significant rental appeal to the self-storage consumer. This increase in appeal allows for increased rental rates, higher expected net operating income, and equity accretion.

Oversight of the re-branding and marketing of Fund real estate assets will be the primary responsibility of the property management team. The marketing process involves online advertising, and technology enabled tools to facilitate the safe previewing of units to potential customers.

### **Disposition of Assets**

The Fund intends to use the services of a commercial real estate brokerage to list and market the Fund properties for sale. The Fund may also engage in direct sales of assets without use of a real estate broker on certain transactions. Direct sale transactions will be reviewed, and contracts drafted by the Fund real estate attorney.

### **Subsequent Capital Contributions**

The Unit Holders will not be required to make additional capital contributions in excess of their initial capital commitment. If additional capital is required, the Manager may solicit additional capital contributions from Unit Holders, but these will be voluntary,

### **Reinvestment into Additional Assets**

Within the first three years of operations of the Fund, the Manager reserves the right to treat proceeds from the sale, financing or refinancing of a Property, or any a sale of any asset that is considered a capital event as “Returned Capital,” in which case the Returned Capital shall not be distributed pursuant to the “Plan of Distribution” provisions above (other than as may be required to pay the Preferred Return), but instead may be reinvested in the purchase of additional Properties.

### **Fund Termination**

The Manager may terminate the Fund prior to the expiration of the term without the approval of the Unit Holders of the Fund if the Manager believes there is an opportunistic exit opportunity. The planned term of the Fund is six (6) years from the start of principal Fund activities subject to extension to up to one one-year periods at the discretion of the Manager in order to allow for an orderly liquidation of the Fund’s assets.

## **VIII. DESCRIPTION OF THE UNITS**

The Units represent membership interests in the Fund and entitle the holder thereof to certain voting and other rights, as well as distributions of Net Distributable Cash from operations, refinancing, and liquidation. Prospective investors who purchase Units from the Fund and are accepted by the Manager will become Unit Holders in the Fund. See “**Summary of the Fund Operating Agreement.**”

The Units are to be sold to passive investors, in exchange for a voting interest, limited to those matters that materially affect the Operations of the Fund, and are defined as Voting Matters in the Operating Agreement.

Any distributable cash available after making the preferred returns will be distributed per the Fund Operating Agreement and the Plan of Distribution. See “**Plan of Distribution.**”

<b>Class of Unit</b>	<b>Minimum Investment</b>	<b>Preferred Return</b>	<b>Initial Split</b>	<b>Cash on Cash Return Hurdle</b>	<b>Post-Hurdle Split</b>
Class A Units (Less than \$1M)	\$50,000	7%	70/30	14%	50/50
Class B Units (Greater than \$1M)	\$1,000,000	8%	70/30	16%	50/50

### **Restrictions on Transferability**

There are substantial restrictions on the transferability of the Units contained in the Operating Agreement and imposed by state and federal securities laws. The Units offered by this Memorandum have not been registered under the

Act or by the securities regulatory authority of any state. The Units may not be resold unless they are registered under the Act and registered or qualified under applicable state securities laws or unless exemptions from such registration and qualification are available.

## **IX. SUMMARY OF THE FUND OPERATING AGREEMENT**

The following summary of the Operating Agreement does not purport to be comprehensive and is qualified in its entirety by reference to the full text thereof. Each prospective investor in the Units should review the entire Operating Agreement and Memorandum before executing a Subscription Agreement for the Units. (All capitalized terms in this section not otherwise defined in this Memorandum are as defined in the Fund Operating Agreement.)

**Management.** The initial Manager of the Fund shall be Spartan Investment Group, LLC. The Manager may not be removed without cause. The Manager may resign at any time. Vacancies for the manager shall be filled by the vote of the Unit Holders holding a majority of the Units. The Operating Agreement waives all fiduciary duties that would otherwise be implied by applicable law. Managers have no personal liability for the return of any Member's capital contributions. The Manager has broad powers under the Agreement to manage the Fund, execute contracts, borrow money, purchase insurance, distribute money, and generally conduct the affairs of the Fund. The Unit Holders waive any claims against the Manager for engaging in transactions or activities which may involve a conflict of interest.

**Manager Indemnification.** The Fund shall indemnify and exculpate the Manager for actions taken in their capacity as Manager so long as such action are taken in good faith and unless such actions constitute fraud, gross negligence or willful misconduct. The sole duty of any Manager shall be that of good faith and fair dealing.

**Additional Capital Requirements.** If the Manager determines additional capital is required by the Fund, the Manager may secure capital in the following priority order:

- (a) Internal Debt. Manager may enter into debt financing agreements with current Fund Unit Holders, at terms that are agreeable in the sole discretion of the Manager;
- (b) External Debt. Manager may secure debt financing from non-Unit Holders of financial institutions, at terms that are agreeable in the sole discretion of Manager;
- (c) Internal Equity. Manager may issue additional units to current Unit Holders, comprised of Class A or Class B Units, or may issue a Unit from a new Class of Units;
- (d) External Equity. Manager may issue additional units to new Unit Holders, comprised of Class A or Class B Units, or may issue a Unit from a new Class of Units;
- (e) Conversion of up to one-hundred (100) Class C Units owned by the Manager to Class A Units, Class B Units, or another Class of Units

**Allocations of Profit and Loss.** The Fund shall allocate Profits and Losses of the Fund to the Unit Holders as if the Fund completely liquidated at the time of such allocation.

**Transfer Restrictions.** The Units are not registered with the Securities & Exchange Commission or with the securities regulators of any state and thus cannot be transferred without an effective registration or a valid exemption from registration. A Member may sell, exchange, encumber, transfer or otherwise assign, whether during his or her lifetime or through the laws of intestacy or inheritance, in whole or in part, his or her Units. The Fund reserves the right to purchase Units from Unit Holders, at agreed upon terms, at any time. In addition, the Fund and the other Unit Holders have a right of first option prior to any sale to a third party. The purchase price for such Units will be determined by an independent third-party appraiser. Persons who acquire Units by transfer or by other means may or may not be admitted as Unit Holders and, if not, shall hold their Units as Participation Interest holders.

**Preparation for Sale of Property; Prospective Sale of Property.** The Manager reserves the right, at their sole discretion, to determine the terms of any prospective sale, or other disposition of the units.

***No Right to Participate in Management.*** Except as expressly provided in the Operating Agreement, no Member shall have a right to participate in the management and operation of the Fund's business and Investment activities.



## **X. PLAN OF DISTRIBUTION**

### **Distributions**

The amount of any distribution of “Net Distributable Cash” (defined for the purposes herein with respect to any fiscal year as the excess of all revenues derived by the Fund with respect to such period over all expenses incurred by the Fund with respect to such period, less amounts reserved to cover its reasonable business needs) shall be determined by the Manager in its sole discretion.

All distributions are restricted in that the Fund will not distribute cash unless that cash is available after paying other Fund obligations and in the sole discretion of the Manager determines Net Distributable Cash will be distributed, it will be distributed monthly to Unit Holders within 30 days after the close of the previous month as follows:

- (i) Distributions from Operations. Net Distributable Cash shall be distributed:
  - a. First, to Class A and B Unit Holders, a Preferred Return in proportion to their respective Preferred Return Balances until each such Unit holder’s Preferred Return Balance is reduced to zero;
  - b. Second, 70% to the Class A Unit Holders and Class B Unit Holders in proportion to their respective percentage ownership interests and 30% to the Class C Unit Holders in proportion to their respective percentage ownership interests until investors have achieved their respective Cash on Cash Hurdle;
  - c. Third, 50% to the Class A Unit Holders and Class B Unit Holders in proportion to their respective percentage ownership interest and 50% to the Class C Unit Holders.
- (ii) Distributions upon dissolution, or refinance shall be distributed:
  - a. First, to the Class A and Class B Unit holders, until each such Unit holder’s Preferred Return Balance is reduced to zero;
  - b. Second, to Class A and Class B Unit holders, until each such Class A and Class B Unit holder has received distributions in an amount sufficient to achieve its Capital Return;
  - c. Third, 70% to the Class A Unit Holders and Class B Unit Holders in proportion to their respective percentage ownership interests and 30% to the Class C Unit Holders in proportion to their respective percentage ownership interests until investors have achieved their respective Cash on Cash Hurdle;
  - d. Fourth, 50% to Class A and Class B Unit Holders in proportion to their respective percentage ownership interests and 50% to the Class C Unit Holders in proportion to their respective percentage ownership interests.

### **Definitions for Distributions**

“Capital Contributions” means those sums and other property contributed by the Unit Holders pursuant to the Operating Agreement including, without limitation, Initial Capital Contributions and Additional Capital Contributions, if any; a “Member’s Capital Contribution” means that portion of the Capital Contributions contributed by an individual member.

“Capital Return” means the payment to the Unit Holders of aggregate distributions equal to their aggregate unreturned Net Capital Contributions, until such time the Unit Holder’s capital account reaches zero dollars (\$0).

“Cash on Cash Return” means the amount of pre-tax cash flow by the amount of equity invested, expressed as a percentage.

“Distributable Cash from Operations” means the amount, if any, by which the cash receipts of the Fund from operations of the Properties, including, without limitation, refinance or supplemental financing of the Loan (after payment of any Fund indebtedness that is repaid in connection with such refinancing or supplemental financing), exceed all cash disbursements of the Fund for Fund Costs.

“Cash on Cash Return Hurdle” means as to each Class A Unit Holder and Class B Unit Holder, a minimum Cash on Cash Return a Unit Holder is required to achieve before a change in the initial proportionate distributions (70% to Class A Unit Holders and Class B Unit Holders and 30% to the Manager) to an adjusted proportionate distribution (50% to Class A Unit Holders and Class B Unit Holders and 30% to the Manager). The Cash on Cash Return Hurdle for Unit Holders is determined by the amount of capital contributed and the timing of the purchase of the Units. The Cash on Cash Return Hurdle for Class A Units is 14%. The Cash on Cash Return Hurdle for Class B Units is 16%. See “**Section VIII. Description of the Units**”.

“Net Capital Contributions” shall mean the Initial Capital Contributions and any Additional Capital Contributions, if any, made by a Class A or Class B Unit holder to the Company, as reduced by the amount of any distributions made by the Company to such Member from Net Distributable Cash from Operations or Net Cash Proceeds or from refinance or dissolution.

“Preferred Return” means, as to each Class A Unit Holder and Class B Unit Holder, a sum equal to a percent per annum non-compounded times the amount of the unreturned Net Capital Contributions of such member calculated monthly. The monthly calculation to begin on the first day of the month following the completion of the first month after Closing Date, to be paid to the extent that (i) the Fund has sufficient Distributable Cash from Operations to pay such Preferred Return, and (ii) the Manager elects, in his sole discretion, to make such payment or defer such payment to a later date. The Preferred Return for Class A Unit Holders is seven percent (7%). The Preferred Return for Class B Unit Holders is eight percent (8%). See “**Section VIII. Description of the Units**”. **The Preferred Return begins to accumulate when investor capital is deployed toward the purchase of a Property. The Fund Manager shall endeavor to deploy capital as soon as possible after wiring of funds, however, if not deployed after 90 days, the Manager may return capital to the investor.**

“Preferred Return Balance” means amounts owed under the Preferred Return, including amounts accrued but not distributed.

## **Tax Documents**

The Fund shall provide Schedule K-1s to Unit holders no later than (NLT) March 31st following the taxable year.

*No assurance can be given, and none is, that sufficient Net Distributable Cash of the Fund will be generated such that the Unit Holders will actually receive a distribution of any amount during the term of the Fund.*

## **XI. COMPENSATION OF THE MANAGER & RELATED PARTY TRANSACTIONS**

The Manager shall be paid certain fees in connection with its services as set forth in “**Exhibit C - Management Compensation and Fees**” attached to this Memorandum. These fees have been orally agreed to by the Manager and the Fund and is not subject to any written agreement between the parties. The Manager does not intend to modify these fees. This oral agreement constitutes a related party transaction between the parties which has not been approved by any independent third party. Additionally, the Fund may reimburse the Manager for costs incurred by the Manager. In addition to management and other fees, the Manager will also be entitled to distributions as holders of Class C Units.

## **XII. FEDERAL INCOME TAX MATTERS**

### **Treasury Department Circular 230 Notice**

To ensure compliance with Circular 230, prospective investors and the Members are hereby notified that (a) any discussion of Federal tax issues contained or referred to in this Memorandum or in any supplements or annexes is not intended or written to be used, and cannot be used, by prospective investors and Members for the purpose of avoiding penalties that may be imposed on them under the Internal Revenue Code; (b) such discussion is written in connection with the promotion or marketing by the Fund of the transactions or matters addressed in this Memorandum or in any supplements or annexes and (c) prospective investors and Members should seek tax advice based on their particular

circumstances from an independent tax advisor.

There can be no assurance that any deductions or other tax consequences which are described herein, or which a prospective investor in the Fund may contemplate, will be available. In addition, no assurance can be given that legislative or administrative changes or court decisions may not be forthcoming which would significantly modify the statements expressed herein. In some instances, these changes could have a substantial effect on the tax aspects of an investment in the Fund. Any future legislative changes may or may not be retroactive with respect to transactions prior to the effective date of such changes. Bills have been introduced in Congress in the past and may be introduced in the future which, if enacted, would adversely affect some of the tax consequences presently anticipated from an investment in the Fund.

There are risks and uncertainties concerning certain of the tax aspects associated with investment in the Fund and there can be no assurance that some or all of the tax positions taken by the Fund may not be challenged by the Internal Revenue Service (the "Service"). The Service may audit the Fund's information returns and the individual returns of the Members of the Fund (including investors pursuant to this Offering) and subject those returns to particularly close scrutiny. Such audits could result in tax adjustments, including adjustments to items on Members' returns unrelated to the Fund. In the event that any of the Fund's tax returns are audited, it is possible that substantial legal and accounting fees will be incurred to substantiate our position. Such fees would reduce the cash flow otherwise distributable to the Members. Such an audit may result in adjustments to the Fund's tax returns which would, at a minimum, require an adjustment to the taxable income reported by each Member on his personal tax return and could cause an audit of unrelated items on each Member's tax returns which, in turn, could result in adjustments to such items.

**Each prospective investor is therefore urged to consult his or her tax advisor with respect to the tax consequences arising from an investment in the Fund. No ruling from the Service regarding the tax aspects of the Fund has been or will be requested.**

## **General**

The following is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of the Units based upon the relevant provisions of the Internal Revenue Code of 1986, as amended (the "Code"), the regulations thereunder, existing judicial decisions and published rulings. Future legislative, judicial or administrative changes or interpretations, which may or may not be retroactive, could affect the federal income tax consequences to the Members or the Fund. The discussion below does not purport to deal with the federal income tax consequences applicable to all categories of investors, some of which may be subject to special rules. The discussion focuses primarily upon investors who will hold the Units as "capital assets" within the meaning of the Code. You are advised to consult your own tax advisers with regard to the federal income tax consequences of acquiring, holding and disposing of the Units, as well as state, local and other tax consequences resulting from an investment in the Units.

## **Classification of the Fund**

The favorable tax treatment of the Fund as a pass-through entity that is not subject to federal income tax depends upon the classification of the Fund as a partnership and not as an association taxable as a corporation for federal income tax purposes.

## **Taxation of the Fund and Members**

Under federal income tax law, a partnership is not a taxable entity. Instead, items of partnership income, gain, loss, deduction or credit flow through to the partners. Each Member will be required to report on his income tax return each year his distributive share of the Fund's income, gains, losses and deductions for that year, whether or not cash is actually distributed to him. Consequently, a Member may be allocated income from the Fund although he has not received a cash distribution in respect of such income. Members are responsible to pay their own proportionate tax on reported income.

## **Taxation of Gain and Loss on Sale**

The Fund will realize gain to the extent that the amount realized from the sale or other disposition of Properties

exceeds the Fund's adjusted basis. The Fund will realize loss to the extent that the adjusted basis of Properties exceeds the amount realized by the Fund, these gains and losses will generally be allocated to the Members at the time they are realized. At the time of the sale of certain Fund assets, the Fund may have its adjusted basis in such Properties be substantially less than the amount which will be realized, even though the Fund may realize less than it paid for Properties, due to depreciation deductions. Thus, the sale of such Properties may not generate net proceeds distributable to the Members in amounts, if any, sufficient to pay their tax liabilities created thereby if the depreciated tax basis of Properties is significantly less than the remaining principal amount of related debt obligations.

In addition, upon the sale of Units by a Member, the excess, if any, of the amount realized on the sale over the Member's adjusted basis in the Units (which is computed on a per Unit basis with all other Units such Member may own) sold will be taxable gain to the Member. Since the amount realized on the disposition of Units includes the amount of nonrecourse debt allocable to such Units, the gain recognized may result in a tax liability in excess of the proceeds, if any, received by the Member from such disposition. Generally, if a Member holds his Units as capital assets, such gain will be taxed as capital gains. However, to the extent the Fund holds "substantially appreciated inventory" or certain "unrealized receivables," the gain may be treated as ordinary income rather than capital gain.

### **XIII. INVESTMENTS BY QUALIFIED PLANS & INDIVIDUAL RETIREMENT ACCOUNTS**

Certain investors in the Fund may be subject to the fiduciary responsibility and prohibited transaction requirements of Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and/or related provisions of the Code. The following is a summary of some of the material fiduciary Investment considerations that may apply to such investors under ERISA and the Code. This summary does not include all of the fiduciary Investment considerations relevant to investors subject to ERISA and/or Section 4975 of the Code and should not be construed as legal advice or a legal opinion. Prospective investors should consult with their own counsel on these matters.

In considering an Investment in the Units of any assets of a qualified plan, a fiduciary, taking into account the facts and circumstances of such qualified plan, should consider, among other things:

- whether the Investment is in accordance with the documents and instruments governing such qualified plan;
- the definition of plan assets under ERISA ("Plan Assets");
- whether the Investment satisfies the diversification requirements of Section 404(a)(1)(C) of ERISA;
- whether the Fund, the Manager or any of their affiliates is a fiduciary or a party in interest to the qualified plan;
- whether an Investment in the Units may cause the qualified plan to recognize unrelated business taxable income, ("UBTI"); and
- the possibility that, in certain circumstances, pursuant to the terms and conditions of the Subscription Agreement, a portion of the assets may have to be liquidated from the Qualified Plan and invested in the Units in an individual name. If the Fund receives more than 25% of its capital from Qualified Plans, then it may elect to be a Real Estate Operating Fund (REOC) in order to qualify for an exemption from the Plan Asset Rule. To be a REOC, the Fund must also have more than 50% of its Assets in deeded real estate, as opposed to notes secured by real estate. If the Fund does not qualify to be a REOC then this exemption would not apply.

The prudence of a particular Investment must be determined by the responsible fiduciary (usually the trustee, plan administrator or Investment manager) with respect to each Qualified Plan, taking into account all of the facts and circumstances of the Investment.

Tax exempt investors in the Fund may be subject to the tax on UBTI with respect to certain income of the Fund. In general, the Fund's income would constitute UBTI since its income is derived from operating a trade or business rather than from interest, rent from real Property, or gains from the disposition of assets. If UBTI is generated, tax form 990-T must be prepared and filed along with the appropriate amount of tax paid as required by IRS tax code. It is the responsibility of the Plan owner to file and report taxes on form 990-T. The risks of recognition of UBTI are particularly acute in respect of an Investment by a charitable remainder trust ("CRT").

ERISA provides that Units may not be purchased by a qualified plan if the Fund, the Fund Manager or any of their affiliates, is a fiduciary or party in interest (as defined in Sections 3(21) and 3(14) of ERISA) to the plan unless such purchase is exempt from the prohibited transaction provisions of Section 406 of ERISA. Under ERISA, it is the responsibility of the fiduciary responsible for purchasing the Units not to engage in such transactions. Section 4975 of the Code has similar restrictions applicable to transactions between disqualified persons and qualified plans or IRAs, which could result in the imposition of excise taxes on the Fund, unless and until such a prohibited transaction is corrected.

In the case of an IRA, if the Fund, the Fund Manager or any of their affiliates, is a disqualified person with respect to the IRA, the purchase of the Units by the IRA could cause the entire value of the IRA to be taxable to the IRA sponsor. Penalties arising out of prohibited transactions can also rise to a 100% tax on the amount involved.

Section 406 of ERISA and Code Section 4975 also prohibit qualified plans from engaging in certain transactions with specified parties involving Plan Assets. Code Section 4975 also prevents IRAs from engaging in such transactions. One of the transactions prohibited is the furnishing of services between a plan and a "party in interest" or a "disqualified person." Included in the definition of "party in interest" under Section 3(14) of ERISA and the definition of "disqualified person" in Code Section 4975(e)(2) are "persons providing services to the plan." If the Fund, the Fund Manager, or certain entities

and individuals related to them have previously provided services to a benefit plan investor, then the Fund, or the Fund Manager could be characterized as a "party in interest" under ERISA and/or a "disqualified person" under the Code with respect to such benefit plan investor. If such a relationship exists, it could be argued that the Fund or affiliate of the Fund or the Fund Manager is being compensated directly out of Plan Assets for the provision of services (i.e. establishment of the Offering and making it available as an Investment to the qualified plan). If this were the case, absent a specific exemption applicable to the transaction, a prohibited transaction could be determined to have occurred between the qualified plan and the affiliate of the Fund or the Fund Manager.

## Definition of Plan Assets

ERISA and the Code impose various duties and restrictions with respect to the Investment, management and disposition of plan assets. ERISA and the Code do not, however, define the term "plan assets," particularly in the context of pooled Investment funds and other vehicles in which a plan may invest. The U.S. Department of Labor has, however, published the Plan Asset Regulation which generally provides that when a plan, including an individual retirement account ("IRA"), acquires an equity interest in an entity that is neither a "publicly-offered security" nor a security issued by an Investment partnership registered under the Investment Company Act of 1940, as amended, the plan's assets will include both the equity interest in the entity and an undivided interest in each of the underlying assets of the entity (the "**Look-Through Rule**") unless it is established that, as relevant to the Fund, ownership of each class of equity Units in the entity by benefit plan investors" has a value in the aggregate of less than 25% of the total value of such class of equity Units that are outstanding (not counting Units held by the general partner of the entity and its affiliates). A benefit plan investor is defined to include not only plans that are subject to ERISA but also other employee benefit and retirement arrangements (e.g. government plans, foreign employee benefit plans and IRAs), as well as entities that hold plan assets (e.g. group trusts and certain funds of funds). In certain circumstances, an Investment by an insurance Fund of the assets of its general account or of a separate account may be treated as Investment by a benefit plan investor, to the extent the assets held in such accounts are attributable to employee benefit plans. For purposes of the 25% limit, ownership by benefit plan investors is required to be tested immediately after each acquisition of an equity interest in the entity.

If the Fund receives more than 25% of its capital from Qualified Plans, then it may elect to be a Real Estate Operating Fund (REOC) in order to qualify for an exemption from the 25% limitation. To be a REOC, the Fund must also have more than 50% of its Assets in deeded real estate, as opposed to notes secured by real estate. If the Fund does not qualify to be a REOC then it must comply with the 25% limitation.

If the assets of the Fund are deemed to be "plan assets" of a plan that is a Member, Subtitle A and Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code will extend to Investments made by the Fund. This would result, among other things, in: (i) the application of the prudence and other fiduciary standards of ERISA (which impose liability on fiduciaries) to Investments made by the Fund, which could materially affect the operations of the Fund; (ii) potential liability for persons having Investment discretion over the assets of an ERISA-covered plan investing in the Fund should Investments made by the Fund not conform to ERISA's prudence and fiduciary standards under Part 4 of Subtitle B of Title I of ERISA, unless certain conditions are satisfied; and (iii) the possibility that certain transactions that the Fund might enter into in the ordinary course of its business might constitute "prohibited transactions" under ERISA and the Code. A prohibited transaction, in addition to imposing potential personal liability upon fiduciaries of employee benefit plans, may also result in the imposition of an excise tax under the Code upon disqualified persons with respect to the employee benefit plans.

The Fund intends to limit Investment by benefit plan investors to less than 25% of any class of Units so that it will qualify for an exemption from the Plan Asset Regulation's Look-Through Rule. As discussed above, by limiting the Investment in the Fund by benefit plan investors to less than 25%, the underlying assets of the Fund will not be treated as plan assets and the Look-Through Rule will not apply to the Fund by virtue of such Investment. The Fund may, in its sole and absolute discretion, reject subscriptions for Units made by benefit plan investors and/or prevent transfers of Units, each to the extent that the Investment or transfer would result in the Fund exceeding this 25% limit. In addition, because the 25% limit is to be calculated upon every subscription to or transfer, withdrawal or redemption from the Fund, the Fund has the authority to require the redemption of all or some of the Units held by any benefit plan investor if the continued holding of such Units, in the opinion of the Fund Manager, in its sole and absolute discretion, would result in the Fund being subject to ERISA. Such redemption could result in a lower than expected return on any such redeemed benefit plan investor's Investment in the Fund.

Qualified plans and other tax-exempt entities should consult their own tax advisors with regard to the tax issues unique to such entities, including, but not limited to, issues relating to classification of the underlying Property of the Fund as plan assets, unrelated business taxable income and required distributions. We can offer no assurance that the IRS will not take positions adverse to the Fund on these or any other issue.

## **Considerations for Foreign Investors**

The Fund is required to withhold tax with respect to a Member's allocable portion of the Fund's "effectively connected taxable income" within the United States if the Member is a foreign person or entity. In general, the amount of tax to be withheld is: the applicable percentage equal to the highest appropriate tax rate. The Fund can be exempt from such withholding if the foreign Member certifies under penalty of perjury that it is not a foreign person as defined in the Code or Regulations.

Additional issues may arise pertaining to information reporting and backup withholding for foreign Unit Holders. Foreign Unit Holders should consult their tax advisers with regard to U.S. information reporting and backup withholding.

## **State and Local Taxes**

The Fund may be subject to State and local income, franchise, Property, or other taxes in states and localities in which we do business or own Property. Our tax treatment (and the tax treatment of our Unit Holders) in state and local jurisdictions may differ from the federal income tax treatment described above. The discussion in this Offering does not attempt to describe state and local tax effects applicable to the Fund or the Unit Holders. Potential investors should consult their own tax advisors regarding these matters. Additionally, certain states impose an entity level tax on limited liability companies. In such case, payment of this tax would reduce cash availability for distribution.

## **Publicly Traded Fund Rules**

Section 7704 of The Code provides that a "publicly traded partnership" shall be treated as a corporation for federal income tax purposes unless such partnership has met and continues to meet certain requirements regarding the types of gross income received by such partnership. Section 7704 of the Code defines "publicly traded partnership" as any partnership if Units in such partnership are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. The Fund believes that no Units in the Fund (or any Units therein) are or will be traded on any national securities exchange registered under the Securities Exchange Act of 1934 or exempted from registration because of the limited volume of transactions, any local exchange, or any over-the-counter market (as defined for purposes of Section 7704 of the Code). In addition, the Fund believes that transfers or assignments of Units (or any interest herein) will comply with the requirements of a "safe harbor" set forth in Treas. Reg. §1.7704-1.

If the requirements of such "safe harbor" are met, partnership Units will not be considered readily tradable on a secondary market or the substantial equivalent thereof. Therefore, we do not expect that we will be treated as a publicly traded partnership that is taxable as a corporation for federal income tax purposes. However, no assurance can be given that the Service will not issue future announcements providing those partnerships such as the Fund constitute publicly traded partnerships for purposes of Section 7704 of the Code or that facts and circumstances will not develop which result in the Fund being treated as a publicly traded partnership.

If the Fund were classified as a publicly traded partnership taxable as a corporation, the Fund would pay federal income tax at corporate rates on its net income, and distributions to the Unit Holders in general would be dividends to the extent of our earnings and profits, with distributions in excess thereof treated first as a return of capital and thereafter as capital gain. Such tax would result in a reduction in the amount of cash available for distribution to Unit Holders. Additionally, income allocable to tax-exempt Unit Holders would be treated as UBTI.

## **Section 754 Election to Adjust Basis upon Transfer**

Section 754 of the Code permits a partnership to make an election to adjust the tax basis of the partnership's assets in the event of a transfer of a partnership interest. Depending on whether the transferee's tax basis was either greater or

less than the transferor's tax basis, such an election could either increase the value of a partnership interest to the transferee (because the election would increase the tax basis of the partnership's assets for the purpose of computing the transferee's allocable share of partnership income, gains, deductions and losses) or decrease the value of a partnership interest to the transferee because the election would decrease the tax basis of the partnership's assets in computing the transferee's share of depreciation. The Fund Operating Agreement gives the Fund Manager discretion regarding whether the Fund will make the election permitted by Section 754 of the Code. The election once made is irrevocable without the consent of the Service.

### **Alternative Minimum Tax**

Depending on an investor's own tax situation, an Investment in the Fund could create or increase such investor's liability under the alternative minimum tax provisions applicable to corporations or individuals. The Fund urges potential investors to consult their tax advisors in this regard.

### **Audits, Interest and Penalties**

Under the Code, the Service is permitted to audit a partnership's tax returns instead of having to audit the individual tax returns of the partners, so that a partner would be subject to determinations made by the Service or the courts at the partnership level. A partner is entitled to participate in such an audit, or in litigation resulting therefrom, only in limited circumstances. In the event that any audit results in a change in our return and an increase in the tax liability of a Member, there may also be imposed substantial amounts of nondeductible interest and penalties. In addition, the IRS may impose additional penalties under various sections of the Code.

### **Administrative Matters**

The Fund intends to furnish to each Member, certain tax information, including a Schedule K-1, which sets forth each Member's allocable share of our income, gain, loss, deductions, and credits. The federal income tax information returns the Fund files may be audited by the Service. Adjustments resulting from any such audit may require each Member to file an amended tax return, and possibly may result in an audit of the Member's own return. Any audit of a Member's return could result in adjustments of non-Fund as well as Fund items.

Companies are generally treated as separate entities for purposes of federal tax audits, judicial review of administrative adjustments, and tax settlement proceedings. The tax treatment of partnership items of income, gain, loss, deduction, and credit are determined at the partnership level in a unified partnership proceeding rather than in separate proceedings with the partners. The Manager will serve as the "Company Representative" for these purposes. "Company Representative" has the meaning ascribed to it in the Company Operating Agreement. Any costs incurred by the Fund in connection with any related judicial or administrative proceeding could reduce any anticipated yield on an Investment in the Fund.

The Fund Representative will make certain elections on behalf of the Fund and the Unit Holders and can extend the statute of limitations for assessment of tax deficiencies against Unit Holders with respect to Fund items. In some circumstances, the Partnership Representative may bind a Member to a settlement with the Service.

A Member must file a statement with the Service identifying the treatment of any item on its federal income tax return that is not consistent with the treatment of the item on our return to comply with the requirement that all items be treated consistently on both returns. Intentional or negligent disregard of the consistency requirement may subject a Member to substantial penalties.

### **Possible Changes in Tax Laws**

The statutes, regulations, and rules with respect to all of the foregoing tax matters are constantly subject to change by Congress and/or by the Department of the Treasury, and the interpretations of such statutes, regulations and rules may be modified or affected by judicial decision or by the Department of the Treasury. Because significant amendments have been made to the Code in recent years, and because of the continual changes made by Congress, the Department of the Treasury, and the courts with respect to the administration and interpretation of the tax laws, no assurance can be given



that the foregoing opinions and interpretations will be sustained or that tax aspects summarized herein will prevail and be available to the Unit Holders.

#### **Need for Independent Advice**

**The tax matters relating to the Fund and its proposed transactions are complex and subject to various interpretations. The foregoing is not intended as a substitute for careful tax planning, particularly since the tax consequences of an investment in the Fund may not be the same for all investors. Accordingly, the Fund urges potential investors to consult their tax advisors prior to investing in the Fund.**

#### **XIV. REPORTS**

The Manager shall prepare the following reports for distribution to all members:

Monthly. The following reporting items will be delivered to the members via electronic mail:

- (a) Improvements and Expansion
- (b) Operational Updates
- (c) Marketing Update
- (d) Project Updates

Quarterly. The following reportable items will be delivered to members via e-mail on a quarterly basis, no later than the 31st day of the month following the close of the quarter:

- (a) Financial Update to include Revenues, Expenses, Net Operating Income (NOI), and Distributions

The Manager will hold quarterly conference calls that are open to all Investors and are recorded and subsequently distributed to Investors.

#### **XV. ADDITIONAL INFORMATION**

The Fund will afford the potential investors in the Units the opportunity to obtain any additional information to the extent the Fund possesses such information or can acquire such information without unreasonable effort or expense that is necessary to verify the information in this Memorandum.

All potential investors in the Units are entitled to review copies of any other material or non-material agreements relating to the Units described in this Memorandum, if any. In the Subscription Agreement, you will represent that you are completely satisfied with the results of your pre-Investment due diligence activities.

**EXHIBIT A: OPERATING AGREEMENT**

(ATTACHED)

**INTERESTS REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE FEDERAL SECURITIES LAWS OR THE SECURITIES LAWS OF ANY STATE. THE INTERESTS MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED OR OTHERWISE DISPOSED OF UNLESS SO REGISTERED OR QUALIFIED OR UNLESS AN EXEMPTION EXISTS, THE AVAILABILITY OF WHICH IS ESTABLISHED BY AN OPINION OF COUNSEL (WHICH OPINION AND COUNSEL SHALL BOTH BE SATISFACTORY TO THE MANAGER). TRANSFER IS ALSO RESTRICTED BY THE TERMS OF THIS AGREEMENT AND TRANSFERS WHICH VIOLATE THE PROVISIONS OF THIS AGREEMENT MAY BE VOID OR VOIDABLE.**

**OPERATING AGREEMENT  
OF  
SPARTAN STORAGE FUND I  
A WYOMING LIMITED LIABILITY COMPANY  
Dated as of April 13, 2022**

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## OPERATING AGREEMENT

### OF

### Spartan Storage Fund I

THIS OPERATING AGREEMENT effective as of April 13, 2022 (the “*Effective Date*”), is made by and among Spartan Storage Fund I, a Wyoming limited liability company (the “*Company*”), Spartan Investment Group, LLC, a Delaware limited liability company (the “*Manager*”), and the undersigned members and each of those parties listed on the signature pages hereto or who agree to be bound by the terms of this Agreement by way of joinder, or who shall hereafter be admitted as members pursuant to Section 4.3 and Article 7 of this Agreement (collectively, the “*Members*”).

### RECITALS

WHEREAS, the Company was formed under the Act on March 21, 2022, by filing Articles of Organization with the Wyoming Secretary of State office; and

WHEREAS, the Members now desire to enter into this Agreement to reflect the agreement among the Members, the Manager, and the Company.

NOW, THEREFORE, in consideration of the mutual promises, agreements and obligations set forth herein, the Company, the Manager and the Members agree to be governed by the provisions set forth herein.

### ARTICLE 1. DEFINITIONS

Section 1.1 Defined Terms. For purposes of this Agreement, the following terms have the meanings indicated.

“*Act*” means the Wyoming Limited Liability Company Act, as amended from time to time.

“*Additional Capital Contribution*” means the total cash and other consideration contributed to the Company by each Member (including any Additional Member) other than the initial Capital Contribution. Any reference in this Agreement to the Capital Contribution of a current Member includes any Capital Contribution previously made by any prior Member regarding that Member’s Units. The value of a Member’s Capital Contribution is the amount of cash plus the Fair Value of other property contributed to the Company.

“*Additional Member*” means any person not previously a Member who acquires Units and is admitted as a Member. An Additional Member may become a Member of the Company, or they may merely hold a Participation Interest in the Company.

“*Affiliate*” means any of the following persons or any person who controls, is controlled by, or is under common control with any of the following persons: a Member; a Member’s Immediate Family member; or a Legal Representative, successor, Assignee, or trust for the benefit of a Member or any Member’s Immediate Family members. For purposes of this definition, *control* means the direct or indirect power to direct or cause the direction of the person’s management and policies, whether by owning voting securities, partnership, or other ownership interests; by contract; or otherwise.

“*Agreement*” means this Company Operating Agreement, as amended from time to time.

“*Applicable Law*” means the Act, the Code, the Securities Act, all pertinent provisions of any agreements with any Governmental Authority and all pertinent provisions of any Governmental Authority’s: (i) constitutions, treaties, statutes, laws, common law, rules, regulations, decrees, ordinances,

codes, proclamations, declarations, or orders; (ii) consents or approvals; and (iii) orders, decisions, advisory opinions, interpretative opinions, injunctions, judgments, awards, and decrees.

*“Articles of Dissolution”* has the meaning set forth in Section 8.6.

*“Articles of Organization”* has the meaning set forth in the Recitals.

*“Assignee”* means the recipient of Units by assignment.

*“Business Day”* means a day other than a Saturday, Sunday, or other day on which federal banks are authorized or required to close.

*“Capital Account”* means the account established and maintained for each Member under Treasury Regulation Section 1.704-1(b)(2)(iv), as amended from time to time and is further defined in Section 5.2.

*“Capital Contribution”* means the total cash and other consideration contributed and agreed to be contributed to the Company by each Member. Each is shown in Schedule A, attached to and incorporated into this Agreement.

*“Capital Return”* has the meaning set forth in Section 6.4(d).

*“Cash Transaction”* has the meaning set forth in Section 6.4(d).

*“Class A Units”* has the meaning set forth in Section 4.1(a)(1).

*“Class B Units”* has the meaning set forth in Section 4.1(a)(2).

*“Class C Units”* has the meaning set forth in Section 4.1(a)(3).

*“Code”* means the Internal Revenue Code of 1986, as amended.

*“Company”* has the meaning set forth in the Introduction.

*“Distributable Cash from Operations”* has the meaning set forth in Section 6.4(d).

*“Effective Date”* has the meaning set forth in the Introduction.

*“Event of Cause”* has the meaning set forth in Section 3.2.

*“Fair Market Value”* means the price an asset would sell for on the open market when certain conditions are met, such as that the parties involved are aware of all the facts, are acting in their own interest, are free of any pressure to buy or sell, and have ample time to make the decision.

*“Immediate Family”* means any Member’s spouse or spousal equivalent (but not a spouse or spousal equivalent who is legally separated from the person under a decree of divorce or separate maintenance), parents, parents-in-law, descendants (including descendants by adoption), spouses or spousal equivalents of descendants (but not a spouse or spousal equivalent who is legally separated from the person under a decree of divorce or separate maintenance), brothers, sisters, sons-in-law, daughters-in-law, brothers-in-law, sisters-in-law, and grandchildren-in-law.

*“Initial Capital Contribution”* has the meaning set forth in Section 5.1.

*“Legal Representative”* means an individual who represents or stands in the place of another individual under authority recognized by law with respect to that other individual’s property or interests.

*“Manager”* means any individual or legal entity designated in this Agreement as a Manager. A Manager conducts the business of the Company and is authorized to exercise the powers and duties of Manager detailed in this Agreement. The Manager is identified in the Introduction.



“*Member*” means any person designated in this Agreement as a Member or any person who becomes a Member under this Agreement.

“*Member Designation*” has the meaning set forth in Section 13.1.

“*Membership Interest(s)*” have the meaning set forth in Section 4.2(e).

“*Net Capital Contributions*” has the meaning set forth in Section 6.4(d).

“*Net Cash Proceeds*” has the meaning set forth in Section 6.4(d).

“*Net Distributable Cash from Operations*” has the meaning set forth in Section 6.4(a).

“*Participation Interest*” has the meaning set forth in Section 4.3(b).

“*Partnership Representative*” has the meaning set forth in Section 13.5.

“*Percentage Interest*” means, with respect to any Member, a fraction (expressed as a percentage), the numerator of which is the total number of Units held by such Member and the denominator of which is the total number of Units outstanding.

“*Preferred Return*” has the meaning set forth in Section 6.4(d).

“*Preferred Return Balance*” has the meaning set forth in Section 6.4(d).

“*Property*” has the meaning set forth in Section 2.1.

“*Securities Act*” has the meaning set forth in Section 12.4.

“*Selling Member*” has the meaning set forth in Section 7.2(a).

“*Sponsor*” means Spartan Investment Group, LLC.

“*Transfer Value*” has the meaning set forth in Section 7.3.

“*Units*” means the fractional ownership interest and rights of a Member in the Company, including the Member’s right to a distributive share of the profits and losses, the distributions, and the property of the Company. All Units are subject to the restrictions on transfer imposed by this Agreement. Each Member’s Units are personal property and no Member will acquire any interest in any of the assets of the Company. A Unit may be further defined as a “*Class A Unit*”, “*Class B Unit*” or “*Class C Unit*”.

Section 1.2 Interpretation; Terms Generally. The definitions set forth in Section 1.1 and elsewhere in this Agreement apply equally to both the singular and plural forms of the terms defined. Unless otherwise indicated, the words “include,” “includes,” and “including” are to be read as being followed by the phrase “without limitation.” The words “herein,” “hereof,” and “hereunder” and words of similar import are to be read to refer to this Agreement (including any Appendices, Schedules and Exhibits hereto) in its entirety and not to any part hereof. All references herein to Articles, Sections, Appendices, Schedules and Exhibits refer to Articles and Sections of the body of, and the Appendices, Schedules, and Exhibits to, this Agreement, unless otherwise specified. Article or Section titles or captions contained in this Agreement are inserted only as a matter of convenience and references, and such Article or Section titles or captions in no way define, limit, extend, or describe the scope of this Agreement nor the intent of any provisions hereof. Unless otherwise specified, any references to any agreement or other instrument or to any statute or regulation (including in each case references in Section 1.1)) are to such agreement, instrument, statute, or regulation as amended, supplemented, or restated from time to time (and, in the case of a statute or regulation, to any corresponding provisions of successor statutes or regulations). Any reference in this Agreement to a “day” or number of “days” that does not refer explicitly to a Business Day or Business Days is to be interpreted as a reference to a calendar day or number of calendar days. If any action or notice is to be taken or given on or by a particular calendar day,

and such calendar day is not a Business Day, then such action or notice may be deferred until, or may be taken or given on, the next Business Day.

## **ARTICLE 2. THE COMPANY**

Section 2.1 Purpose. The Company is organized primarily to purchase, renovate, lease and ultimately dispose of Properties in the self storage industry. Additional details about the Property are in Exhibit A, Description of the Property. Notwithstanding the foregoing, the Company may conduct any legal and lawful business pursuant to the Act.

Section 2.2 Business Office; Records; Access to Company Records. The principal business office of the Company shall be located at 1440 Brickyard Road, Ste #4, Golden, CO 80403 or such other place as the Manager of the Company may designate. The mailing address of the Company is 1440 Brickyard Road, Ste #4, Golden, CO 80403. The following documents, books and records shall be maintained at the principal place of business of the Company and each Member shall have access thereto during ordinary business hours:

- (a) a list of the names and the addresses of present Members and Manager;
- (b) a copy of the Articles of Organization and all amendments, plus any power of attorney pursuant to which any amendment has been executed;
- (c) minutes of Member meetings;
- (d) a statement describing Capital Contributions and rights to distributions upon Member resignations, which may be contained in this Agreement, as amended from time to time;
- (e) any written consents of Members to action without a meeting, and
- (f) copies of the Company's federal, state and local income tax returns and financial statements for the last three years.

Section 2.3 Additional Documents. Each Member hereby agrees to execute and deliver to the Company, within five days after receipt of a written request, such certificates, instruments and other documents and to take such other action as the Company reasonably deems necessary or advisable to comply with all requirements for the operation of a limited liability company under the Act and as necessary or, in the judgment of the Manager, advisable to comply with the laws of any other jurisdiction where the Company elects to do business, and to enable the Company to fulfill its responsibilities under this Agreement.

## **ARTICLE 3. MANAGEMENT**

Section 3.1 Management by Manager; Number of Manager; Initial Manager. The business and affairs of the Company shall be managed by the Manager, and management shall not be reserved to the Members. The Manager may designate officers of the Company for the day-to-day operations. No person, firm or corporation dealing with the Company shall be required to inquire into the authority of the Manager or officer to take any action or make any decision. On the Effective Date, there shall initially be one Manager: Spartan Investment Group, LLC, a Delaware limited liability company. The Manager shall be entitled to certain compensation, fees, and other forms of remuneration from the Company in addition to reimbursement of its expenses. See "Exhibit B - Management Compensation and Fees" attached hereto.

Section 3.2 Qualifications of Manager; Method of Filling Vacancies; Resignation and Removal. A Manager need not be a Member of the Company. A Manager may resign at any time. The Members may not remove the Manager except upon an Event of Cause.

(a) The Manager(s) shall be elected (or a vacancy filled) by the vote of Members holding not less than seventy five percent (75%) of the Interests at any meeting of the Members, or by written consent of Members holding not less than seventy five percent (75%) of the Interests pursuant to Section 4.4(d) of this Agreement. Except as otherwise provided by the Act or the Articles of Organization, each Manager, including a Manager elected to fill a vacancy, shall hold office until the Manager's death, bankruptcy, mental incompetence, resignation or removal.

(b) Any Manager may be removed only upon an Event of Cause with the vote of eighty five percent (85%) of the Interests of the Members. For purposes of removal of a Manager, an "Event of Cause" shall mean any of the following:

(i) a material breach by the Manager of its covenants under this Agreement that has a material adverse effect on the Company, and the continuation thereof for a thirty (30)-day period after written notice has been given to the Manager specifying such breach, and requiring such breach be remedied; or

(ii) any act of fraud, gross negligence or willful misconduct by the Manager in the performance of its obligations under this Agreement.

(c) The proposed removal of any Manager shall first be subject to written notice setting forth the alleged basis for the removal. Upon receipt of written notice, the recipient Manager shall have up to thirty (30) days to cure the alleged basis for removal. Any dispute regarding whether the alleged basis has been cured shall be subject to the dispute resolution provisions of Article 9. For purposes of Section 3.2(b)(i), "material" means having a dollar value in excess of \$75,000 or is an act for which the Company's privilege licenses could be suspended or revoked.

(d) Following a removal for an Event of Cause, the former Manager shall not be entitled to any further compensation, fees or other forms of remuneration from the Company, including those set forth on Exhibit A, but a former Manager will continue to receive distributions based on their status as a Class A Member, as applicable, in accordance with Section 6.4. Any Manager who holds Class A Units as a Member in the Company, shall not forfeit such Units in the Company solely as a result of their removal.

(e) A Manager who is removed, but still holds Membership Interests as a Class A Member, may not cast a vote to appoint themselves as Manager any time after they have been removed as such. For the avoidance of doubt, a former Manager holding Class A Units or Class B Units is entitled to vote to elect a new Manager, but, once removed, may never cast a vote electing themselves as Manager.

### Section 3.3 Rights and Duties of the Manager.

(a) General. The Manager shall participate in the direction, management, and control of the business of the Company to the best of its ability. In the event there is ever more than one Manager, the Managers shall in all cases act as a group. Unless otherwise stated within this Agreement, the Manager shall take action upon the vote or consent of the majority of Managers. Any vote of the Managers may be taken at a meeting called for such purpose, or in lieu of a meeting, by unanimous written consent of the Managers. In the event the Managers reach a deadlock on a Voting Matter, the Company shall confer with a neutral third-party mediator. The principals of Spartan Investment Group, LLC, Scott Lewis, Ryan Gibson and Ben Lapidus, shall have signatory authority as Manager of the Company.

(b) General Authorization. Subject to any specific limitations contained in this Agreement, the Manager shall:

- (1) have full, exclusive and complete authority and discretion in the management and control of the affairs of the Company;

- (2) make all decisions affecting the Company's affairs and perform, when appropriate in their judgment, any and all acts or activities customary or incident to the management of the Company's business;
- (3) conduct the business of the Company to the best of its ability in a good and businesslike manner; and
- (4) devote to the Company such of the Manager's time as reasonably is needed by the business contemplated under this Agreement, but the Manager shall not otherwise be required to devote their full time to the conduct of the Company's affairs.

(c) Specific Authorization. Without limiting the foregoing powers conferred upon the Manager within, it is hereby expressly declared that the Manager shall have the authority to take the following actions without further authorization by the Members so long as the Manager approves of such actions as set forth in Section 3.3(a) above:

- (1) to issue additional Units in the Company;
- (2) to appoint, employ, remove, suspend or discharge such officers, agents, contractors, and subordinate managers, permanently or temporarily, as from time to time he, she or it may deem advisable; to determine the duties of each such person; and to fix and change the salaries or other terms of employment of each such person;
- (3) to execute and deliver on behalf of the Company: all bills of sale, assignments, deeds and other instruments of transfer covering or affecting the sale of Company property; all checks, drafts and other orders for the payment of Company funds; all contracts or instruments concerning the acquisition or disposition of Company assets; all promissory notes, mortgages, deeds of trust, security agreements and other similar documents; and all other instruments of any kind or character relating to the affairs of the Company; and to determine who shall be authorized to sign such instruments and documents. Instruments and documents providing for the acquisition, mortgage or disposition of property of the Company shall be valid and binding upon the Company if approved as set forth in Section 3.3(a) above.
- (4) to sell, exchange, or otherwise dispose of any assets of the Company, any real property of the Company, subject to the provisions of this agreement;
- (5) to borrow money or incur capital expenditures for the Company from banks, other lending institutions, individuals or the Members and, in connection therewith, to hypothecate, encumber and grant security interests in the property of the Company to secure repayment of the borrowed sums;
- (6) to approve the admission of new Members pursuant to Section 4.3;
- (7) to make an assignment of the Company property in trust for creditors or on the assignee's promise to pay the debts of the Company;
- (8) to confess a judgment; or
- (9) to make administrative and clerical amendments to this Agreement, to include Schedule A.
- (10) To reinvest the proceeds from the disposition of a Property toward the acquisition on additional Properties through the life of the Fund.

(d) Limitation on Manager Power. Notwithstanding anything else contained herein, the Manager shall not do the following without the consent of Members holding a majority of the Units:

- (1) approve a plan of merger or consolidation of the Company with or into one or more persons; or
- (2) amend this Agreement, except as otherwise provided herein.

Section 3.4 Indemnification of Manager, Officers, Employees and Other Agents.

(a) The Company shall indemnify an individual made a party to a proceeding because he, she, or it is or was a Manager, officer, employee, agent or Member of the Company against liability incurred in the proceeding if:

- (1) he, she, or it conducted himself, herself or itself in good faith; and
- (2) he, she, or it reasonably believed that his, her, or its conduct was in (or at least not opposed to) the Company's best interest; and
- (3) in the case of any criminal proceeding, he, she, or it had no reasonable cause to believe his, her, or its conduct was unlawful.

(b) The Company shall pay for or reimburse the reasonable expenses incurred by a Manager, officer, employee, agent or Member of the Company who is a party to a proceeding in advance of final disposition of the proceeding if:

- (1) the individual or entity furnishes the Company a written affirmation of his, her, or its good faith belief that he, she, or it has met the standard of conduct described herein;
  - a. determination is made by the Manager (not including any person seeking advancement of expenses under this Section 3.4(b)) that the facts then known to those making the determination would not preclude indemnification under the law; and
  - b. the individual or entity furnishes the Company a written undertaking executed by him, her, or it, or on his, her, or its behalf, to repay the advance if it is ultimately determined that he, she, or it did not meet the standard of conduct. The undertaking required by this paragraph (b)(3) shall be an unlimited general obligation but need not be secured and may be accepted without reference to financial ability to make repayment.

(c) The indemnification and advance of expenses authorized in this Agreement shall not be exclusive to any other rights to which any Manager, officer, employee, agent or Member may be entitled under the Act, the Articles of Organization, any agreement, vote of Members or otherwise.

(d) This Section 3.4 shall not be interpreted to limit in any manner the indemnification or right to advancement for expenses of any party who would otherwise be entitled thereto. This Section 3.4 shall be interpreted as mandating indemnification and advancement of expenses to the extent permitted by law.

(e) The Company shall not indemnify and exculpate the Manager for actions taken in its capacity as Manager if such actions constitute fraud, gross negligence or willful misconduct.

(f) No Member or Manager, in his, her or its capacity as such, shall have fiduciary or other duties to the Company or the other Members as a result of serving in such ownership or Manager capacity, except as specifically stated in this Agreement or to the extent not permitted by Applicable Law to be waived. The parties to this Agreement agree that the provisions of this Agreement replace such other duties

and liabilities of such persons to the extent that they restrict, replace or are inconsistent with the duties (including fiduciary duties) and liabilities of any Member or Manager otherwise existing at law or in equity.

(g) The sole duty of any Manager shall be that of good faith and fair dealing. A Manager who so performs shall not have any liability to the Company, the other Members or Participation Interest holders by reason of being or having been a Manager of the Company. The Manager does not, in any way, guarantee the return of the Capital Contributions of any Member or Participation Interest holder, or a profit from the operations of the Company. The Manager shall not be liable to the Company or to any Member or Participation Interest holder for any loss or damage sustained by the Company or any Member, transferee or assignee.

(h) The Manager and its Affiliates may engage independently or with others in other business ventures of every nature and description. The pursuit of other ventures and activities by the Manager and its Affiliates, even if directly competitive with the business of the Company, will not be deemed wrongful or improper. The Manager and its Affiliates will not be obligated to present any particular business or investment opportunity to the Company or any Member even if such opportunity is of a character which, if so presented, might or would be accepted.

(i) The Members acknowledge that (i) the Manager and its Affiliates use confidential and proprietary information and trade secrets to develop and continue to develop, construct, hold, and operate real property, and (ii) the Manager continues to investigate various potential sites for development and undertakes demographic, market, and construction trends, development incentives, financing sources, and otherwise uses their confidential and proprietary information and trade secrets to create assets that have significant value and are the confidential property and rights of the Manager and its Affiliates and each Member agrees not to disclose such information. Confidential information will not include information that (i) is or becomes generally available to the public other than as a result of a disclosure by a Member in violation of this Agreement; (ii) is or has been independently developed or conceived by such Member without use of such confidential information; or (iii) becomes available to such Member on a nonconfidential basis from a source other than the Company, another Member of the company or any of their respective representatives, provided, that such source is not known by the receiving Member to be bound by a confidentiality agreement regarding the Company.

Section 3.5 Reports. The Manager shall distribute the following reports to all Members:

(a) Monthly. The following reporting items will be delivered to the Members via electronic mail on a monthly basis:

- (1) Improvements and Expansion
- (2) Operational Updates
- (3) Occupancy

(b) Quarterly. The following reporting items will be delivered to Members via e-mail on a quarterly basis, no later than the 15th day of the month following the close of the quarter:

- (1) Marketing Update
- (2) Project Updates
- (3) Operational Updates
- (4) Financial Update, to include Revenues, Expenses, Net Operating Income (NOI), and Distributions

Section 3.6 Audited Financials. If the Manager determines it is necessary, the Company's books and records shall be audited annually by independent accountants. In such a case, the Company will cause each Member to receive (a) within 90 days after the close of each fiscal year, audited financial statements,

including a balance sheet and statements of income and Members' equity for the fiscal year then ended, and (b) within 75 days, or as soon as practicable, after the close of each fiscal year such tax information as is necessary for him or her to complete his or her federal income tax return.

Section 3.7 Manager Compensation. The Manager or its affiliates shall be entitled to receive compensation as more particularly described in Exhibit A - Management Fees and Compensation.

#### ARTICLE 4. RIGHTS AND OBLIGATIONS OF MEMBERS

##### Section 4.1 Creation and Issuance of Units and Other Interests.

(a) Each Member shall be designated the holder of a certain number of Units, as set forth on Schedule A. Initially there are two class of Units; the Class A Units and the Class B Units.

- (1) Class A Units. Class A Units are provided limited voting rights, as defined in this Article, with no managerial or decision-making authority in the Company affairs, except as defined in Section 3.2, Section 4.4, Section 13.3, and Section 13.4, and shall have preferential distribution rights, as set forth below.
- (2) Class B Units. Class B Units A Units are provided limited voting rights, as defined in this Article, with no managerial or decision-making authority in the Company affairs, except as defined in Section 3.2, Section 4.4, Section 13.3, and Section 13.4, and shall have preferential distribution rights, as set forth below.

<b>Class of Unit</b>	<b>Minimum Investment</b>	<b>Preferred Return</b>	<b>Initial Split</b>	<b>Cash on Cash Return Hurdle</b>	<b>Post-Hurdle Split</b>
Class A Units (Less than \$1M)	\$50,000	7%	70/30	14%	50/50
Class B Units (Greater than \$1M)	\$1,000,000	8%	70/30	16%	50/50

- (3) Class C Units. The Manager, Spartan Investment Group, LLC, is also the Sponsor and will have Membership Interests in the Company in the form of the Class C Units, held by Spartan Holding Company, LLC.
- (4) Each Member's Percentage Interest shall be set forth on Schedule A, as may be amended from time to time by the Manager to reflect all outstanding Units. Except as provided in Section 5.2, Percentage Interest is determined by the number of Units held by a Member divided by the total number Units outstanding, or class of Units outstanding, as applicable.

(b) The Manager is authorized to cause the issuance of additional Units beyond those outstanding on the Effective Date, including Units in one or more classes, or one or more series of such classes, which classes or series shall have, subject to the provisions of Applicable Law, such designations, preferences and relative, participating, optional, or other special rights as shall be fixed by the Manager.

(c) The Company is authorized to cause the issuance of any other types of interests in the Company from time to time to Members or other persons on terms and conditions established by the Manager. Such interests may include unsecured and secured debt obligations of the Company, debt

obligations of the Company convertible into Units, and options, rights or warrants to purchase any such Units.

(d) As used throughout this Agreement, the term Member shall refer to both Members and Participation Interest holders, as defined below, except with regard to matters to be voted upon, as Participation Interest holders are not entitled to vote.

#### Section 4.2 Rights and Obligations.

(a) No Member shall:

- (1) be personally liable for any of the debts or obligations of the Company;
- (2) have the power to sign for or to bind the Company;
- (3) be entitled to the return of such Member's contributions to the Company except to the extent, if any, that distributions made pursuant to this Agreement may be considered as such by law, or upon dissolution of the Company, and then only to the extent provided for in this Agreement; or
- (4) withdraw from the Company except upon the dissolution and winding up of the Company or otherwise as permitted in this Agreement.

(b) A Member is liable to the Company:

- (1) for the difference between his, her or its contributions to capital as actually made and those stated in Schedule A of this Agreement as having been made; and
- (2) for any unpaid contribution to capital which he, she or it agreed in Schedule A of this Agreement to make in the future at the time and on the conditions stated in Schedule A of this Agreement.

(c) A Member holds as trustee for the Company:

- (1) specific property stated in Schedule A of this Agreement as contributed by such Member, but which was not contributed, or which has been wrongfully or erroneously returned; and
- (2) money or other property wrongfully paid or conveyed to such Member on account of his, her or its contribution.

(d) The liabilities of a Member as set out in this Section 4.2 can be waived or compromised only by the consent of the Members, but a waiver or compromise shall not affect the right of a creditor of the Company who extended credit or whose claim to enforce the liabilities arose after the filing and before a cancellation or amendment of the Articles of Organization.

(e) The Member's interest in the Company (also referred to in this Agreement as "*Membership Interest*") is determined by the number of Units held by each Member, even though such ownership may be different from (more or less) than the Member's proportionate capital account. The Company is not obligated to issue certificates to represent Units. Only Units owned by Members entitled to vote may vote on any matter as to which this Agreement requires or permits a vote.

#### Section 4.3 Admission of Members; Nature and Transfer of Interest.

(a) Additional Members may be admitted to the Company only with the consent of the Manager and the written acceptance and adoption by such new Member of all of the terms of this Agreement.

(b) The interest of all Members in the Company constitutes the personal estate of the Member and may be transferred or assigned as provided in Article 7 of this Agreement. If the Manager



does not approve of the proposed transfer or assignment, the transferee of the Member's interest in the Company shall have no right to participate in the management of the business and affairs of the Company through voting or otherwise or to become a Member. The transferee shall only be entitled to receive the share of profits or other compensation by way of income and the return of contributions that the transferring Member would otherwise be entitled. The interest acquired by any such transferee, which may consist of no more than the right to participate in distributions of assets, income and return of capital is herein referred to as a "*Participation Interest*."

#### Section 4.4 Meetings of Members; Voting.

(a) It is desirable that periodic meetings of the Members be held to inform the Members of the business and financial condition of the Company and to take any actions required or desirable to be taken at a meeting. Therefore, meetings of Members may be held, at such time, date and place as determined by the Manager.

(b) Special meetings of the Members to vote upon any matters as to which the Members are authorized to vote under this Agreement may be called at any time by the Manager, by causing a written notice to be given, either in person, via electronic mail or by registered mail to each Member, delivered ten days in advance, stating that a meeting will be held at a fixed time at a designated place or by telephone conference call. Notice of any meeting may be waived if evidenced by a written waiver of notice or by a Member's attendance and participation at a meeting.

(c) The vote of the Members, whether at a physical meeting, telephonic meeting, or by written consent, shall be binding upon the Manager when approved by the necessary voting thresholds set forth elsewhere in this Agreement.

(d) Any vote of the Members may be taken either at a meeting called for such purpose pursuant to the provisions of this Section or, in lieu of a meeting, by the written consent of the Members (including Members necessary to establish a quorum for the purpose of conducting business) as would be required to authorize, approve, ratify or otherwise consent to such action under the Act and this Agreement (which may be less than all of the Members, in which event a copy thereof shall be sent to each of the Members entitled to vote upon such matter who did not sign the consent) at a meeting where all issued and outstanding Units which are entitled to vote at such meeting were represented either in person or by proxy and voted on such matter.

(e) A Member entitled to vote may vote at any meeting of Members either in person, by telephone, video conference or by proxy executed in writing by the Member or his, her or its duly authorized attorney in fact. For each matter upon which Members are granted the right to vote by this Agreement or by the Act, each Member shall be entitled to one vote per Unit. At all meetings of Members, a majority of the Units shall constitute a quorum, and action shall be taken upon the affirmative vote of Members holding a majority of the Units of such class or group then outstanding (either in person or by proxy), unless a greater vote is required by this Agreement or the Act. Only Members shall have the right to vote; the holder of a Participation Interest shall have no right to vote upon any matter as to which Members are granted a right to vote.

#### Section 4.5. Preparation for Sale of Property; Prospective Sale of Property.

(a) The Manager reserves the right, at Manager's sole discretion, to determine the terms of any prospective sale, refinance, or other disposition of the Property.

### ARTICLE 5. CAPITAL CONTRIBUTIONS

Section 5.1 Initial Capital Contributions. The names of the Members and their respective initial Capital Contributions shall consist of the amounts shown on Schedule A to this Agreement ("*Initial Capital*

*Contribution*”). Member’s Initial Capital Contribution are due upon execution of this Agreement. Schedule A shall reflect a Member’s Total Capital Contributions, which shall be any Initial Capital Contribution plus any Additional Capital Contributions made by a Member. Schedule A may be amended by the Manager from time to time to reflect Additional Capital Contributions made by Members.

Section 5.2 Capital Accounts. An individual capital account shall be maintained for each Member. The capital interest of each Member shall consist of such Member’s Initial Capital Contribution (a) increased by (i) any Additional Capital Contribution and (ii) such Member’s share of Company profits and (b) decreased by (i) such Member’s share of Company losses and (ii) distributions to such Member. In the event any Company property is distributed in-kind, capital accounts shall first be adjusted to reflect the manner in which the unrealized income, gain, loss and deduction inherent in such property (that has not previously been reflected in capital accounts) would be allocated, pursuant to Article 5 hereof, to the Members if there were a taxable disposition of such property for its Fair Market Value (taking into account Section 7701(g) of the Code on the date of distribution.

Section 5.3 Additional Capital Requirements. If the Manager determines additional capital is required by the Company, the Manager may secure capital in any of the following ways:

- (a) Internal Debt. The Manager may enter into debt financing agreements with current Company Members, at terms that are agreeable in the sole discretion of the Manager.
- (b) External Debt. The Manager may secure debt financing from non-members of financial institutions, at terms that are agreeable in the sole discretion of Manager;
- (c) Internal Equity. The Manager may issue additional Units to current Members, comprised of Class A or Class B Units or may issue a unit from a new class of units;
- (d) External Equity. The Manager may issue additional Units to new members, comprised of Class A or Class B Units, or may issue a unit from a new class of units; and
- (e) Conversion of Class C Units: The Manager may convert Class C Units owned by the Manager to Class Units (such conversions will result in an adjustment to the Net Distributable Cash from Operations.

## ARTICLE 6. ALLOCATIONS AND DISTRIBUTIONS

Section 6.1 Allocations. Subject to this Article 6, items of profits and loss, receipts and expenditures, and all items of income, deduction, credit, gain and loss arising therefrom shall be allocated among the Members in a manner such that the Capital Account of each Member, immediately after giving effect to such allocation, is, as nearly as possible, equal (proportionately) to the amount of the distribution that would be made to such Member if: (a) the Company were dissolved and terminated; (b) the affairs of the Company were wound up and all of the Company assets were sold for cash equal to its Fair Market Value (except that any Company assets actually sold during the current year shall be treated as sold for the actual proceeds of the sale); (c) all Company liabilities were satisfied; and (d) the remaining net assets of the Company were distributed to the Members in accordance with Article 8 immediately after giving effect to such allocation. No Member shall be entitled to receive property or assets other than cash hereunder unless the Company elects to distribute any Company property in-kind. The capital account of each Member shall be maintained and determined in accordance with the capital account maintenance rules of Treasury Regulation Section 1.704-1(b)(2)(iv).

The Fund Sponsor will contribute capital to the Fund and will secure recourse debt from time to time over the life of the Fund. Additionally, the Sponsor may be required to convert up to 100 of the Sponsor’s Class C Units to Class A Units or Class B Units or a new Class of Units to replenish working capital or for the

purchase of additional Properties. As such, the Sponsor, through their membership interests in Class C Units, shall be allocated 50% of any applicable depreciation expense.

Section 6.2 Qualified Income Offset. In the event any Member receives any adjustments, allocations or distributions described in sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Treasury Regulations, items of Company income and gain shall be specially allocated to that Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, any capital account deficit of that Member as quickly as possible.

Section 6.3 Adjustments to Capital Accounts. In accordance with Code Section 704(c), income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take into account any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Fair Market Value at the time of contribution. Any elections or other decisions relating to such allocations shall be made by the Manager in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section are solely for purposes of federal income taxes and shall not affect or in any way be taken into account in computing any Member's account or share of items of the Company's income, gains, losses, deductions and credits, or distributions pursuant to any provision of this Agreement.

Section 6.4 Distributions.

(a) The amount of any distribution of "Net Distributable Cash" (defined for the purposes herein with respect to any fiscal year as the excess of all revenues derived by the Fund with respect to such period over all expenses incurred by the Fund with respect to such period, less amounts reserved to cover its reasonable business needs) shall be determined by the Manager in its sole discretion.

All distributions are restricted in that the Fund will not distribute cash unless that cash is available after paying other Fund obligations and in the sole discretion of the Manager determines Net Distributable Cash will be distributed, it will be distributed monthly to Unit Holders within 30 days after the close of the previous month as follows:

(i) Distributions from Operations. Net Distributable Cash shall be distributed:

- a. First, to Class A and B Unit Holders, a Preferred Return in proportion to their respective Preferred Return Balances until each such Unit holder's Preferred Return Balance is reduced to zero;
- b. Second, 70% to the Class A Unit Holders and Class B Unit Holders in proportion to their respective percentage ownership interests and 30% to the Class C Unit Holders in proportion to their respective percentage ownership interests until investors have achieved their respective Cash on Cash Hurdle;
- c. Third, 50% to the Class A Unit Holders and Class B Unit Holders in proportion to their respective percentage ownership interest and 50% to the Class C Unit Holders.

(ii) Distributions upon dissolution, or refinance shall be distributed:

- a. First, to the Class A and Class B Unit holders, until each such Unit holder's Preferred Return Balance is reduced to zero;
- b. Second, to Class A and Class B Unit holders, until each such Class A and Class B Unit holder has received distributions in an amount sufficient to achieve its Capital Return;
- c. Third, 70% to the Class A Unit Holders and Class B Unit Holders in proportion to their respective percentage ownership interests and 30% to the Class C Unit Holders in

proportion to their respective percentage ownership interests until investors have achieved their respective Cash on Cash Hurdle;

- d. Fourth, 50% to Class A and Class B Unit Holders in proportion to their respective percentage ownership interests and 50% to the Class C Unit Holders in proportion to their respective percentage ownership interests.

### Definitions for Distributions

“Capital Contributions” means those sums and other property contributed by the Unit Holders pursuant to the Operating Agreement including, without limitation, Initial Capital Contributions and Additional Capital Contributions, if any; a “Member’s Capital Contribution” means that portion of the Capital Contributions contributed by an individual member.

“Capital Return” means the payment to the Unit Holders of aggregate distributions equal to their aggregate unreturned Net Capital Contributions, until such time the Unit Holder’s capital account reaches zero dollars (\$0).

“Cash on Cash Return” means the amount of pre-tax cash flow by the amount of equity invested, expressed as a percentage.

“Distributable Cash from Operations” means the amount, if any, by which the cash receipts of the Fund from operations of the Properties, including, without limitation, refinance or supplemental financing of the Loan (after payment of any Fund indebtedness that is repaid in connection with such refinancing or supplemental financing), exceed all cash disbursements of the Fund for Fund Costs.

“Cash on Cash Return Hurdle” means as to each Class A Unit Holder and Class B Unit Holder, a minimum Cash on Cash Return a Unit Holder is required to achieve before a change in the initial proportionate distributions (70% to Class A Unit Holders and Class B Unit Holders and 30% to the Manager) to an adjusted proportionate distribution (50% to Class A Unit Holders and Class B Unit Holders and 50% to the Manager). The Cash on Cash Return Hurdle for Unit Holders is determined by the amount of capital contributed and the timing of the purchase of the Units. The Cash on Cash Return Hurdle for Class A Units is 14%. The Cash on Cash Return Hurdle for Class B Units is 16%.

“Net Capital Contributions” shall mean the Initial Capital Contributions and any Additional Capital Contributions, if any, made by a Class A or Class B Unit holder to the Company, as reduced by the amount of any distributions made by the Company to such Member from Net Distributable Cash from Operations or Net Cash Proceeds or from refinance or dissolution.

“Preferred Return” means, as to each Class A Unit Holder and Class B Unit Holder, a sum equal to a percent per annum non-compounded times the amount of the unreturned Net Capital Contributions of such member calculated monthly. The monthly calculation to begin on the first day of the month following the completion of the first month after Closing Date, to be paid to the extent that (i) the Fund has sufficient Distributable Cash from Operations to pay such Preferred Return, and (ii) the Manager elects, in his sole discretion, to make such payment or defer such payment to a later date. The Preferred Return for Class A Unit Holders is seven percent (7%). The Preferred Return for Class B Unit Holders is eight percent (8%). **The Preferred Return begins to accumulate when investor capital is deployed toward the purchase of a Property. The Fund Manager shall endeavor to deploy capital as soon as possible after wiring of funds, however, if not deployed after 90 days, the Manager may return capital to the investor.**

“Preferred Return Balance” means amounts owed under the Preferred Return, including amounts accrued but not distributed.

(b) Tax Distributions. To the extent the discretionary distributions made to Members during the prior calendar year and the period through March 31 of the then current year are not otherwise sufficient to those Members receiving allocations of items of income or gain in the immediately preceding calendar year to enable them to cover any federal and state tax liability created due to ownership of Units during such prior calendar year, the Manager may make tax distributions from available cash to Members annually. Any such distribution will be treated as an advance against distributions otherwise payable to such Member based on a state and federal calculation by the Manager in its discretion, with the same federal and state tax rates to be applied to all Members.

Section 6.5 Taxation as Partnership. The parties acknowledge that the Company intends to be treated as a partnership for federal (and analogous state and local) income tax purposes. Under federal income tax law, a partnership is not a taxable entity. Instead, items of partnership income, gain, loss, deduction or credit flow through to the partners. Each Member will be required to report on his income tax return each year his distributive share of the Company's income, gains, losses and deductions for that year, whether or not cash is actually distributed to him. Consequently, a Member may be allocated income from the Company although he has not received a cash distribution in respect of such income. Members are responsible to pay their own proportionate tax on reported income.

Section 6.6 Withdrawal or Reduction of Members' Contributions to Capital.

(a) A Member shall not receive out of Company property any part of his, her or its Capital Contribution unless:

- (1) the Company is able to pay its debts as the debts become due in the ordinary course of business; and
- (2) the Company's total assets are greater than the sum of the Company's total liabilities.

(b) A Member may rightfully demand the return of his, her or its Capital Contribution only upon the dissolution of the Company. A Member, irrespective of the nature of his, her, or its Capital Contribution, has only the right to demand and receive cash in return for his, her or its Capital Contribution in accordance with the provisions of Section 8.4 of this Agreement.

## ARTICLE 7. TRANSFER OF INTERESTS

Section 7.1 Transfer of Interests. Subject to Section 7.2 below and Sections 12.6 and 13.12, a Member may sell, exchange, encumber, transfer or otherwise assign, whether during his or her lifetime or through the laws of intestacy or inheritance (including by a Member Designation pursuant to Section 13.1 of this Agreement), in whole or in part, his or her Units. However, without the consent of the Manager as required by Section 4.3 of this Agreement, the transferee of a Member's Units shall have no right to participate in the management of the business of the Company, through voting or other rights, or to otherwise become a full Member. A transfer also includes any change of control of any Member that is an entity of any kind. Any transfer of units from a Class A Member can only be transferred as a whole unit, to a single individual or entity that would meet investor suitability standards, at the sole discretion of the Manager. The Company reserves the right to purchase Units from Members, at agreed upon terms, at any time.

Section 7.2 Third-Party Offer.

(a) If any Member receives a bona-fide third party offer to purchase its Units (a “*Selling Member*”), the Company shall have the first option and right to purchase all or any part of the Selling Member’s Units for a period of 30 days (or such lesser time as the Company may agree upon waiving its right) from the date written notification of the third-party offer is provided to the Company. The Company’s option shall be at a price of the Transfer Value (as defined in Section 7.3 of this Agreement).

(b) If the Company declines to exercise such option or right, then the non-selling Members shall have the option and right to purchase that Member’s pro rata share of the Selling Member’s Units. The non-selling Members’ option shall be at a price of the Transfer Value (as defined in Section 7.3), and its option to purchase may be exercised for a period of 30 days from expiration of the Company’s option period.

(c) If the foregoing options are not exercised in the aggregate as to the Selling Member’s entire interest, then the Selling Member may sell the Units not purchased by the Company or other Members at the price, on the terms and to the assignee stated in the notice, at any time within 30 days after the foregoing options expire; provided, however, that the assignee will be the holder of a Participation Interest and may become a Member in place of the Selling Member only as provided in Section 4.3 of this Agreement.

(d) If the Selling Member does not sell to the third-party offeror within the 30-day period after all options expire, no sale may be effected unless and until the Selling Member gives a new notice to the Company and non-selling Members and they again fail to exercise the options under the foregoing provisions.

Section 7.3 Transfer Value. In the event of a third-party offer, the Company (or non-selling Member making the option to purchase under Section 7.2(b)) may elect for an independent appraisal, with the cost of the appraisal borne by the selling Member. If the independent appraisal results in a valuation of 10% or greater than the third-party offer, then the appraisal valuation shall be the “*Transfer Value*” for purposes of this Article. If the independent appraisal results in a valuation of 10% or lesser than the third-party offer, the third party offer amount shall serve as the Transfer Value for purposes of this Article.

## ARTICLE 8. DISSOLUTION AND WINDING UP; LIQUIDATION

Section 8.1 Dissolution. The Company shall be dissolved at the sole discretion of the Manager.

Section 8.2 Winding Up. As soon as possible following the occurrence of an event effecting the dissolution of the Company, the Company shall conform with all requirements as set forth within the Act.

Section 8.3 Effect of Dissolution. Upon dissolution of the Company, as provided in Section 8.1 and Section 8.2, the Company shall cease to carry on its business, except insofar as may be necessary for the winding up of its business. The Members (and their assignees or transferees) shall continue to share profits and losses during the winding up of the Company’s affairs as if the Company were not winding up its affairs. Any Company assets distributed in-kind to the Members in the liquidation shall be valued and treated as though the assets were sold and the cash proceeds were distributed in-kind and the difference between the Fair Market Value of any asset and its basis shall be treated as a gain or loss on sale of the asset and shall be credited or debited to the Members in accordance with their Percentage Interests.

Section 8.4 Distributions Upon Liquidation. Upon dissolution of the Company as provided in Section 8.1, the Company shall immediately commence to wind-up its affairs and liquidate. The Company assets shall be distributed in payment of the liabilities of the Company and to the Members in liquidation of the Company in the following order:

(a) To creditors in the order of priority as provided by law, except those to Members on account of their Capital Contributions.

(b) To the setting up of any reserves that the Manager may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company. Such reserves shall be paid over by the Manager to a bank or other institutional escrow agent to be held for the purpose of disbursing such reserves in payment of the aforementioned contingencies, and at the expiration of such period as the Manager may deem advisable, to distribute the balance in the manner provided in this Section 8.4 and in the order set forth herein.

(c) To the repayment of any loans or advances that may have been made by any of the Members to the Company, but if the amount available for such repayment shall be insufficient, then pro rata on account thereof.

Section 8.5 Time and Method of Liquidating Distributions. A reasonable time as determined by the Manager, not to exceed 12 months, shall be allowed for the orderly liquidation of the Company and the discharge of liabilities to the creditors so as to enable the Manager to minimize any losses attendant upon liquidation. The Manager may complete the liquidating distributions due the Members by either or a combination of the following methods as it shall determine:

(a) Selling the Company assets and distributing the net proceeds therefrom to each Member in satisfaction of such Member's interest in the Company; or

(b) Distributing the Company's assets to the Members in-kind. In such event each Member and each holder of a Participation Interest agrees to accept an undivided interest in the Company's assets in satisfaction of such holder's interest in the Company.

If there is no Manager then serving, Members holding a majority of the Units shall appoint a liquidating trustee to wind-up the Company's affairs and liquidate.

Section 8.6 Articles of Dissolution. When all debts, liabilities and obligations have been paid and discharged or adequate provision has been made therefor and all of the remaining property and assets have been distributed to the Members, Articles of Dissolution if required by the State of Wyoming, shall be executed and verified by the Manager, and filed pursuant to the Act.

Section 8.7 Liability of Manager. The Manager shall not be personally liable for the return of Capital Contributions of the Members, it being understood that any such return shall be solely from Company assets. No Member shall have the right to demand or receive property other than cash for such Member's interest.

Section 8.8 Arbitration of Rights Arising After Termination of the Company. Notwithstanding the termination of this Agreement, any party may, after that termination, initiate an arbitration under Article 9 to determine and enforce rights and duties of the parties arising with respect to:

- (a) the Company's winding up;
- (b) the Company's liquidation; and
- (c) events occurring after the cancellation of the Company's Articles of Organization.

Section 8.9 Manager Expenses. Expenses incurred by the Company after the distribution and dissolution of the company shall be incurred by the Company Manager, or in the case of multiple Managers, equally between the all the Company Managers.

## ARTICLE 9. ARBITRATION OF COMPANY DISPUTES

All controversies, disputes or claims arising out of or related to this Agreement shall be resolved first by mediation, in good faith, with the assistance of a third-party mediator who has previously practiced law as a litigator. If the representatives do not agree upon a decision within thirty (30) calendar days after reference of the matter to the mediator, any controversy, dispute, or claim arising out of or relating in any

way to this Agreement or the transactions arising hereunder shall be settled exclusively by arbitration in Wyoming. Such arbitration shall be administered by JAMS in accordance with its then prevailing expedited rules, by one independent and impartial arbitrator selected in accordance with such rules.

The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1 et seq. The fees and expenses of JAMS and the arbitrator shall be shared equally by the parties to the dispute and advanced by them from time to time as required; provided that at the conclusion of the arbitration, the arbitrator shall award costs and expenses (including the costs of the arbitration previously advanced and the reasonable fees and expenses of attorneys, accountants, and other experts) to the prevailing party, so long as the prevailing party had previously engaged in good faith mediation.

Failure of the prevailing party to act in good faith during the mediation process shall prohibit them from recovering any cost of the arbitration, including attorneys and accounting fees. No pre-arbitration discovery shall be permitted, except that the arbitrator shall have the power in his sole discretion, on application by any party, to order pre-arbitration examination solely of those witnesses and documents that any other party intends to introduce in its case-in-chief at the arbitration hearing. The parties shall instruct the arbitrator to render such arbitrator's award within thirty (30) calendar days following the conclusion of the arbitration hearing.

The arbitrator shall not be empowered to award to any party any damages of the type not permitted to be recovered under this Agreement in connection with any dispute between or among the parties arising out of or relating in any way to this Agreement or the transactions arising hereunder, and each party hereby irrevocably waives any right to recover such damages. Notwithstanding anything to the contrary provided in this Article 9 and without prejudice to the above procedures, any party may apply to any court of competent jurisdiction for temporary injunctive or other provisional judicial relief if such action is necessary to avoid irreparable damage or to preserve the status quo until such time as the arbitrator is selected and available to hear such party's request for temporary relief. The award rendered by the arbitrator shall be final and not subject to judicial review and judgment thereon may be entered in any court of competent jurisdiction. The decision of the arbitrator shall be in writing and shall set forth findings of fact and conclusions of law.

#### ARTICLE 10. TIME; NOTICES

All notices (whether offers, acceptances or otherwise) pursuant to the provisions of this Agreement shall be made in writing and all periods of time shall begin or end on the day such notice is sent by postage paid, certified or registered mail, return receipt requested, addressed to the parties at the respective addresses (or such other address as such party may have notified the Company of in writing) as set forth below their names on Schedule A.

All notices to the Company and the Manager shall be mailed to:

Spartan Investment Group, LLC  
RE: Spartan Storage Fund I  
1440 Brickyard Road, Ste #4, Golden, CO 80403

#### ARTICLE 11. OTHER BUSINESS VENTURES; CONFLICTS OF INTEREST; TRANSACTIONS WITH MEMBERS OR MANAGER

Section 11.1 Other Business Ventures. A Manager and any of the Members may engage in or possess an interest in other business ventures of every nature and description independently or with others and neither the Company nor any of the Members thereof shall have any rights by virtue of this Agreement in and to such independent ventures or the income or profits derived therefrom.



Section 11.2 Conflicts of Interest. The fact that a Manager or any Member is directly or indirectly interested in or connected with any person, firm or corporation employed by the Company to render or perform a service shall not prohibit the Company from employing such person, firm or corporation or from otherwise dealing with him or it.

Section 11.3 Transactions Between a Member or Manager and the Company. Except as otherwise provided by Applicable Law and this Agreement, any Member or Manager may, but shall not be obligated to, lend money to the Company, act as surety for the Company and transact other business with the Company and has the same rights and obligations when transacting business with the Company as a person or entity who is not a Member or a Manager.

## ARTICLE 12. INVESTMENT REPRESENTATIONS; PRIVATE OFFERING EXEMPTION

Each Member, by his or its execution of this Agreement, hereby represents and warrants:

Section 12.1 Experience. By reason of his, her or its business or financial experience, or by reason of the business or financial experience of his, her or its financial advisor who is unaffiliated with and who is not compensated, directly or indirectly, by the Company or any affiliate or selling agent of the Company, such Member is capable of evaluating the risks and merits of an investment in the Company and of protecting his, her or its own interests in connection with this investment.

Section 12.2 Investment Intent. Such Member is acquiring the Interests for investment purposes for his, her or its own account only and not with a view to or for sale in connection with any distribution of all or any part of the Interest.

Section 12.3 Economic Risk. Such Member is financially able to bear the economic risk of his, her or its investment in the Company, including the total loss thereof.

Section 12.4 No Registration of Units. Such Member acknowledges that the Interests have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or qualified under any state securities law or under the laws of any other jurisdiction, in reliance, in part, on such Member's representations, warranties and agreements herein.

Section 12.5 No Obligation to Register. Such Member acknowledges and agrees that the Company and the Managers are under no obligation to register or qualify the Interests under the Securities Act or under any state securities law or under the laws of any other jurisdiction, or to assist such Member in complying with any exemption from registration and qualification.

Section 12.6 No Disposition in Violation of Law. Without limiting the representations set forth above, and without limiting Article 7 of this Agreement, such Member will not make any disposition of all or any part of the Interests which will result in the violation by such Member or by the Company of the Securities Act or any other applicable securities laws. Without limiting the foregoing, each Member agrees not to make any disposition of all or any part of the Interests unless and until:

(a) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement and any applicable requirements of state securities laws; or

(b) such Member has notified the Company of the proposed disposition and has furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by the Managers, such Member has furnished the Company with a written opinion of legal counsel, reasonably satisfactory to the Company, that such disposition will not

require registration of any securities under the Securities Act or the consent of or a permit from appropriate authorities under any applicable state securities law or under the laws of any other jurisdiction.

Section 12.7 Financial Estimate and Projections. Such Member understands that all projections and financial or other materials which it may have been furnished are not based on historical operating results, because no reliable results exist, and are based only upon estimates and assumptions which are subject to future conditions and events which are unpredictable, and which may not be relied upon in making an investment decision.

## ARTICLE 13. MISCELLANEOUS

Section 13.1 Member Designation. Subject to the conditions on transfer set forth in this Agreement, a Member may designate, in writing, a beneficiary to receive such Member's interest in the Company upon such Member's death. The written designation shall be fully revocable by the Member and may be changed by subsequent writings from time-to-time, in the sole discretion of the Member. Any beneficiary so designated shall be subject to all the terms of this Agreement and shall receive the Member's interest in the Company subject to any purchase option, any buy sell agreement, or any other agreement potentially affecting such interest.

Section 13.2 Execution in Counterparts. This Agreement may be executed in several counterparts, and as executed shall constitute one original agreement, binding on all the parties hereto.

Section 13.3 Amendment by Members. Any Manager or any Member may propose any amendment to the Company's Articles of Organization or this Agreement to the Members. Such proposed amendment shall become effective at such time as it has been approved by the Members holding a majority of the Units.

Section 13.4 Amendment by Manager. The Manager shall have the power to amend the Company's Articles of Organization to reflect changes in the registered office and agent of the Company and to reflect any change in the name of the Company. Any other amendment to the Company's Articles of Organization (and any amendment to this Agreement) must be approved by the Members and the Manager in accordance with Section 13.3; provided, however, that amendments to this Agreement may be made by the Manager without the necessity of a vote of the Members, for administrative purposes (renumbering or correcting errors) and if in the reasonable opinion of counsel to the Company, such amendments are necessary to maintain the Company's tax status under federal or state law or for other tax purposes.

Section 13.5 Partnership Representative. The Manager shall select the Company's representative who must be a Member with a substantial presence in the United States to serve as the Company representative within the meaning of Code Section 6223 ("*Partnership Representative*").

(a) The Partnership Representative shall perform his, her, or its duties under the direction and guidance of the Manager. The Manager shall determine whether to make any available election under Code Section 6221 through 6241, including Code Section 6221(b) and Code Section 6226. Notwithstanding anything else contained herein, the Partnership Representative shall not take any material action without the prior approval of the Manager, including, but not limited to, extending the statute of limitations, filing a request for administrative adjustment, filing a suit related to any Company tax refund or deficiency, or entering into any settlement agreement related to items of income, gain, loss or deduction of the Company with the Internal Revenue Service (or similar state or local governmental authority).

(b) Each Member agrees that such Member shall not treat any Company item inconsistently on such Member's federal, state, foreign, or other income tax return with the treatment of the item on the Company's return. Any deficiency for taxes imposed on any Member or former Member (including penalties, additions to tax or interest imposed with respect to such taxes, and any taxes imposed pursuant to Code Section 6226) shall be paid by such Member, or if paid by the Company shall be

recoverable from such Member. Each Member agrees to cooperate in taking such actions as may be required to cause any election made by the Company to be effective.

(c) The provisions of this Section 13.5 shall survive the termination of the Company, this Agreement, and the termination of any Member's interest in the Company.

(d) The Partnership Representative shall keep the Manager and all Members informed of all notices from government taxing authorities that may come to the attention of the Partnership Representative. The Company shall pay and be responsible for all reasonable third-party costs and expenses incurred by the Partnership Representative in performing those duties. Each Member shall be responsible for any costs incurred by the Member with respect to any tax audit or tax related administrative or judicial proceeding against any Member, even though it relates to the Company.

(e) The Partnership Representative shall endeavor to provide Schedule K-1 and any necessary tax documents to Members no later than March 1st of the year following the taxable year, but it is likely that Members will need to file an extension on their tax returns.

Section 13.6 Governing Law. All questions with respect to the construction of this Agreement and the rights and liabilities of the parties shall be determined in accordance with the applicable provisions of the laws of the State of Wyoming.

Section 13.7 Choice of Venue. Conflicts arising out of this contract that cannot be resolved through Arbitration will be tried through a court of competent jurisdiction in the State of Wyoming.

Section 13.8 Number and Gender. As used in this Agreement, the plural shall be substituted for the singular, and the singular for the plural, where appropriate; and words and pronouns of any gender shall include any other gender.

Section 13.9 Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of, all of the parties and their assigns, successors in interest, personal representatives, estates, heirs, legatees or successors.

Section 13.10 Severability. If any provision of this Agreement, or the application thereof to any person or circumstances shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law; provided, however, that the above-described invalidity or unenforceability does not diminish in any material respect the ability of the Members to achieve the purposes for which this Company was formed.

Section 13.11 Legal Representation. The Members agree that the law firm of 3 Pillars Law, PLLC, represents only the Company and the Manager in connection with the preparation of this Agreement, and has not offered any Member or other person any advice regarding the advisability of entering into this Agreement further acknowledges and agrees that such person:

(a) Has been advised to retain independent legal, tax, and accounting advice of their own choosing for purposes of representing their individual interests with respect to the subject matter thereof;

(b) Has been given reasonable time and opportunity to obtain such advice; and

(c) Has obtained such independent advice as they have deemed necessary and appropriate in the circumstances at his, her or its own expense without expecting the Company to reimburse such person for such fees or other expenses.

Section 13.12 Restricted Securities. The Membership Interests represented by this Agreement have not been registered or qualified under the federal securities laws or the securities laws of any state. The Membership Interests may not be offered for sale, sold, pledged or otherwise disposed of unless so registered or qualified or unless an exemption exists, the availability of which is established by an opinion

of counsel (which opinion and counsel shall both be satisfactory to the Manager). Transfer is also restricted by the terms of this Agreement and transfers which violate the provisions of this Agreement may be void or voidable

*[signature page follows]*

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective and govern the Company as of the Effective Date.

**THE COMPANY:**

**Spartan Storage Fund I**

a Wyoming limited liability company

By: **Spartan Investment Group, LLC**

a Delaware limited liability company,  
Company Manager

By: Ryan J. Gibson

Name: Ryan J. Gibson

Title: Chief Investment Officer

**CLASS A MEMBERS:**

By execution of Joinder Agreements, attached hereto as Exhibit C.

**CLASS B MEMBERS:**

By execution of Joinder Agreements, attached hereto as Exhibit C.

**CLASS C MEMBER:**

**Spartan Holding Company, LLC**

a Delaware limited liability company

By: Ryan J. Gibson

Name: Ryan J. Gibson

Title: Chief Investment Officer

*[signature page continues on next page]*

**MANAGER:**

**Spartan Investment Group, LLC**  
a Delaware limited liability company

By: Ryan J. Gibson  
Name: Ryan J. Gibson  
Title: Chief Investment Officer

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**EXHIBIT A**  
Management Fees and Compensation

<b>SPONSORSHIP FEES</b>				
<b>Fees paid to the Manager</b>				
<b>Type</b>	<b>Frequency</b>	<b>Description</b>	<b>When Earned</b>	<b>Amount</b>
Expense Reimbursement	On startup and incidentally thereafter	Payment of documented out-of-pocket expenses paid by the Manager	Within 45 days of the payment being made	Indeterminate
Developer Fee	One-time fee, paid in three tranches, during the development of each of the Properties	Fees earned by the Manager for the planning of constructing or improving buildings	25% upon purchase of the property, 65% in 10 subsequent monthly installments, 10% upon completion of work	Up to 10% of Initial Improvements and Construction Costs
Acquisition Fee	One-time fee, paid at acquisition of each Property through the life of the Fund	For expenses incurred in the purchase of each Property, to include, but not limited to performing due diligence and underwriting of the Property, negotiating the sale agreement, acquiring the Properties, and services for finalizing the purchase of the Properties	Upon purchase of each of the Properties	2.85% of Total Project Cost
Asset Management Fee	Recurring monthly Fee	Compensation for overall management of the asset, to include supervision of renovations, posturing the asset for refinance or ultimate sale of the asset	Monthly	1% of Real Estate Asset Value <sup>1</sup>
Financing Fee <sup>2</sup>	One-time fee per refinance (or finance) of each of the Properties	Charged one time as a percentage of the loan amount.	Upon loan closing	1% of loan amount

1. Real Estate Asset Value means the total purchase price with respect to a Property purchased by the Fund, including all capitalized acquisition costs for the Property.
2. The Fund Manager may, at its' sole discretion, retain a third-party broker to assist in the financing of Properties, with Broker fee to be paid out of this financing fee.

<b>3<sup>rd</sup> PARTY SERVICING FEES</b>				
<b>Fees paid to the Manager <sup>1</sup></b>				
<b>Description</b>	<b>Frequency</b>	<b>Description</b>	<b>When Earned</b>	<b>Amount</b>
Property Management Fee	Recurring monthly fee	Compensation for management of the Properties	Monthly	6% of monthly gross operating income
Construction Management Fee	One-time Fee	Compensation for general contracting construction or development work	Upon billing of construction or development costs	Up to 10% of Construction Costs
Disposition Fee <sup>2</sup>	One-time fee, earned at the disposition of each Property	Percentage of sales price collected only if the Manager represents the Fund in brokering the purchase of the Property	Upon closing of each Property	2% of sales price

1. These fees are paid to the Manager, Spartan Investment Group, LLC or any of its affiliates for fulfilling services typical of a 3<sup>rd</sup> party. These fees will only be paid in lieu of 3<sup>rd</sup> parties fulfilling the expressed services.
2. At this time, the Manager does not anticipate earning the Disposition Fee. The current business plan is to retain 3rd parties and to award this fee to those 3rd parties.



EXHIBIT C  
**JOINDER AGREEMENT**

Reference is hereby made to the Company Operating Agreement, dated April 13, 2022, as amended from time to time (the “*Operating Agreement*”), by and among Spartan Storage Fund I, a Wyoming limited liability company (the “*Company*”), Spartan Investment Group, LLC (the “*Manager*”), the existing members, and each of those parties listed on the signature pages of the Operating Agreement or who agree to be bound by the Operating Agreement by way of this joinder agreement (the “*Joinder*”).

The undersigned hereby acknowledges that it has received and reviewed a complete copy of the Operating Agreement and agrees that upon execution of this Joinder, such Person shall become a party to the Operating Agreement and shall be fully bound by, and subject to, all of the covenants, terms, and conditions of the Operating Agreement as though an original party thereto and shall be deemed, and is hereby admitted as, a Class A Member for all purposes thereof and entitled to all the rights incidental thereto and shall hold their Membership Interests in Class A Units.

Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Operating Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this \_\_\_\_ day of \_\_\_\_\_ 20\_\_.

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Accepted by:  
**Spartan Investment Group, LLC** a Delaware limited  
liability company, Company Manager

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **EXHIBIT B: ARTICLES OF ORGANIZATION**

**STATE OF WYOMING**  
**Office of the Secretary of State**

I, EDWARD A. BUCHANAN, Secretary of State of the State of Wyoming, do hereby certify that the filing requirements for the issuance of this certificate have been fulfilled.

CERTIFICATE OF ORGANIZATION

**Spartan Storage Fund I, LLC**

I have affixed hereto the Great Seal of the State of Wyoming and duly executed this official certificate at Cheyenne, Wyoming on this **21st** day of **March, 2022** at **12:23 PM**.

Remainder intentionally left blank.



Filed Date: 03/21/2022

A handwritten signature in black ink that reads "Edward A. Buchanan".

Secretary of State

Filed Online By:

Byron Elliott

on 03/21/2022

## EXHIBIT C: FEES AND MANAGEMENT COMPENSATION

SPONSORSHIP FEES				
Fees paid to the Manager				
Type	Frequency	Description	When Earned	Amount
Expense Reimbursement	On startup and incidentally thereafter	Payment of documented out-of-pocket expenses paid by the Manager	Within 45 days of the payment being made	Indeterminate
Developer Fee	One-time Fee, paid in three tranches, during the development of each of the Properties	Fees earned by the Manager for the planning of constructing or improving buildings	25% upon purchase of the Property, 65% in 10 subsequent monthly installments, 10% upon completion of work	Up to 10% of Initial Improvements and Construction Costs
Acquisition Fee	One-time fee, paid at acquisition of each Property through the life of the Fund	For expenses incurred in the purchase of each Property, to include, but not limited to performing due diligence and underwriting of the Property, negotiating the sale agreement, acquiring the Property, and services for finalizing the purchase of the Properties	Upon purchase of the Properties	2.85% of Total Project Cost
Asset Management Fee	Recurring monthly fee	Compensation for overall management of the asset, to include supervision of renovations, posturing the asset for refinance or ultimate sale of the asset	Monthly	1% of Real Estate Asset Value <sup>1</sup>
Financing Fee <sup>2</sup>	One-time fee per refinance (or finance) of each of the Properties	Charged one time as a percentage of the loan amount.	Upon loan closing	1% of loan amount

1. Real Estate Asset Value means the total purchase price with respect to a Property purchased by the Fund, including all capitalized acquisition costs for the Property.

2. The Fund Manager may, at its' sole discretion, retain a third-party broker to assist in the financing of Properties, with Broker fee to be paid out of this financing fee.

3 <sup>rd</sup> PARTY SERVICING FEES				
Fees paid to the Manager <sup>1</sup>				
Description	Frequency	Description	When Earned	Amount
Property Management Fee	Recurring monthly fee	Compensation for management of the Properties.	Monthly	6% of monthly gross operating income
Construction Management Fee	One-time fee	Compensation for general contracting construction or development work	Upon billing of construction or development costs	Up to 10% of Construction Costs

Disposition Fee <sup>2</sup>	One-time fee, earned at the disposition of each Property	Percentage of sales price collected only if the Manager represents the Fund in brokering the purchase of the Property	Upon closing of each Property	2% of sales price
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1. These fees are paid to the Manager, Spartan Investment Group, LLC or any of its affiliates for fulfilling services typical of a 3<sup>rd</sup> party. These fees will only be paid in lieu of all alternative 3<sup>rd</sup> parties fulfilling the expressed services.
2. At this time, Spartan does not anticipate earning the Disposition Fee. The current business plan is to retain 3<sup>rd</sup> parties and to award this fee to those 3<sup>rd</sup> parties.