

SPARTAN STORAGE FUND

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FAQ Guide

About Spartan & The Fund

Why Spartan?

Our Vision at Spartan is to provide opportunities for our team to grow both personally and professionally. We've created a company that consists of the best team to produce exceptional results. For our investors, we provide only investment opportunities that have been thoroughly scrutinized by our processes. Specifically, we put every investment through our 700+ point due diligence checklist. Everything we do focuses on mitigating risk.

What is the Spartan Storage Fund 1?

In 2021, Spartan Investment Group purchased \$265 million of value-add self-storage facilities. Our goal with Spartan Storage Fund 1 is to strengthen our capabilities even more and acquire \$400 million in new storage assets by the end of 2022.

What is a Real Estate Fund?

Real estate funds like the Spartan Storage Fund 1 differ from syndications by investing in multiple properties rather than a single facility.

How many properties will be in the fund?

We anticipate 60-80 properties in the fund.

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FUND Q&A Video**



What happens if I invest “today” but your next property doesn’t close for a few months?

Your funds may not be active in the fund for up to 90 days. However, if a portion of your funds are used, 100% of your investment will be active and begin to accrue the preferred return.

Do I have to be an accredited investor?

Yes. Investors are required to meet the definition of an accredited investor and provide third-party verification of their accreditation status. Spartan provides a free accreditation service. Alternatively, you may have your accountant, attorney, or financial advisor write you a letter testifying that you meet the definition of an accredited investor.

Can I invest with my retirement account? Self-directed IRA, Solo 401k, etc?

Yes.

What is your exit strategy?

Our exit strategy is the same in every deal, and can be summarized in one word — optionality. We can not only roll our existing facilities into the Fund, but could exit the entire portfolio to a REIT, or break up the portfolio into individual sales. Regardless, we have many options for successful exits and a proud history of doing what is best for our investors.

Fund Structure & Returns

What is the minimum investment?

- Class A \$50,000 and \$1,000 increments above the minimum
- Class B \$1M and \$1,000 increments above the minimum

What are the target returns?

We're targeting a 5-8% per annum cash flow, 15-20% cash-on-cash returns, and a 1.7 to 2.2 times equity multiple.

What is the split/waterfall?

Investors in Spartan Storage Fund 1 can expect the following:

- Class A investors receive a 7% preferred return, 70/30 split to a 14% cash-on-cash return hurdle and 50/50 split thereafter.
- Class B investors receive a 8% preferred return, 70/30 split to a 16% cash-on-cash hurdle and 50/50 split thereafter.

Will there be capital calls?

To date, Spartan has never had a capital call. While we do not anticipate additional capital calls beyond your commitment, the PPM and offering documents cover how capital calls are handled.

Is the carried interest calculated at the fund or asset level?

At the fund level because all pass through entities.

How are the monthly distributions calculated throughout the fund?

Monthly distributions are based on our asset management team's assessment of free cash flows generated over the performance period and capital needs determined at the end of the performance period.

How will distributions occur as assets are sold off?

The "Plan of Distribution" section of the PPM covers the exact waterfall for liquidity events in the fund. Generally, the capital will first be distributed to investors via a preferred return and then to repay their capital account balance. Spartan also has the option to invest in current fund assets or new acquisitions as liquidity events occur.

How long will you be placing the capital?

Spartan Storage Fund 1 is filled on a first come, first served basis based on when funds are received. The offering period is limited to 18 months.

Fund Structure & Returns

What is my liability as an investor?

Your liability will be limited to your investment amount.

Is this an evergreen fund or open-ended fund?

The funding period is limited to 18-months and considered a closed ended fund. The manager has the discretion to use proceeds from liquidity events to purchase additional assets.

How often are distributions being issued?

The frequency of distributions is monthly.

When do I start receiving distributions?

We anticipate distributions to begin at least one quarter following from the time your investment is utilized in the fund.

Are the principles of Spartan Investment Group personally investing in the Fund?

Yes, the fund will be seeded with a \$500,000 investment.

Will you be taking on debt in the fund?

Yes. Generally, we use 60-70% leverage to acquire the properties in the fund.



Tax Questions

How are taxes treated?

Taxed as a Partnership at the single member LLC (wholly owned by the Company) that purchased the Property, and as a partnership again at the Fund level.

Where is the Spartan Storage Fund 1 registered?

The fund entity is registered as a Wyoming LLC.

How will you handle states with income tax?

Investors need to be prepared to file a federal tax return as well as a tax return in any state the fund does business, if necessary. Please consult with your tax advisor.

What types of tax forms will I be receiving?

Investors receive a K1. Investor K1's are distributed no later than March 31st.

Will I still be receiving the benefit of depreciation by investing in the Spartan Storage Fund I?

Yes. Every property will undergo a cost segregation study and investors will receive the benefit of bonus depreciation.

Can I do a 1031 Exchange into the fund?

No.

Do you plan to 1031 exchange the fund properties for future investments?

Possibly. This depends on timing and availability. Spartan will look to position the sale of the assets in a tax advantage way to our investors if the opportunity is available.

How does rolling assets into the fund work?

Existing Spartan holdings may be sold into the fund based on an independent third-party valuation. This would provide a liquidity option for investors in Spartan's existing syndications. However, this is mostly for properties that are reaching the end of the end of their business plan. An example property would be Mini-West Storage.

How to Invest

What do I need to complete my investment in the Spartan Storage Fund 1?

A subscription agreement, proof of accredited investor status, and a complete profile on our investor portal.

Can I increase my commitment throughout the Fund?

Yes. However, it will be based on availability. Additional subscription agreement(s) may be executed to make additional contributions to the fund.

What are the next steps for investing in the fund?

You can simply contact us at investors@spartan-investors.com and we will get you set up to invest. Alternatively, head directly to our website (spartan-investors.com), and register for an account to subscribe to the offering.



1440 Brickyard Road
Unit 4
Golden, CO 80403

investors@spartan-investors.com



Inc.