



**SPARTAN**  
INVESTMENT GROUP

Using Syndication to Grow  
Your CRE Portfolio

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*Ryan Gibson, CIO*  
*Spartan Investment Group*



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**SPARTAN**  
INVESTMENT GROUP







Golden, CO & Seattle, WA  
Spartan Offices

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# Inc. 500

Nº

8

2020

IND **REAL ESTATE**



7,500+ UNITS



35 EMPLOYEES



\$150M AUM



238 ACTIVE  
INVESTORS



\$50M PRIVATE  
DEBT & EQUITY



10 FULL CYCLE  
PROJECTS

# Vertically Integrated – Spartan Investment Group handles all aspects of the business



Syndication



Development  
& Construction



Property  
Management



Acquisitions



Asset  
Management



Business  
Intelligence



## Where We Started...



Mission: “To Improve Lives Through Real Estate.”





## OUR MISSION

To improve lives through real estate.

## OUR VISION

To build a company where a relentless drive fuels our growth and improves the lives of our team and our investors. To do this, our focus is to provide opportunities for our team to grow and achieve their dreams both personally and professionally. For our investors, we provide only investment opportunities that have been thoroughly scrutinized by our processes. Day in, day out, we work with determination to persevere through every challenge in achieving our goals. Summed up in one word, the Spartan team is defined by its **GRITT**.

## OUR VALUES

At Spartan we live by our core values. Our values are a set of actions that when taken improve the lives of everyone we do business with. They're what keep us on the straight and narrow. They enable us to make the right decision when the wrong decision is much easier.

G

### GROWTH:

Stretch. Drive. Push yourself and our company to the next level. Never settle for less than excellence.

R

### RESPECT:

One team, one fight. Our team is our strength. Respect everyone's opinions. Support them in their endeavors.

I

### INTEGRITY:

Never waiver. Choose the hard right over the easy wrong every time regardless of the consequence.

T

### TENACITY:

Stick with it. Never quit. Get back up when you're knocked down. There is always one more thing you can do.

T

### TRANSPARENCY:

No secrets. Communicate openly and truthfully in all situations. Mistakes are learning opportunities.



## Invest in Our Values™



### Growth

#### 1. Passively Invest

SIG handles every aspect of the investment to align with our investors.



### Respect

#### 2. Schedule a Call

SIG provides passive investment opportunities unique to your investment strategy.



### Integrity

#### 3. Invest

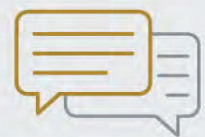
We share all information on each investment to make the best decision.



### Tenacity

#### 4. Review Our Offering

Spartan reviews hundreds of deals to provide the best opportunities to our investors.



### Transparency

#### 5. Regular Updates

Receive detailed monthly investment updates and quarterly reports.

# SPARTAN VALUES DEFINED BY OUR GRITT

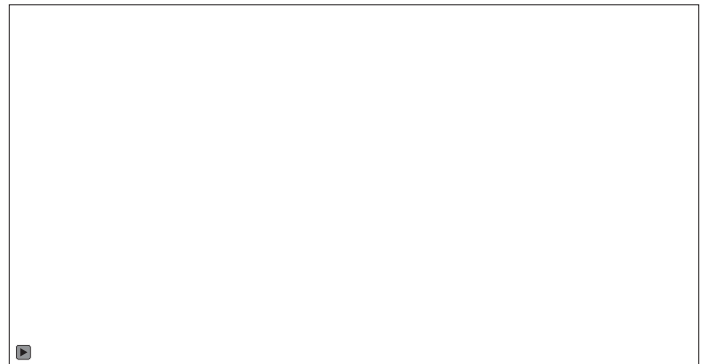
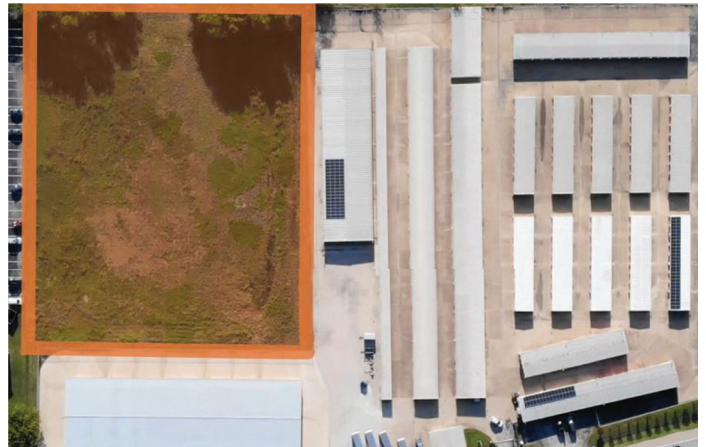




[SPARTAN-INVESTORS.COM](https://SPARTAN-INVESTORS.COM)

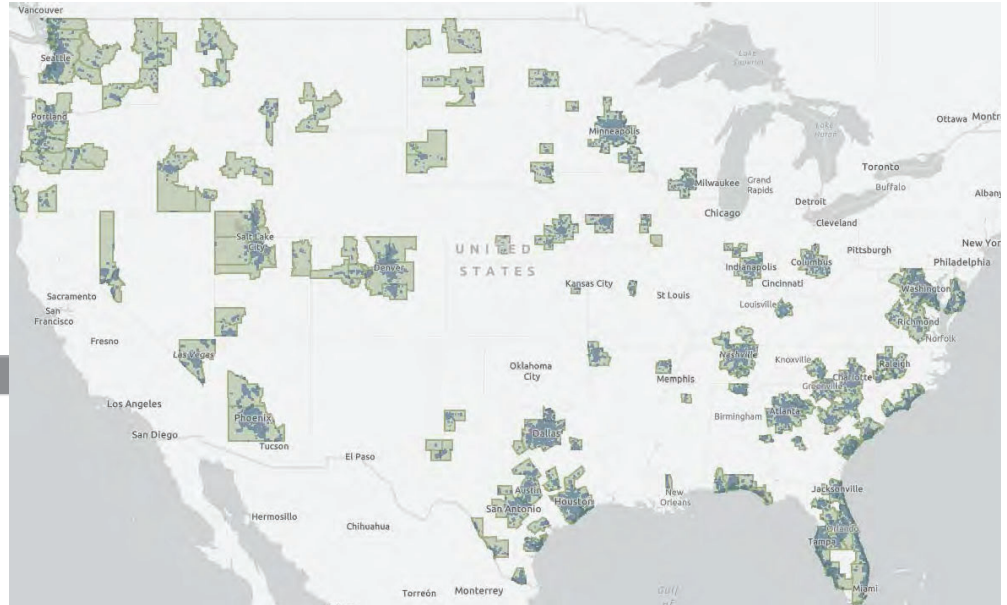
**WHAT WE  
WANT...**

**EXPANSION  
and/or  
GROUND UP**



# WHERE WE LOOK...

# TARGET 150 MSAs

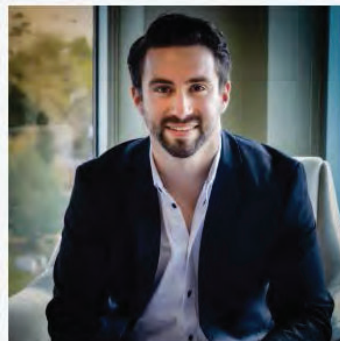


[Spartan-investors.com](http://Spartan-investors.com)

## Acquisitions Team

- ✓ 1,237 DEALS REVIEWED
- ✓ 24 OFFERS
- ✓ 9 CLOSED
- ✓ Goal to Acquire \$150M in 2021

## Meet our Acquisition Team

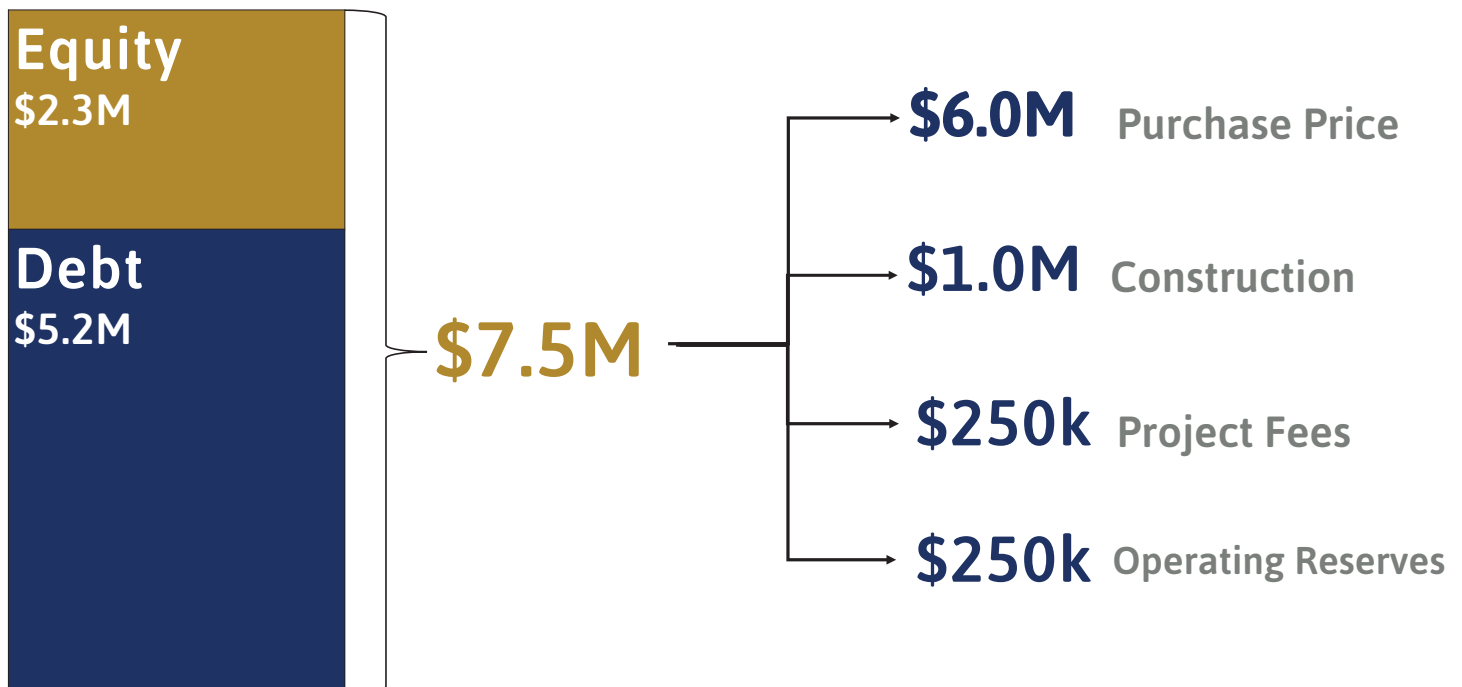
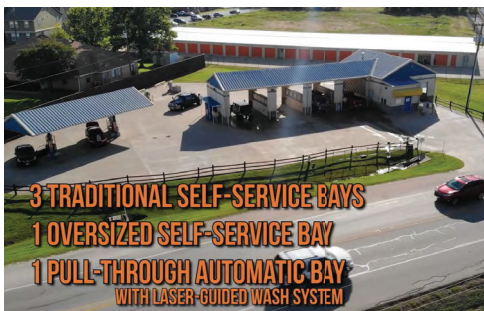


**Ben Lapidus**  
DIRECTOR OF ACQUISITIONS



**Tyler Burke**  
INVESTMENT ASSOCIATE

**CASE STUDY**  
**\$6.0M**  
**\$443,000/NOI**  
**7.38% CAP**  
**APRIL 2019**



**Sources & Uses**



## SPONSORSHIP FEES

Sponsorship<sup>1,2</sup>



**3%**

Acquisition



**.5%**

Asset Management

**\$7.5M Total Project Cost**  
**X 3% Acquisition/Sponsor Fee**  
**\$225,000**

## SPONSOR SERVICES

Management<sup>3,4,5,6</sup>



**5%**

Property Management



**2%**

Project Management



**2%**

Disposition

**\$1.2M Annual Gross Revenue**  
**X 5% Property Management Fees**  
**\$60,000**

**97.7% PHYSICAL  
OCCUPANCY**

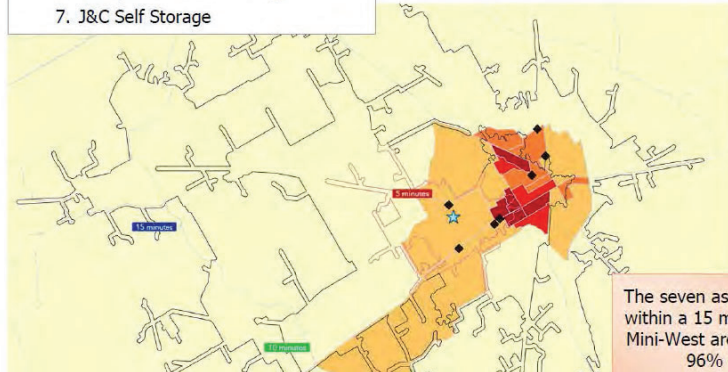
**83% ECONOMIC  
OCCUPANCY**

**MYSTERY  
SHOPPED  
COMPETITORS**

### COMPETITIVE ANALYSIS

There are 7 assessed self storage competitors within a 15 minute drive time of the subject site:

1. Drop n' Lock Self Storage
2. Ideal Self Storage
3. Complete Self Storage
4. Corsicana Self Storage
5. U Store Self Storage
6. Hardy Avenue Self Storage
7. J&C Self Storage



## Rent Variations Analysis

Page 1

### MINI - WEST STORAGE

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Size Description	Periodic Rent	GR. POTENTIAL Units	Rent	Units	CURRENT Rent	Units	PREPAID Rent	Units	30+ DAYS Rent	Units	OTHER Rent	Units	COMPANY Rent
1-5 X 10	\$23.50	1	\$23.50	0	\$0.00	1	\$23.50	0	\$0.00	0	\$0.00	0	\$0.00
	\$24.00	1	\$24.00	0	\$0.00	1	\$24.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$26.00	1	\$26.00	0	\$0.00	1	\$26.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$30.00	1	\$30.00	0	\$0.00	1	\$30.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$31.00	4	\$124.00	0	\$0.00	4	\$124.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$33.00	9	\$297.00	0	\$0.00	9	\$297.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$35.00	2	\$70.00	0	\$0.00	2	\$70.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$40.00	4	\$160.00	0	\$0.00	4	\$160.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$45.00	5	\$225.00	0	\$0.00	5	\$225.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$47.00 *	67	\$3,149.00	9	\$423.00	51	\$2,397.00	4	\$188.00	3	\$141.00	0	\$0.00
11-5 X 10 CLIMAT	\$35.00	2	\$70.00	0	\$0.00	2	\$70.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$45.00	2	\$90.00	0	\$0.00	2	\$90.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$47.00	4	\$188.00	0	\$0.00	4	\$188.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$48.00	1	\$48.00	0	\$0.00	1	\$48.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$50.00	1	\$50.00	0	\$0.00	1	\$50.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$53.00	1	\$53.00	0	\$0.00	1	\$53.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$55.00	1	\$55.00	0	\$0.00	1	\$55.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$60.00	1	\$60.00	0	\$0.00	1	\$60.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$65.00 *	30	\$1,950.00	0	\$0.00	26	\$1,690.00	1	\$65.00	3	\$195.00	0	\$0.00
2-10 X 10	\$0.00	1	\$0.00	0	\$0.00	1	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$31.00	1	\$31.00	0	\$0.00	1	\$31.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$32.00	1	\$32.00	0	\$0.00	1	\$32.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$35.00	9	\$315.00	0	\$0.00	9	\$315.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$37.00	2	\$74.00	0	\$0.00	2	\$74.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$37.50	4	\$150.00	0	\$0.00	4	\$150.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$39.00	2	\$78.00	0	\$0.00	2	\$78.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$40.00	6	\$240.00	0	\$0.00	5	\$200.00	1	\$40.00	0	\$0.00	0	\$0.00
	\$42.00	2	\$84.00	0	\$0.00	2	\$84.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$43.00	1	\$43.00	0	\$0.00	1	\$43.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$44.00	11	\$484.00	1	\$44.00	9	\$396.00	1	\$44.00	0	\$0.00	0	\$0.00
	\$45.00	7	\$315.00	1	\$45.00	6	\$270.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$46.00	17	\$782.00	2	\$92.00	15	\$690.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$47.00	3	\$141.00	0	\$0.00	3	\$141.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$48.00	15	\$720.00	3	\$144.00	12	\$576.00	0	\$0.00	0	\$0.00	0	\$0.00
	\$49.00	4	\$196.00	0	\$0.00	3	\$147.00	1	\$49.00	0	\$0.00	0	\$0.00

**GAP  
BETWEEN  
CURRENT  
RENT &  
STREET  
RATES**

**\$165,000/YR  
GAP BETWEEN  
CURRENT & STREET  
RATES**

**Example: 19 5X10 units  
paying less than \$35/mo.**

**Standard rent was  
\$47/mo. for a 5X10**

**UNDERWROTE  
INCREASING RENTS  
\$72,000/YR OVER  
18 MONTHS**

**\$6k/MO. CASH FLOW  
\$1.02M VALUE**

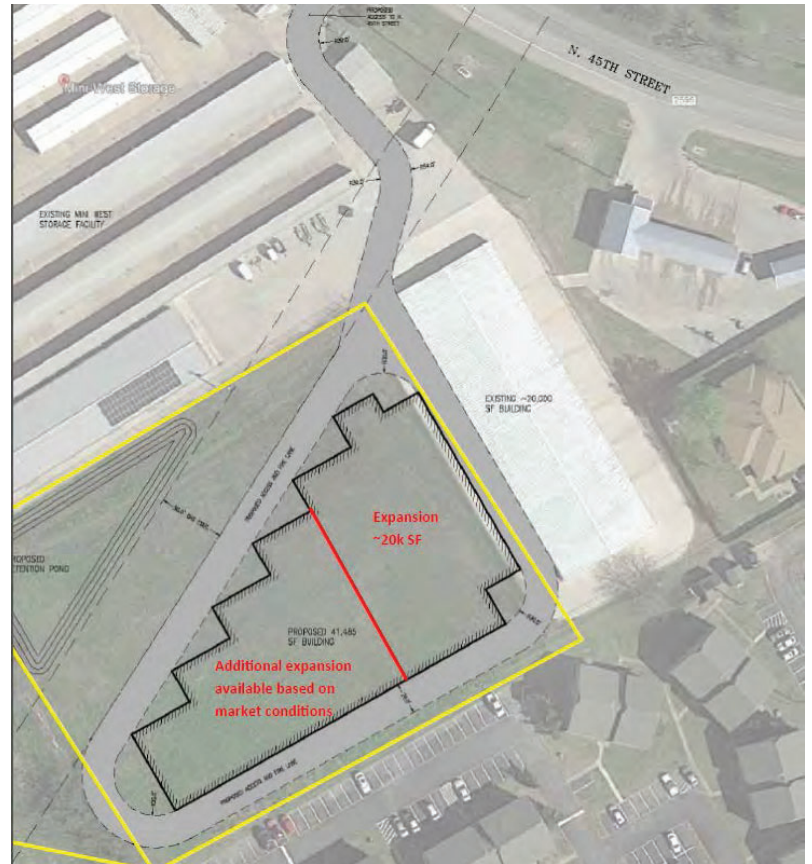


**CIVIL  
ENGINEER  
TO  
MAXIMIZE  
THE SITE  
PLAN**



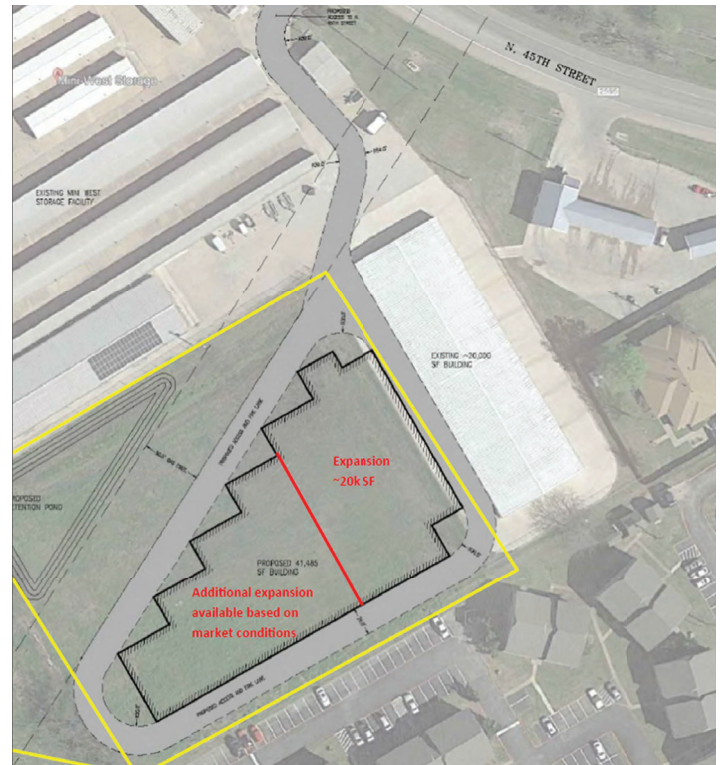


**DETERMINED  
40,000  
SQUARE FEET  
POSSIBLE..**



**20,000 SQ FT  
UNDERWRITTEN**

**\$1M BUILD BUDGET  
6 MONTH BUILD  
15 MONTH LEASE UP  
\$155,000/YR NOI  
\$2.34M VALUE ADD**



# Operational Improvements

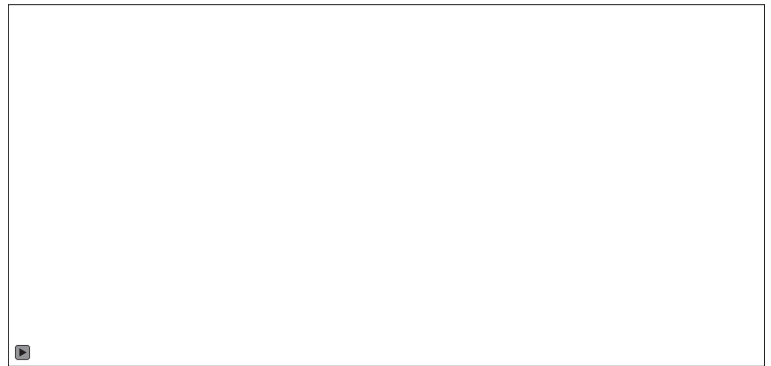
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- Rebrand facility
- Increase rents to market rate
- Staff training to enhance the customer experience
- Develop community partnerships
- Develop corporate business relationships
- Add tenant insurance and retail sales



## Construction Update – Mini West Storage

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**MINI-WEST  
STORAGE**

## Tax Losses

- BONUS DEPRECIATION
- USUALLY, LOSSES IN Y1
- CAN BE SHARED WITH SPONSOR/OPERATOR
- ISSUED IN MARCH

Schedule K-1 (Form 1065) 2019  
Department of the Treasury  
Internal Revenue Service

For calendar year 2019, or tax year beginning 02/22/2019 ending 12/31/2019

**Part I Information About the Partnership**

A Partnership's employer identification number [REDACTED]

B Partnership's name, address, city, state, and ZIP code  
MINI WEST SELF-STORAGE, LLC  
1211 AVERY STREET, SUITE 201  
GOLDEN, CO 80403

C IRS Center where partnership filed return E-FILE

D ☐ Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See inst.) [REDACTED]

F Name, address, city, state, and ZIP code for partner entered in E. See instructions.  
[REDACTED]

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H1 ☒ Domestic partner ☐ Foreign partner

H2 ☐ If the partner is a disregarded entity (DE), enter the partner's: TIN \_\_\_\_\_ name \_\_\_\_\_

I1 What type of entity is this partner? PARTNERSHIP

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

J Partner's share of profit, loss, and capital:

	Beginning	Ending
Profit	1.0870000 %	1.0870000 %
Loss	1.0870000 %	1.0870000 %
Capital	1.0870000 %	1.0870000 %

Check if decrease is due to sale or exchange of partnership interest ☐

K Partner's share of liabilities:

	Beginning	Ending
Nonrecourse	\$	\$
Qualified nonrecourse financing	\$	\$
Recourse	\$ 0	\$ 0

☐ Check this box if Item K includes liability amounts from lower tier partnerships

**L Partner's Capital Account Analysis**

SEE STATEMENT

Beginning capital account	\$
Capital contributed during the year	\$ 50,000
Current year net income (loss)	\$ -21,745
Other increase (decrease) (attach explanation)	\$ -543
Withdrawals & distributions	\$ (1,643)
Ending capital account	\$ 26,069

**Part II Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

1 Ordinary business income (loss)	-3,263	15 Credits
2 Net rental estate income (loss)	-18,482	16 Foreign transactions
3 Other net rental income (loss)		
4a Guaranteed payments for services		
4b Guaranteed payments for capital		
4c Total guaranteed payments		
5 Interest income		17 Alternative min tax (AMT) items
6a Ordinary dividends		
6b Quarterly dividends		18 Tax-exempt income and nondeductible expenses
6c Dividend equivalents		
7 Royalties		19 Distributions
8 Net short-term capital gain (loss)		A 1,643
9a Net long-term capital gain (loss)		20 Other information
9b Collectibles (28%) gain (loss)		V * STMT
9c Unrecaptured section 1250 gain		Z * STMT
10 Net section 1231 gain (loss)		AG * 6,247
11 Other income (loss)		
12 Section 79 deduction		
13 Other deductions		
14 Self-employment earnings (loss)		
21 <input type="checkbox"/> More than one activity for at-risk purposes*		
22 <input type="checkbox"/> More than one activity for passive activity purposes*		

\*See attached statement for additional information.



## Assumptions for Underwriting

- 40.3% EGI RATIO
- 90% MAX ECON OCCUPANCY
- 20,000 SQFT EXPANSION
- 6.6% CAP RATE EXIT
- 5 YR HOLD



## Financing

- 75% LEVERAGE
- LOCAL BANK
- 4.5% INTEREST
- 2 YEARS INTEREST ONLY
- 25 YR AMORTIZATION
- \$1.6M DRAW FOR EXPANSION



## Proposed

**\$72K/YR INCREASE**  
**RENT INCREASE (18 mo.)**

**+  
\$155K/YR INCREASE  
w/ 20K Sq. Ft. EXPANSION**

**+  
\$443k EXISTING NOI**

**= \$670K NOI or \$10.151M**  
(6.6% Cap)

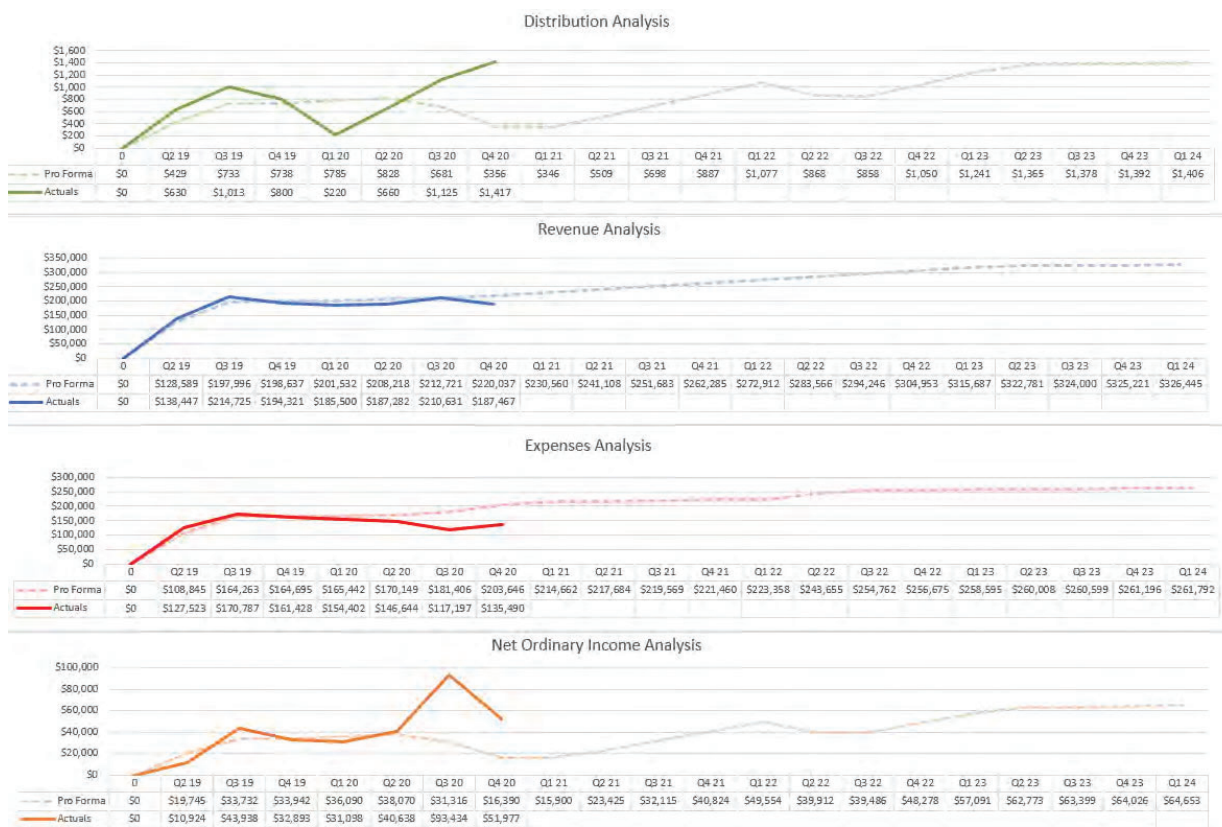
Current – Month 23 of 60

**\$133K/YR ACTUAL INCREASE**  
**RENT INCREASE (18 mo.)**

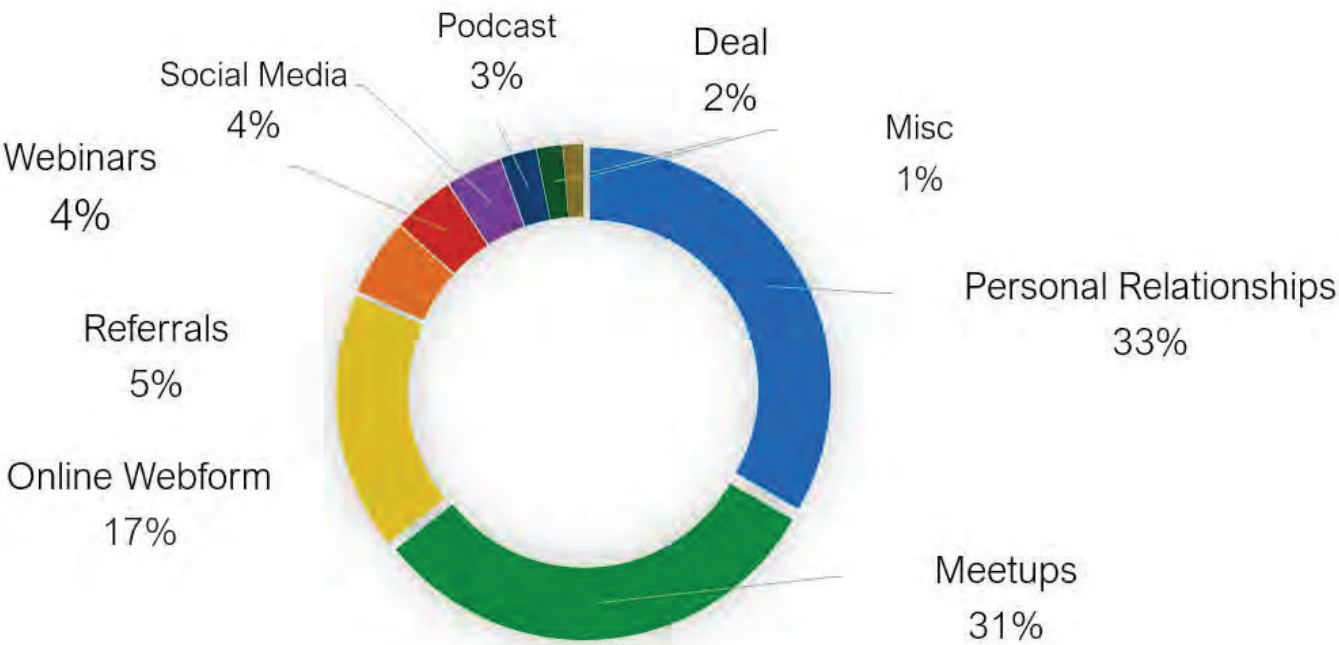
**+  
\$300K/YR INCREASE  
w/ 40K Sq. Ft. EXPANSION**

**+ \$443k EXISTING NOI**

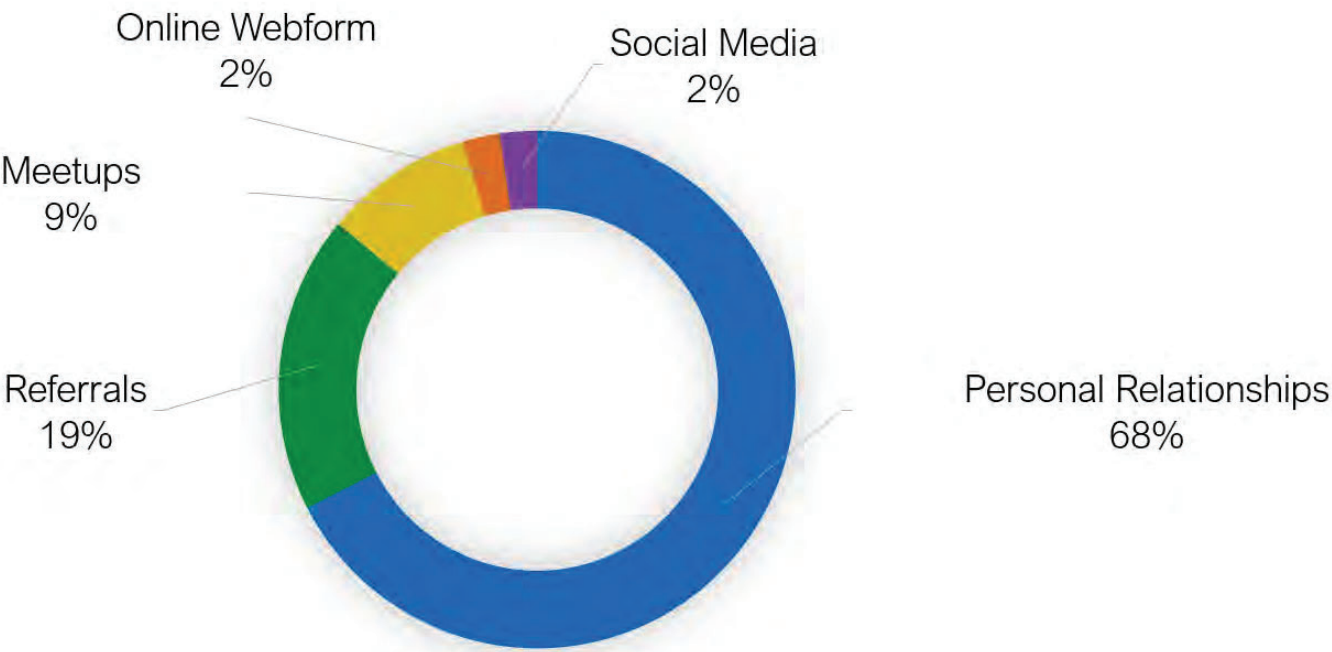
**= \$876K NOI or \$13.271M**  
(6.6% Cap)



# Our Investor Network - But Who Actually Invests..?



# Our Active Investors





# THE JOURNEY TO BUILDING A BRAND & BUILDING A BUSINESS...



How?

USED SYNDICATION AS A TOOL



PM FEES, ASSET FEES, PROMOTE/SPLITS



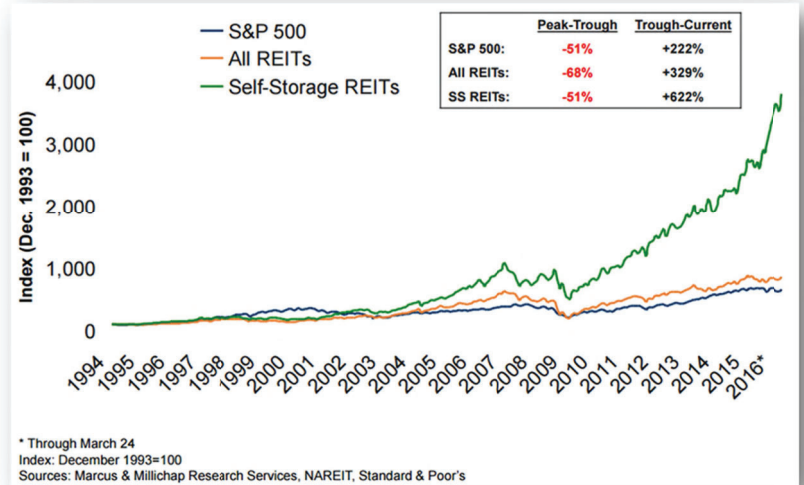
CONTINUED TO INVEST IN AND  
BUILD THE BUSINESS



## Why We Chose Self-Storage

# RECESSION RESISTANT...

## 3 E'S



## Building the Spartan Brand



Revamped Website



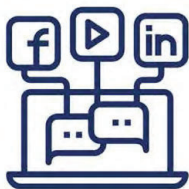
Quarterly Newsletters



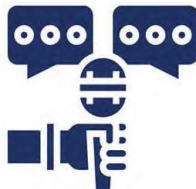
Podcasts



Monthly Webinars



Social Media



Speaking Engagements



Masterminds



Published Articles



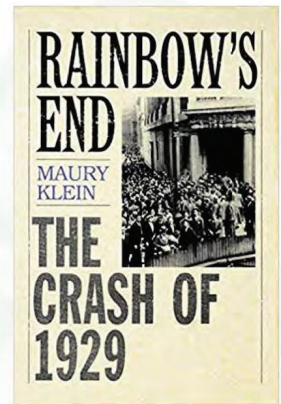
CHANCES ARE  
YOU ARE  
SELLING A  
SECURITY



LEGAL REQUIREMENTS



# SECURITIES & EXCHANGE ACT OF 1933



## LEGAL REQUIREMENTS

### Regulation D – 506(b)

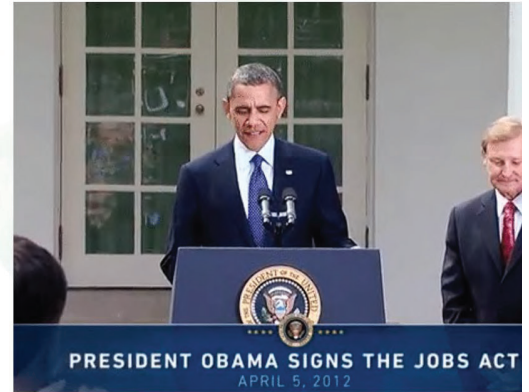
- ✓ 90% of Private Solicitations under 506(b)
- ✓ Sophisticated, Non-Accredited/Accredited
- ✓ No advertising
- ✓ Pre-Existing Relationship
- ✓ Purchaser Qualification (PQ)



## LEGAL REQUIREMENTS

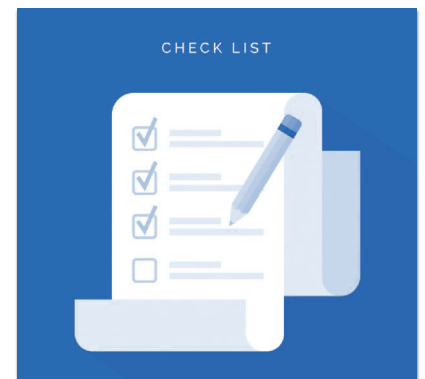
## Regulation D – 506(b)

- ✓ Jobs Act introduced 506(c)
- ✓ Accredited Investors Only
- ✓ Allows General Solicitation
- ✓ 3<sup>rd</sup> Party Accredited Investor Verification Required



# LEGAL REQUIREMENTS

Operating Agreement  
Offering Memorandum  
Private Placement Memorandum  
Purchaser Questionnaire  
Subscription Agreement  
Form D / Blue Sky Filings



# REQUIRED PAPERWORK

# Private Placement Memorandum

## Risk Factors

- ✓ You can lose your investment)
- ✓ Generic and specific risks

### Risks Relating to the Business

*The full expansion plan is dependent on further city approval.* The Company is seeking city approval on a conditional use permit to complete the planned expansion of all the units. The Company will not have obtained this approval by the time it closes on the Property and will purchase the Property regardless. If the city were to deny the permit, it would severely limit the extent to which the Company is able to execute its proposed business plan and thus returns would be possibly much lower than anticipated.

*County assessments of properties, based on purchase price.* County assessors in Texas may appraise the value of the property at a higher rate than in previous years. The new tax assessments may lead to higher property taxes and have a negative impact on the Property's financial performance.

*The Company is subject to all risks of attributable to investments in real estate.* The Company will be investing in a Property that is 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 Property. Also, because real estate is relatively illiquid, the Company 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 Company. The Property acquired by the Company may not perform to the Company'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 Property will depend upon many factors beyond the Company'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 Company's ability to achieve projected revenue benchmarks may not be met.

# Private Placement Memorandum

## Project Fees

- ✓ All the ways a sponsor can be paid
- ✓ Sponsorship Fees
- ✓ 3<sup>rd</sup> Party Servicing Fes

SPONSORSHIP FEES				
Fees paid to the Manager				
Description	Frequency	Description	When Earned	Amount
Expense Reimbursement	On startup and incidentally thereafter	Payment of documented out-of-pocket expenses paid by the Manager	Upon purchase of the property	Indeterminate
Acquisition Fee	One-time fee	For expenses incurred in the purchase of the property, to include, but not limited to legal fees, architect renderings, permits.	Upon purchase of the Property	2.85% of Total Project Cost
Project Management Fee	One time, unless an additional expansion beyond what is contemplated at the time of the Offering.	Fees earned by the Manager for the planning and execution of the Project.	25% upfront, 65% during the course of the project paid monthly, 10% upon completion of the project	10% of Total Construction 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	0.5% of Total Project Cost per year paid monthly

3 <sup>rd</sup> PARTY SERVICING FEES				
Fees paid to the Manager*				
Description	Frequency	Description	When Earned	Amount
Property Management Fee	Recurring, monthly fee	Compensation for management of the Property.	During Property operations	6% of Gross Operating Income
Disposition Fee	One-time fee	Percentage of sales price, collected only if the Manager represents the Company in brokering the purchase of the Property.	Upon closing of the Property	2%
General Contractor Fee	One-time fee	Calculated as a percentage of construction cost realized by the Company or its subsidiaries in excess of the uses outlined herein.	Ongoing through the construction of the property	Up to 10% of Total Construction Cost
Financing Fee	One-Time Fee per re-finance (or finance of the property)	Charged one time as a percentage of the loan amount only in lieu of a 3rd party debt brokerage service	Upon loan closing	1%



# Private Placement Memorandum

## Waterfall

- ✓ Who gets paid & when
- ✓ Operational Cash Flow
- ✓ Liquidity Events

All distributions are restricted in that the Company will not distribute cash unless that cash is available after paying other Company obligations. Net Distributable Cash from operations will be made quarterly on the following basis:

- (i) Distributions from Operations. Net Distributable Cash from Operations (not including refinancing or liquidation) shall be distributed:
  - a. First, to the Members holding Class A Units, a 7% preferred return in proportion to their respective Preferred Return Balances until each such Member's Preferred Return Balance is reduced to zero;
  - b. Second, to the Class A Units holders and to the Class B Unit holders in proportion to their respective Percentage Ownership Interest.
- (ii) Distributions upon dissolution, refinance or Cash Transaction shall be distributed:
  - a. First, to the Members holding Class A Units, until each such Member's Preferred Return Balance is reduced to zero;
  - b. Second, to the Class A Units holders and to the Class B Unit holders in proportion to their respective Percentage Ownership Interest.

Returns will only accrue from the closing date of the purchase of the Property until the closing date of the sale or refinancing of the Property that produces a return of the capital contribution.

# Private Placement Memorandum

## Waterfall

- ✓ Liquidity Event
- ✓ ~\$1M Proceeds
- ✓ ~\$2.3M Equity
- ✓ 40% Equity Returned
- ✓ Pref Now Calculated on \$1.3M Equity



- ✓ BUILD YOUR BRAND & BUSINESS
- ✓ PROVIDE VALUE FIRST
- ✓ BE READY FOR MASSIVE FOLLOW UP
- ✓ KEEP IT SIMPLE IN YOUR OFFERINGS
- ✓ FILINGS, CORPORATE DOCUMENTS REQUIRED



## SUMMARY

- ✓ FIND A SYNDICATION ATTORNEY
- ✓ BUILD YOUR MARKETING PLAN/MATERIALS
- ✓ REACH OUT TO 10 INTERESTED PEOPLE
- ✓ START YOUR NEWSLETTER
- ✓ NETWORK WITH 5 NEW INVESTORS / WEEK
- ✓ JOIN A LEADS GROUP
- ✓ CONTINUING EDUCATION PLAN



## YOUR ACTION PLAN



# Questions?

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