



CS CAPITAL MANAGEMENT, INC.

FIRM BROCHURE ADV, PART IIA

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CS CAPITAL MANAGEMENT, INC.
FILE NO. 801-40916

222 N. SEPULVEDA BLVD., SUITE 2000
EL SEGUNDO, CA 90245
(310) 988-7300

WWW.CSCAPITALINC.COM

The purpose of this Brochure is to provide our clients and prospective clients with information about the real estate investment management and advisory services of CS Capital Management, Inc. (the "Company" or "CSCM"). If you have any questions about the contents of this Brochure, please contact us at (310) 988-7304 or compliance@cscapitalinc.com. The contents of this Brochure have not been approved or verified by the Securities Exchange Commission ("SEC") or any state securities authority.

CS Capital Management, Inc. is a registered investment advisor regulated by the SEC. This qualification does not imply a certain level of skill or training.

The contents of this Brochure will be regularly reviewed and updated as necessary.



CS CAPITAL MANAGEMENT, INC.

SUMMARY OF MATERIAL CHANGE

Effective January 1, 2015, Michael L. McHargue has been named President and Managing Principal of CS Capital Management, Inc. Paul H. Saylor will remain the Chief Executive Officer ("CEO").

Effective January 1, 2015, Mr. McHargue acquired a 50% interest in the outstanding shares of the Company, and therefore Mr. McHargue and Mr. Saylor are each 50% shareholders of the Company.

For more information, please contact Mr. Saylor at psaylor@cscapitalinc.com or Mr. McHargue at mmchargue@cscapitalinc.com.



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ADVISORY BUSINESS

CS Capital Management, Inc. is a privately held real estate investment management and advisory company established in 1995 with origins dating back to 1980. The principal office is located in Los Angeles, CA. The Company is owned equally by Paul H. Saylor and Michael L. McHargue.

The Company's business model has three segments: (1) origination and management of programmatic operating ventures between institutional investors and real estate development and operating companies; (2) provision of asset and portfolio management services for institutional investors; and (3) provision of advisory services to institutional investors and real estate companies for various strategic initiatives. These services relate to various forms of equity and debt investments, property types and investment structures.

As of January 1, 2015, the Company has \$ 87,326,000 of discretionary assets and \$ 1,238,418,000 of non-discretionary assets under management.

FEES AND COMPENSATION

Fees and Compensation arrangements are negotiable and are handled on a case by case basis.

We are generally compensated for services by fixed fees, fees based on a percentage of assets under management and by one-time fees received at the conclusion of an engagement or an agreed upon service period. Although pre-payment agreements are uncommon, if a client prefers to negotiate such an arrangement and the contract is terminated, fees will be pro-rated based on the number of days the services were provided in the service period and refunded.

Invoices are processed in accordance with each investment management and advisory agreement. Currently all clients are billed quarterly, monthly or at the end of each engagement.

The Company does not engage in the sale of securities or investment products and therefore does not receive compensation attributable to such transactions.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

CS Capital Management, Inc. does not charge performance-based fees and does not conduct any form of side-by-side management.

TYPES OF CLIENTS

Clients of the Company include institutional investors, government agencies and real estate companies requiring various real estate-related advisory services.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK LOSS

CS Capital Management, Inc. provides investment management and advisory services for long term purchase and financing of real estate assets, real estate portfolios and real estate operating entities to generate returns proportionate with risks.

Investment analyses are conducted through a thorough due diligence process, to ensure that each acquisition or financing meets the criteria of the client's investment objectives and risk tolerance. The main sources of information used include the Company's internal database, industry research and analytical reports.

Typical real estate investments under management are in the sectors of office, retail, industrial, market rate multi-family, hotels/resorts and single family home rentals.

As with any real estate investment, there are various risks associated and it is not possible to address all relevant factors in this Brochure; however, potential risk factors for each investment are carefully identified and disclosed in the Company investment summaries written to the client.

DISCIPLINARY INFORMATION

CS Capital Management, Inc. has no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory/management business.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Company has no other financial industry activities or affiliations.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTION AND PERSONAL TRADING

Code of Ethics and Personal Trading

CS Capital Management, Inc. adheres to a high standard of business conduct, which reflects the Company's fiduciary obligations and those of its employees. It expects employees to comply with all laws, rules and regulations applicable to the Company and its operations and business including federal securities laws and rules. In an effort to ensure compliance, the Company educates its employees on laws, rules and regulations related to its business activities and it maintains various policies and procedures, proposed under SEC's Rule 204A and 204A-1.

Specifically, the Company's *Code of Ethics & Conflicts and Trading Policy*, was established to govern the conduct of its employees, to prevent the misuse of material, nonpublic information by CSCM or any person associated with CSCM, to specify and prohibit certain types of personal securities transactions deemed to create conflict of interest, and to establish reporting requirements and preventative procedures.

The Company's *Code of Ethics & Conflict and Trading Policy* is available upon request.

Participation or Interest in Client Transactions

CS Capital Management, Inc. and its personnel do not participate or have any interest in client transactions.

BROKERAGE PRACTICES

The Company does not engage in any brokerage practices.

REVIEW OF ACCOUNTS

All accounts are reviewed, at minimum, on a monthly basis. Any account with new transactions or material changes during the month will be reviewed as needed.

Initial reviews are carried out by the financial analysts and directors of the Company. The final reviews are completed and approved by Paul H. Saylor (CEO) and/or Michael L. McHargue (President/Managing Principal).

Formal reports are provided to clients on a monthly or quarterly basis. The contents of these reports detail the financial, operating and performance characteristics of the investments and the overall real estate portfolio.

CLIENT REFERRALS AND OTHER COMPENSATION

The Company does not engage or receive any form of compensation from any client referral programs.

CUSTODY

The Company currently has custody of client funds through our access to custodial accounts. In accordance with the Investment Advisers Act of 1940 (the "Advisers Act") Rule 206(4)-2(a)(3), we

have elected qualified custodians to send monthly account statements directly to our clients or to provide clients with full online access to the account to view all balances and activity – at their request and timing.

INVESTMENT DISCRETION

The Company has discretionary authority over certain investments in specific client accounts. The terms of each agreement are negotiated on a case by case basis. In all cases, CSCM exhibits the utmost care and prudence over any discretionary investment decisions.

VOTING CLIENT SECURITIES

The Company does not engage in any proxy voting practices.

FINANCIAL INFORMATION

CS Capital Management, Inc. does not qualify to provide financial information.