



CS CAPITAL MANAGEMENT, INC.

FIRM BROCHURE ADV, PART 2A

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CS CAPITAL MANAGEMENT, INC.

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The purpose of this Firm Brochure ("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"). 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.

If you have any questions about the contents of this Brochure, or would like to obtain a free copy, please contact our Chief Compliance Officer ("CCO"), Mika Greenwood, at (310) 988-7304 or mgreenwood@cscapitalinc.com. Additional information about CS Capital Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

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



SUMMARY OF MATERIAL CHANGES

The last annual update of our Firm Brochure was March 12, 2015. Since the last update, our Firm Brochure has been amended to disclose the following:

- In September 2015, Mr. Samuel P. DePoy joined CSCM as a Senior Managing Director, with responsibility for managing and running the firm's Asset Management functions.
- Potential Conflicts of Interest
 - CSCM management fees are calculated in accordance with each respective investment management agreement between the firm and its clients. In some cases these fees are calculated based on the value of the client's real estate assets. These values are determined by either an internal valuation completed by CSCM or an annual third party appraisal. The interim internal valuation process creates a potential conflict of interest as the internal valuation of assets may be too high, thereby increasing the management fees payable to CSCM. To address and minimize such potential for conflict of interest, CSCM's internal valuations are conducted in strict accordance with each client's mandated internal valuation policies and procedures, as stated in each respective investment management agreement. In addition, all such engagements require, at least annually, for each real estate asset to be appraised by an independent third party appraiser that is unaffiliated, state certified and MAI (Member Appraisal Institute) designated. The results of the third party appraisals provide a prudent check and balance for the accuracy of any interim internal valuations conducted by CSCM. All third party appraisal reports must comply with the client's appraisal requirements. All valuation reports are delivered to the client.
 - CS Capital Management, Inc. may be eligible to earn performance-based fees from an existing engagement, effective March 2017. The potential to earn performance-based fees could provide an incentive to favor such accounts over those that do not pay performance-based fees. CSCM currently avoids this situation as the firm has no competing investment mandates from existing clients, and therefore CSCM cannot direct investments to accounts that may offer incentive fees. Should a new investment mandate pose a potential conflict in this regard, CSCM would disclose such potential conflict with each client or potential client beforehand, and formulate a transparent and non-preferential allocation methodology.
 - In addition to real estate investment management services, CSCM provides general, non-discretionary real estate investment advisory services. Currently CSCM is engaged to serve as a non-discretionary adviser to the trustees of two pension funds for oversight of the pension funds' real estate portfolio. In both cases, CSCM is also engaged to act as a discretionary investment manager for certain of the clients individual real estate assets. The dual engagement creates a potential conflict of interest whereas CSCM provides oversight services for the investment management services it also provides. To mitigate these conflicts, the dual engagements are fully disclosed and acknowledged by the clients. In addition, the separate investment advisory and management agreements have been drafted by the clients' counsel and approved by the trustees of each respective fund. Furthermore, CSCM has no decision making authority related to the engagement or termination of any investment manager.



In addition to the aforementioned processes in place to reduce any conflicts of interest, CSCM and its employees are subject to the Company's Code of Ethics. All employees are required to adhere to a high standard of business conduct, which reflects CSCM's fiduciary obligations to its clients.

- Disciplinary Disclosure

- In December of 2010, CSCM and Paul H. Saylor executed a Consent Order with the Department of Labor (the "DOL") to end discussions over allegations by the DOL relative to CSCM's representation of a union pension fund in a real estate development project. The Consent Order represented full and complete resolution of all claims and issues without admission of guilt or impact on the Company's qualifications as a fiduciary.

This event is disclosed in our Form ADV Part 1. It has also been disclosed in earlier versions of our Firm Brochure and communicated directly to our existing and previous clients since the Consent Order was executed. During our annual review process, senior management has decided to include the details of the Consent Order in the Firm Brochure to ensure consistency with Form ADV Part 1 disclosures and most importantly, adhere to the prudent man principles for any potential clients that may find this information relevant in their decision to engage our firm.

For more information, please contact our Chief Compliance Officer ("CCO"), Mika Greenwood, at (310) 988-7304 or mgreenwood@cscapitalinc.com.



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ADVISORY BUSINESS

CS Capital Management, Inc. is an SEC registered real estate investment management and advisory company with institutional assets under management invested via separate accounts, joint ventures, and entity level programs. The Company was established in 1995 and is headquartered in Los Angeles. It is a privately held company owned equally by Paul H. Saylor and Michael L. McHargue.

CSCM's expertise is based on in-depth knowledge and understanding of the institutional real estate marketplace and investor objectives. The Company's awareness of the industry's intricacies and relationships sets CSCM apart from other institutional real estate service providers and positions the Company as a valuable resource for the origination, structuring and management of real estate programs designed to maximize future value. CSCM strives to expertly balance the constantly evolving matrix of investor objectives within a framework of prudent risk management. CSCM professionals represent over 75 years' experience in commercial, institutional real estate investment and management.

The Company does not participate in any wrap fee programs.

As of February 29, 2016, the Company has \$ 97,923,000 of discretionary assets and \$ 2,188,216,000 of non-discretionary assets under management.

FEES AND COMPENSATION

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

CSCM is generally compensated for services by fixed fee arrangements, fees based on a percentage of assets under management, or via one-time fees received at the conclusion of an engagement or an agreed upon service period. Effective March 2017, CSCM may be eligible to begin receiving performance-based incentive fees from an existing engagement.

CSCM management fees are calculated in accordance with each respective investment management agreement between the firm and its clients. In some cases these fees are calculated based on the value of the client's real estate assets. These values are determined by either an internal valuation completed by CSCM or an annual third party appraisal. The interim internal valuation process creates a potential conflict of interest as the internal valuation of assets may be too high, thereby increasing the management fees payable to CSCM. To address and minimize such potential for conflict of interest, CSCM's internal valuations are conducted in strict accordance with each client's mandated internal valuation policies and procedures, as stated in each respective investment management agreement. In addition, all such engagements require, at least annually, for each real estate asset to be appraised by an independent third party appraiser that is unaffiliated, state certified and MAI (Member Appraisal Institute) designated. The results of the third party appraisals provide a prudent check and balance for the accuracy of any interim internal valuations conducted by CSCM. All third party appraisal reports must comply with the client's appraisal requirements. All valuation reports are delivered to the client.

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 and reviewed by the CCO prior to delivery. 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.

CSCM researches and tracks fees in the real estate investment industry to ensure its fees are competitive; however comparable services may be available from other sources for lower fees than those charged by CS Capital Management, Inc.

Additional Fees and Expenses: Certain accounts may reimburse CSCM for other expenses in addition to the traditional management fees. For example, clients may reimburse CSCM for appraisal fees, travel costs, due diligence fees, legal fees, data fees, tax preparation fees, audit fees, insurance, and taxes. Such reimbursements for expenditures directly related to ongoing services provided to clients are considered typical for investment managers or advisors providing comparable services.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

CS Capital Management, Inc. may be eligible to receive performance-based fees from an existing engagement, effective March 2017. These fees will be calculated based on a percentage of the average value of the client's account during the applicable evaluation period, specified in the investment management agreement.

The potential to earn performance-based fees could provide an incentive to favor such accounts over those that do not pay performance-based fees. CSCM currently avoids this situation as the firm has no competing investment mandates from existing clients, and therefore CSCM cannot direct investments to accounts that may offer incentive fees. Should a new investment mandate pose a potential conflict in this regard, CSCM would disclose such potential conflict with each client or potential client beforehand, and formulate a transparent and non-preferential allocation methodology.

Clients should be aware that performance-based fee arrangements may create an incentive for CSCM to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. In addition, this arrangement may cause investors to pay a greater expense than if such fees were not charged. However, CSCM believes this risk is mitigated through CSCM's rigorous due diligence policies and procedures, which focus on prudent risk-adjusted returns for all investments, irrespective of fee impacts. CSCM also discloses all potential fees to its clients, and ensures that all fees are charged in strict accordance with each account's investment management agreement, as approved by each client.

TYPES OF CLIENTS

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



METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK LOSS

CS Capital Management, Inc. provides investment management and advisory services for the purchase, financing, management, and disposition of real estate assets, real estate portfolios and real estate operating entities, with the purpose to generate attractive risk-adjusted investment returns on a risk-adjusted basis.

Investment analyses are conducted through a thorough due diligence process, to ensure that each investment decision meets the criteria of the client's investment objectives and risk tolerance. The main sources of information used include the Company's internal underwriting, industry research and analytical reports, and experience in similar such investments.

CSCM currently focuses on real estate investments related to income producing office, medical office, industrial, multi-family, and single family home rentals. The company also advises clients on other real estate related matters, including market trends, opportunities, prudent portfolio management, and investment manager oversight.

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's investment reports.

DISCIPLINARY INFORMATION

The Company and Paul H. Saylor executed a Consent Order with the Department of Labor (the "DOL") dated December 9, 2010, which was filed in the United States District Court for the Eastern District of Virginia to end discussions over allegations by the DOL relative to CSCM's representation of a union pension fund in a real estate development project. The Consent Order represented full and complete resolution of all claims and issues without admission of guilt or impact on the Company's qualifications as a fiduciary. The DOL alleged a breach of ERISA-based obligations, which was adamantly denied by CSCM. This denial was completely supported by CSCM's fiduciary counsel. CSCM agreed to a settlement, again without admission of guilt or wrongdoing, to end a process CSCM and its counsel believe was initiated without merit or basis.

The Company is willing to provide additional information on this matter if contact is made directly with Paul H. Saylor at psaylor@cscapitalinc.com or (770) 818-4040 or Michael L. McHargue at mmchargue@cscapitalinc.com or (310) 988-7305.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Company has no other financial industry activities.

As part of our role as investment manager or advisor, employees of CSCM often serve as board members and officers of title-holding entities for real estate investments. The Company Code of Ethics is applicable to all such affiliate entities in which CSCM employees serve as board members and officers.



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

CSCM conducts weekly meetings to discuss current client activities and any client relationship matters. All employees are required to participate, with the exception of travel or other scheduling conflicts. The CCO distributes the meeting minutes to all employees following the meeting.

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 analysts and directors of the Company. Interim and final reviews are completed and approved by Paul H. Saylor (CEO) and/or Michael L. McHargue (President | Managing Principal) and/or Samuel P. DePoy (Sr. Managing Director).

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 individual investments and/or overall real estate portfolios.



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. For those clients who opt for online access, we perform periodic due inquiry to ensure that they are accessing their account to view all balances and activity.

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 solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

CSCM does have discretionary control and custody of client funds. There are no current financial conditions to report that are reasonably likely to impair our ability to meet contractual commitments to clients.