

Part 2A of Form ADV: *Firm Brochure*

CSFC MANAGEMENT COMPANY, LLC

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Revised
March 2015

This brochure provides information about the qualifications and business practices of CSFC Management Company, LLC (hereinafter “CSFC” or “Investment Adviser”, “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (212) 981-0140 or at pbradshaw@capitalspring.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment adviser with the SEC, or any state securities authority, does not imply any level of skill or training.

Additional information about CSFC is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for CSFC is 161372.

Item 2. Material Changes

This Brochure, dated March 2015, provides the following material updates to the Brochure dated October 2014, which was the most recent update to the Brochure. Other minor items, such as adding clarifying language and changes to formatting have also been adjusted.

The following summarizes material changes made within the Brochure:

Item 4:

A rephrasing of CSFC's specialization in franchised and branded restaurant industry investments has been provided.

Franchise Equity Capital Partners I, was closed and retired in December 2014.

Additional information has been provided discussing increased emphasis on targeting investments in larger franchised and branded restaurant operations.

CSFC's assets under management ("AUM") has been updated to reflect total AUM of \$611,865,696 as of December 31, 2014.

Item 5:

CSFC has updated, on a fund by fund basis, information relating to management fees and carried interest received from Funds.

Item 8:

The following risks were added to the Brochure: Competition for Identified Investment Opportunities, High-risk Investments (investments in privately-held companies involve a high degree of risk), Portfolio Company leverage and interest rate risk, Portfolio Company Management Risks, the risk of loss of Key Personnel at CSFC, and general risks related to potential changes in laws and regulations.

Item 10:

Other Financial Industry Activities and Affiliations has been updated to disclose that certain CSFC personnel have a company, Talus Capital LLC, and a subsidiary Talus Capital CSDLP, LLC, for the purpose of holding joint personal investments.

CSFC will deliver a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, CSFC will provide interim disclosures about material changes as necessary.

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Item 4. Advisory Business

CSFC Management Company, LLC (“CSFC”) became an SEC-registered investment adviser in 2012 with its principal place of business in New York City. The firm’s registration with the SEC does not imply any particular level of skill or training by our firm or employees or that the SEC has endorsed our respective qualifications to provide investment advisory services.

CSFC is wholly-owned by CapitalSpring Finance Company, LLC (hereinafter “Capital Spring”). CSFC has established a Management Committee, the initial two members of which are the founders of CapitalSpring (“Founders”): Richard Fitzgerald, who has over 16 years of experience in the direct private equity and debt business; and Chris Unrath who has over 20 years of experience in the direct private equity and debt business. The Management Committee is responsible for the day-to-day management of CSFC and controls CSFC’s investment, monitoring, portfolio valuation and exit decisions. All management and other personnel of CapitalSpring, including the Founders, are employed by CSFC.

CSFC provides investment management services to private equity and debt funds and other pooled investment vehicles including separately managed account(s) for institutional clients (hereinafter collectively, “CapitalSpring Funds” or “the Funds”).

Unlike other types of private funds, such as hedge funds, private equity and private debt funds receive unfunded capital commitments from investors during one or more initial fundraising stages, after which the funds are generally closed to new investors. The fund manager will then call on investors to make capital infusions (each a “drawdown”), based on their commitments, to support the fund’s investments once those investments have been identified and fully vetted through an extensive due diligence and negotiation process. Investments made for the CapitalSpring Funds are generally, but not exclusively, in private, illiquid securities.

CSFC specializes in managing private fund investments in businesses in the franchised and branded restaurant industry. The Funds are organized to make senior secured debt, subordinated debt and to a lesser extent, preferred equity and common equity investments in franchised and branded restaurant businesses in the US.

CSFC benefits from a management team with diverse backgrounds, including experienced principal investors, legal professionals, investment bankers and franchised and branded restaurant business experts. CSFC personnel have key relationships with strategic referral partners and market influencers. Due to its focus on investing in franchised and branded restaurant businesses, CSFC has developed expertise in identifying, structuring and monitoring investments in this sector.

CSFC sources transactions directly from franchisors, senior lenders, franchisees and service providers. CSFC’s broad network of franchised and branded restaurant sector relationships, its developing brand name and its current investment portfolio are valuable assets for the purpose of originating compelling portfolio investment opportunities.

The Funds have invested, and are expected to invest, primarily in franchised and branded restaurant businesses. The current CapitalSpring Funds include:

- CapitalSpring LLC.
- Franchise Equity Capital Partners II, LP.
- Franchise Equity Capital Partners II Parallel, LP.
- Franchise Capital Partners III, LP.
- Franchise Capital Partners III US Parallel, LP.
- Franchise Capital Partners III Parallel, LP.
- CapitalSpring Finance Company LLC
- CapitalSpring SBIC, LP.
- CapitalSpring Direct Lending Partners, LP (“CSDLP”)
- CapitalSpring Direct Lending Partners US Parallel, LP (“CSDLP”)
- CapitalSpring Direct Lending Partners US Parallel II, LP (“CSDLP”)
- CapitalSpring Direct Lending Partners Parallel, LP (“CSDLP”)

Each of the Funds was organized in the State of Delaware with the exception of the Franchise Capital Partners III Parallel, LP and CapitalSpring Direct Lending Partners Parallel, LP, both of which were organized in the Cayman Islands.

The earlier CapitalSpring Funds (CapitalSpring LLC, Franchise Equity Capital Partners I, LLC, Franchise Equity Capital Partners II, LP and Franchise Equity Capital Partners II Parallel, LP) primarily invested preferred equity to finance the development of new locations of single-unit and small multi-unit franchisees of lower-tier brands. The more recent Funds primarily targeted investments in larger franchised and branded restaurant operations, with a particular emphasis on quick-service and fast-casual restaurants. The Funds also consider opportunistic investments associated with the restaurant industry including suppliers and service providers to restaurants and real estate linked to franchised and branded restaurant operations. The parallel funds are generally created to accommodate the requirements of non-US investors. The investment objective of the Funds is to seek current pay and long-term capital appreciation over the course of each Fund’s term, generally five to ten years from the final closing.

The Funds are not required to register under the Securities Act of 1933 or the Investment Company Act of 1940 in reliance upon certain exemptions available to issuers whose securities are not publicly offered. We manage the Funds on a discretionary basis in accordance with the terms and conditions of each Fund’s offering and/or organizational documents.

ASSETS UNDER MANAGEMENT: As of December 31, 2014, CSFC had \$611,865,696 in discretionary assets under management. CSFC does not manage any assets on a non-discretionary basis.

IMPORTANT ADDITIONAL CONSIDERATIONS: The information provided herein merely summarizes the detailed information provided in each Fund’s offering and/or organizational documents. Each Fund is closed and is not admitting new investors. Current Fund investors or prospective investors in any new Fund launched by CSFC should be aware of the substantial risks associated with investment as well as the terms applicable to such investment. This and

other detailed information is provided in the appropriate Fund offering and/or organizational documents.

Item 5. Fees and Compensation

In several of our Funds, we charge Management Fees for our services to the Funds. Management Fees are generally charged quarterly in advance or as an annual fixed fee. For certain Funds, there are no management fees, though CSFC may receive a portion of origination fees charged by certain Funds.

In addition, each Fund's General Partner or Managing Member, an affiliate of CSFC through common ownership and control, may receive Carried Interest, a form of performance-based compensation or similar compensation, as described below.

For separately managed accounts of institutional clients, we may charge a management fee, performance-based compensation, origination and/or transactions fees as agreed upon with each institutional client.

Below is a summary of the Fund's Management Fees, Carried Interest and other economic terms. Investors should refer to the appropriate Fund offering documents and/or organizational documents for detailed information regarding fees and fee offsets. It is also important to note that any new Fund launched by CSFC may have similar or materially different terms than those summarized below.

CapitalSpring LLC

DATE OF FORMATION: October 3, 2006

MANAGEMENT FEE: The Management Fee is \$100 annually paid to the CSFC.

WATERFALL STRUCTURE: Investors receive a 9% quarterly dividend in cash or stock, in addition to a return of principal. The next \$27 million of distributions split pro rata among Common Members and Investors. Then next \$10.86 million to the Common Members. Thereafter, pro rata among Common Members and Investors.

Franchise Equity Capital Partners II, LP

DATE OF FORMATION: January 11, 2008

MANAGEMENT FEE: Generally, 2% of capital commitment during investment period, then 2% of assets under management.

CARRIED INTEREST: General Partner receives 20% carried interest after Investors have achieved return of capital and an annual 8% preferred return, subject to clawback and other standard adjustments.

Franchise Equity Capital Partners II Parallel, LP

DATE OF FORMATION: April 1, 2008

MANAGEMENT FEE: Generally, 2% of capital commitment during investment period, then 2% of assets under management.

CARRIED INTEREST: General Partner receives 20% carried interest after Investors have achieved return of capital and an annual 8% preferred return, subject to clawback and other standard adjustments.

Franchise Capital Partners III, LP

DATE OF FORMATION: April 15, 2009

MANAGEMENT FEE: Generally, 2% of capital commitment during investment period, then 2% of assets under management.

CARRIED INTEREST: General Partner receives 20% carried interest after Investors have achieved return of capital and an annual 8% preferred return, subject to clawback and other standard adjustments.

Franchise Capital Partners III US Parallel, LP

DATE OF FORMATION: June 9, 2009

MANAGEMENT FEE: Generally, 2% of capital commitment during investment period, then 2% of assets under management.

CARRIED INTEREST: General Partner receives 20% carried interest after Investors have achieved return of capital and an annual 8% preferred return, subject to clawback and other standard adjustments.

Franchise Capital Partners III Parallel, LP

DATE OF FORMATION: May 28, 2009

MANAGEMENT FEE: Generally, 2% of capital commitment during investment period, then 2% of assets under management.

CARRIED INTEREST: General Partner receives 20% carried interest after Investors have achieved return of capital and an annual 8% preferred return, subject to clawback and other standard adjustments.

CapitalSpring Finance Company LLC

DATE OF FORMATION: October 26, 2010

WATERFALL STRUCTURE: There is no management fee paid to any party. There is a preferred return on preferred units at a non-compounding 6% annual return to preferred unit holders accruing annually on the unreturned preferred unit purchase price.

CapitalSpring SBIC, LP

DATE OF FORMATION: July 27, 2010

MANAGEMENT FEE: Generally, 2% of capital commitment during investment period, then 2% of aggregate cost of investment assets. As common ownership exists (CapitalSpring SBIC, L.P. and the CSFC Management Company are wholly owned by CapitalSpring Finance Company, LLC), the Advisor may waive these fees.

CARRIED INTEREST: General Partner receives 10% carried interest after Investors have achieved return of capital and an annual 8% preferred return, subject to clawback and other standard adjustments.

CapitalSpring Direct Lending Partners, LP

DATE OF FORMATION: August 31, 2012, amended October 5, 2012

MANAGEMENT FEE: No management fee, although the management company may receive compensation in the form of a portion of the origination fees earned by the Fund.

CARRIED INTEREST: General Partner receives 20% carried interest provided Investors achieved return of capital and an annual 8% preferred return. Carried interest may be paid quarterly provided annualized quarterly return hurdle of 8% hurdle is met. Carried interest is subject to clawback and other standard adjustments.

CapitalSpring Direct Lending Partners US Parallel, LP

DATE OF FORMATION: March 27, 2013

MANAGEMENT FEE: No management fee, although the management company may receive compensation in the form of a portion of the origination fees earned by the Fund.

CARRIED INTEREST: General Partner receives 20% carried interest provided Investors achieved return of capital and an annual 8% preferred return. Carried interest may be paid quarterly provided annualized quarterly return hurdle of 8% hurdle is met. Carried interest is subject to clawback and other standard adjustments.

CapitalSpring Direct Lending Partners US Parallel II, LP

DATE OF FORMATION: March 27, 2013

MANAGEMENT FEE: No management fee, although the management company may receive compensation in the form of a portion of the origination fees earned by the Fund.

ADMINISTRATIVE FEE: A fee to defray the fund administration cost to the Partnership equal to sixty-five one hundredths percent (0.65%) of the aggregate Capital Commitments to the Partnership.

CARRIED INTEREST: General Partner receives 20% carried interest provided Investors achieved return of capital and an annual 8% preferred return. Carried interest may be paid quarterly provided annualized quarterly return hurdle of 8% hurdle is met. Carried interest is subject to clawback and other standard adjustments.

CapitalSpring Direct Lending Partners Parallel, LP

DATE OF FORMATION: December 11, 2012

MANAGEMENT FEE: No management fee, although the management company may receive compensation in the form of a portion of the origination fees earned by the Fund.

CARRIED INTEREST: General Partner receives 20% carried interest provided Investors achieved return of capital and an annual 8% preferred return. Carried interest may be paid quarterly provided annualized quarterly return hurdle of 8% hurdle is met. Carried interest is subject to clawback and other standard adjustments.

Investors must understand the proposed method of compensation and its risks prior to investing in any of the Funds. Prospective investors in any new Fund launched by CSFC should refer to the appropriate Fund offering and/or organizational documents for information regarding the fees charged by CSFC and/or the General Partner or Managing Members, as applicable.

GENERAL INFORMATION:

Investments in Funds: The General Partner and Managing Members for each Fund are affiliated with CSFC through common ownership and control as well as shared executive officers. The General Partner and Managing Members of each Fund will generally participate in the Fund's investments by investing directly in or alongside the Fund. A portion of any Fund investment may be satisfied through a reduction of the management fee due to the General Partner or to CSFC.

Co-Investments: CSFC or a Fund's General Partner or Managing Members may make, but are generally not obligated to make, co-investment opportunities available to the Limited Partners or Members and their affiliates as appropriate and in the best interest of the Funds. Allocation of such opportunities may create a conflict of interest as they are, by nature, limited, and

participation may not be possible for some investors in the Funds. As such, CSFC must determine which investors will be given the opportunity to co-invest and which will not.

To address this potential conflict, we have followed processes to ensure that investors are provided with appropriate disclosures which may be set forth in the confidential offering memorandum and the Fund partnership documents regarding the conflicts of interest inherent in co-investing. Investors should note that CSFC's allocation of co-investment opportunities is primarily driven by prior arrangements. For example, CSFC will generally give priority to Limited Partners or Members that had negotiated side letters requiring that CSFC provide co-investment opportunities at the time of their original capital commitment to the applicable Fund or had specifically expressed interest in co-investment opportunities meeting their criteria, including but not limited to size of co-investment and/or closing timeline. In addition, co-investment opportunities may be allocated to third party investors that are part of a consortium for the particular deal as a way for CSFC to complete a transaction. Finally, although investors are not typically a source of investment opportunities, when applicable, CSFC will generally give priority with respect to co-investment opportunities to any investor or third party that brought an opportunity to CSFC's attention.

Write-Downs: As disclosed above, following the investment period, Management Fees collected by us are calculated based on funded Capital Commitments that remain invested in portfolio companies less write downs, defined as significant and permanent declines in value. In accordance with the appropriate Fund's offering memorandum, these assets are typically valued at cost minus write-downs, as appropriate. Investments are reviewed quarterly by the respective investment committee for material impairment. As a result of this fee calculation methodology, a conflict of interest is created whereby we have incentive not to write-down valuations of portfolio companies as may otherwise be dictated by available market data and prudent, fair valuation techniques. To address this conflict, we have adopted Valuation Policies and Procedures which are reviewed and evaluated by our Chief Risk Officer, senior management, asset management personnel and the investment committee. In addition, during the annual financial statement audit process, investment valuations are reviewed by an independent certified public accountant that is both registered with and subject to regular inspection by the Public Companies Accounting Oversight Board (PCAOB), and a copy of the audited financials are sent to each investor within 120 days of each Fund's fiscal year end.

Clawbacks: In accordance with the terms of each Fund's Partnership Agreement and/or offering documents, distributions made by the Funds to its General Partner will be subject to clawback if the distributions exceed the agreed Carried Interest or the limited partners do not receive the agreed hurdle rate. In certain funds, Management Fees are also subject to clawback if limited partners do not receive the agreed hurdle rate.

Lock-Up: Except as set forth in the applicable Fund's offering documents, an investor in any one of the Funds generally may not rescind any part of its capital commitment or otherwise withdraw from any of the Funds. Private Fund investing is for those who can afford to have capital locked up for long periods of time and who are able to bear the risk of significant losses.

Investors in each Fund should refer to the appropriate Fund's partnership agreement and offering documents for complete information regarding lock-ups and penalties or other consequences for failure to observe capital calls made by the Fund.

Other Fees and Expenses: In accordance with the terms of each Fund's offering documents, each Fund was responsible for the Fund's organizational expenses up to a disclosed amount generally ranging from \$500,000 to \$1,500,000. Investors in any new Fund launched by CSFC should refer to the offering document for such Fund for information regarding the amount of organizational expenses that will be incurred by the Fund. No Fund will be responsible for or otherwise incur any percentage of the organizational expenses of any other of the Funds.

Side Letters: CSFC or each Fund's General Partner or Managing Members, as appropriate, has and may in the future, waive or modify certain terms of investment for certain large or strategic investors, in side letters or otherwise, in its sole discretion, including but not necessarily limited to, co-investment opportunities, increased Fund and portfolio company transparency and more frequent or varied formats or modes of portfolio reporting.

General: Prospective investors should refer to the appropriate offering and/or organizational documents for additional important information, terms, conditions and risks involved with investing in the Fund(s).

Item 6. Performance-Based Fees and Side-By-Side Management

As we disclosed in Item 5 of this Brochure, each Fund's General Partner or Managing Member is an affiliate of CSFC through common ownership and control and may receive Carried Interest, Net Cash Flows or preferred returns, or other forms of performance-based profits interest. Such a performance-based profits interest is typically calculated based on a share of aggregate realized profits on assets of the Fund (subject to achieving a preferred return on invested capital as set forth in the applicable Fund's offering documents).

Institutional clients, investors in the Funds, and prospective investors in any new Fund launched by CSFC, should note that performance-based profits interest, in some contexts, can create an incentive for an adviser such as CSFC to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. The long term nature of private fund investing and fact that carried interest is calculated based on realized gains leads CSFC to focus on fundamentals when making investment and add-on investments. In addition, the General Partner and Managing Members, as applicable, may also put their personal capital at risk.

At this time, we do not offer advisory services to clients who do not pay performance-based compensation, and therefore, we do not have an incentive to favor performance-based fee accounts over non-performance-based fee accounts. However, in theory, we have incentive to favor a Fund paying higher aggregate performance-based compensation than one paying less or a Fund in which officers and employees of the firm and General Partner may have more of their personal capital invested. Since we endeavor at all times to put the interest of the Funds first as

part of our fiduciary duty as a registered investment adviser, we take the following steps to address these conflicts:

1. We disclose in our offering materials and partnership document to our prospective investors, investors and our advisory committees, the existence of material conflicts of interest;
2. Pursuant to the terms of each Funds' organizational documents and/or offering memoranda, unless advisory board approval is obtained, we typically will have substantially (though not necessarily entirely) completed the investment phase of one Fund before the launch of a new subsequent Fund with similar investment goals and objectives; and
3. We educate our employees regarding the responsibilities of a fiduciary, including the equitable treatment of all clients, regardless of the fee arrangement.

Performance-based compensation will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940 and/or applicable state regulations.

Item 7. Types of Clients

We provide investment management services to institutional clients and various private equity and debt funds as disclosed at Item 4 of this Brochure.

Except as was permitted by us or the appropriate Fund General Partner, in accordance with the appropriate Fund's offering documentation, the minimum required capital commitment to the Funds range on average from \$10,000 to \$5 million, depending on the Fund.

Prospective investors in any new Fund launched by CSFC should refer to the appropriate Fund offering documents and/or organizational documents for information regarding that Fund's minimum required capital commitment and any additional qualifications required for investment.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

CSFC typically targets businesses that have similar operations, demand drivers and risk factors. These similarities across investment opportunities allow for systematic due diligence and consistent analytics.

When investing in franchised businesses, CSFC benefits from the monitoring and operations support from franchisors that have a vested interest in the success of franchisees. Quality franchisors can enhance an investment in a franchised business because they provide recognized brands and proven business models, extensive franchisee vetting processes, real estate selection support, professional mass media marketing, economies of scale in purchasing, ongoing training for franchisees, new product development, best practice sharing, benchmarking, revenue audit and crisis management.

CSFC's investment philosophy generally does not rely on its own ability to improve the operations of portfolio companies to generate the target rate of return. CSFC does have in-house restaurant operations experts who assist in due diligence, portfolio optimization and underperforming portfolio company support. From time to time, CSFC assists certain portfolio companies in establishing or improving their own administrative infrastructure to reduce overhead and enhance financial management and reporting.

Senior debt investments generally have liens on the assets of the portfolio company and are often supported by guarantees made by the portfolio company's executive management and/or business entities affiliated with management. Subordinated debt investments may or may not have liens on the assets of the portfolio company being financed and may or may not have guarantees made by the executive management and/or business entities affiliated with management.

Preferred and common equity portfolio company investments do not typically have asset liens or guarantors.

As Adviser to the Funds, our firm primarily, though not exclusively, invests in the business interests or collateral issued by private companies. As such, traditional securities analysis is not possible when formulating investment recommendations. Instead, we rely on a robust due diligence process for prospective portfolio companies in determining which to invest in on behalf of the Funds.

Risks Relating to CSFC's Advisory Business

Franchised businesses may underperform as a result of the actions of a franchisor or other franchisees. Franchised businesses operate under business names and use trademarks that they license from franchisors. These franchisors have multiple other franchisees in their systems. Portfolio companies have no influence or control over either their respective franchisors or the other franchisees in the same franchise system. Accordingly, a portfolio company may be significantly adversely affected by decisions made by the franchisor or by events or publicity that harms the brand under which the franchisee operates.

CSFC faces particular risks associated with investments in the quick-serve franchised and branded restaurant sector. A significant portion of the Funds' investments are in the franchised and branded quick serve restaurant, or QSR, sector. Investments in portfolio companies in the QSR sector raise particular risks. Various constituencies, including local governments, may be hostile to QSRs. QSRs have achieved commercial success by offering affordable food that appeals to consumers who are budget-conscious or pressed for time, but they have been opposed by various constituencies for several reasons. QSRs sell high calorie/high fat foods, and have been assailed by public health advocates for selling food that is not considered "healthy." This has prompted local legislative initiatives, such as tighter zoning restrictions and special labeling requirements (for example, requiring the highlighting of calories on menu boards for QSRs, but not other food retailers) to limit the growth of QSRs. In addition, QSRs are often considered to be undesirable businesses by local governments, which therefore often restrict the areas in which

QSRs may operate. Restrictions on new QSR development can limit or slow demand for capital for new development.

Shortages or interruptions in the supply or delivery of perishable food products could damage a portfolio company's brand reputation. Restaurant operators depend on frequent deliveries of perishable food products that meet brand specifications. Shortages or interruptions in the supply of perishable food products caused by unanticipated demand, problems in production or distribution, disease or food-borne illnesses, inclement weather or other conditions could adversely affect the availability, quality and cost of ingredients, which could lower a portfolio company's revenues, increase operating costs, damage brand reputation and otherwise harm the business of a portfolio company.

Instances of food-borne illnesses could cause a portfolio company's sales to decline. Instances of food-borne illnesses, such as mad cow disease, bird flu, salmonella, e-coli or hepatitis A, could adversely affect the price and availability of beef, poultry or other meats, and may cause consumers to shift their preferences to other food products. As a result, instances of food-borne illness could cause a restaurant portfolio company to experience a significant increase in food costs, adverse publicity, reduction in consumer demand or other negative effects on revenues or profitability.

Adverse reputational events at a particular portfolio company could harm the value of the investment in that portfolio company. In addition to the possibility of harm to a restaurant portfolio investment's value due to negative developments concerning the franchisor's brand, the value of an investment in any particular restaurant portfolio company could suffer due to negative reputational events suffered at the franchisee level. Thus, for example, instances of food-borne illness at a portfolio franchisee's location(s), while not attracting enough attention to harm the overall brand, could materially adversely affect consumer demand at the franchisee's particular locations(s) and thus harm the value of the investment in that portfolio company.

Competition for Identified Investment Opportunities. The Funds will face intense competition for the acquisition of investments with other investors, some of which will have greater resources, more extensive development, marketing and service capabilities, and a larger number of qualified managerial and technical personnel. There may be intense competition for investments of the type in which the Funds intend to invest, and such competition may result in the Funds receiving less favorable investment terms than would otherwise be the case and could make it more difficult for the Funds to source and consummate suitable transactions. There can, therefore, be no assurance that the investments ultimately acquired by the Funds will meet all the investment objectives of the Funds, or that the Funds will be able to invest all its available funds. In addition, the Funds may face competition for the acquisition of investments from affiliates of the Funds.

Changes in consumer tastes and preferences and in discretionary consumer spending could result in a decline in restaurant portfolio company sales. The restaurant industry is often affected by changes in consumer tastes, national, regional and local economic conditions, discretionary spending priorities, demographic trends, traffic patterns and the type, number and location of competing restaurants. The success of the restaurant portfolio companies will depend

to a significant extent on discretionary consumer spending, which is influenced by general economic conditions and the availability of discretionary income. Accordingly, restaurant portfolio companies may experience declines in sales during economic downturns. In addition, if restaurant portfolio companies are unable to adapt to changes in consumer preferences and trends, they may lose customers and revenues.

Franchisees risk the loss of their franchise rights. Franchisees' rights to operate within a franchise system and under a brand name can expire, be revoked by the franchisor or be lost for other reasons. A portfolio company's loss of its franchise rights could make the investment in that business worthless.

Franchised and branded restaurant businesses are highly dependent on access to good business locations. Franchised and branded restaurant businesses often require highly visible locations in busy, high-traffic areas. Competition to secure access to such sites, through lease or ownership, is very strong. Portfolio companies may not gain access to adequate operating locations or may lose the right to operate in a location from which they have been operating. In addition, portfolio companies may face detrimental competition due to similar businesses locating nearby the portfolio company's place of business.

Key Personnel at CSFC. Key investment personnel employed or engaged by CSFC, provide business and investment acumen, diligence, networking skills and expertise. The success of CSFC and the clients it advises is highly dependent on the expertise and performance of key investment personnel. There can be no assurance that these key investment professionals or other persons will continue to be associated with or available to CSFC. Furthermore, although investment professionals employed by CSFC will commit a significant amount of their business efforts to CSFC, they are not required to devote all of their business time to CSFC affairs.

General Risks Associated with Changes in Laws and Regulations. CSFC is subject to risks associated with changes that may generally occur with respect to U.S. federal, state or local laws and regulations, developing interpretations of such laws and regulations, and increased scrutiny by U.S. federal, state and local regulators and law enforcement authorities. These risks are often difficult or impossible to predict, avoid or mitigate in advance and may make some investments unavailable to the Funds. Virtually all of the Fund's investments may be subject to varying degrees of statutory and regulatory requirements, including those imposed by zoning, environmental, safety and other regulatory authorities. Such investments may require numerous regulatory approvals, licenses and permits to commence and continue their operations or may have specific periodic reporting obligations, and may subject the Fund properties to limits on use of revenues. Failure to obtain, or a delay in obtaining, relevant permits or approvals, or failures to timely file necessary reports, could hinder construction or operation and could result in fines or additional costs for the project entity or the Fund, loss of the Fund's rights to operate the affected business, or both, which in each case could have a material adverse effect on the investments. Adoption of new laws or regulations, or changes in interpretations of existing ones, or any of the other regulatory risks mentioned above could have a material adverse effect on investments and on the Fund's ability to meet its investment objectives.

Risks in General. These types of investments are not guaranteed, and investors may lose money on their investments. Investors or prospective investors should carefully review the detailed explanation of the many risks associated with investment as provided in the appropriate Fund's offering memorandum.

RISKS RELATED TO POTENTIAL INVESTMENTS:

High-risk Investments. The Fund's investments involve a high degree of risk. The Fund's investment portfolio will consist primarily of loan securities issued by privately-held companies. The Fund's portfolio companies have operating results that are difficult to predict and may have a need for substantial resources or additional capital to support expansion or to achieve or maintain a competitive position. Such portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel. There can be no assurance that the development or marketing efforts of any particular portfolio company will be successful or that its business will be profitable. Additionally, there is generally little or no publicly available information about privately-held companies. There can be no assurance that the General Partner's diligence efforts will uncover all material information about a portfolio company necessary to make a fully informed investment decision. In addition, because the Fund's investments will consist primarily of securities issued by privately-held companies, operating results will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Portfolio Companies may be highly leveraged and may be subject to interest rate risk. The Fund may invest in portfolio companies that employ significant debt, as a way of improving the Fund's investment rate of return or reducing the overall cost of such portfolio company's capital or for other reasons. Such use of debt would increase a portfolio company's exposure to risks of increasing interest rates, and may affect its operating performance and cash flow. If a portfolio company is unable to generate sufficient cash flow to meet its debt-service obligations, the value of the Fund's investment in such portfolio company could be significantly reduced or lost altogether. Fluctuations in interest rates, and in the availability of other debt financing for the Fund's portfolio companies, may materially and adversely affect the performance of the Fund and/or its investments. Use of borrowed funds to leverage acquisitions generally involves a high degree of financial risk.

Portfolio Company Management Risks. Each portfolio company's day-to-day operations will be the responsibility of such portfolio company's management team. Although the General Partner will be responsible for monitoring the performance of each investment and intends to invest in portfolio companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate a portfolio company successfully. Ultimately, the profitability of the Fund will depend on the ability of the General Partner to select portfolio companies with good management, and the ability of that management to carry out a portfolio company's plan successfully.

Risks of Long-Term Investing through Private Equity/Private Debt Funds. One of the primary risks of a long-term investment strategy is that, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. This risk is particularly pronounced when investing for the long term in privately issued securities or collateral due to the absence of an immediate and liquid market for these investments. Any sale of such securities will typically take some time to complete. The company, its competitors or its industry may behave in ways which were not, and in some cases could not have been predicted, leading to significant losses and/or a lack of any attractive exit option.

Item 9. Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Neither our firm nor our management personnel have reportable disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

As disclosed at Item 4 of this Brochure, CSFC is wholly-owned by CapitalSpring. "Principal owners," for purposes of this disclosure, include those owning 25% or more of the firm.

The General Partner or Managing Member for each Fund is related to CSFC and CapitalSpring through common ownership and control. Each General Partner or Managing Member typically shares many of the same executive officers with each other and with CSFC and CapitalSpring. CapitalSpring GP III, LLC serves as General Partner to Franchise Capital Partners III LP, Franchise Capital Partners III US Parallel, LP, and Franchise Capital Partners III Parallel, LP. CapitalSpring SBIC GP, LLC serves as General Partner to CapitalSpring SBIC, LP. CapitalSpring LLC serves as General Partner to Franchise Equity Capital Partners II Parallel, LP and Franchise Equity Capital Partners II, LP. Richard Fitzgerald and Chris Unrath serve as Managing Members to CapitalSpring LLC. CSDLP General Partner LLC serves as the General Partner to CapitalSpring Direct Lending Partners, LP, CapitalSpring Direct Lending Partners US Parallel, LP, CapitalSpring Direct Lending Partners US Parallel II, LP and CapitalSpring Direct Lending Partners Parallel, LP.

Each General Partner will be entitled to any Carried Interest, as applicable pursuant to the terms and conditions set forth in the appropriate Fund offering documents or organizational documents. Any such allocation will be distributed in accordance with the applicable partnership documents.

Certain CapitalSpring owners and employees have formed a private entity, Talus Capital LLC ("TC"), and a subsidiary, Talus Capital CSDLP, LLC ("TCCSDLP") for the purpose of holding joint personal investments and employee direct ownership in the General Partner of CapitalSpring Direct Lending Partners LP and parallel funds. Other than Founder's personal investment in CapitalSpring and employee direct ownership in the General Partner of CapitalSpring Direct Lending Partners LP and parallel funds, TC and TCCSDLP hold no other ownership in any CapitalSpring or affiliated entity.

CSFC is also affiliated through common ownership and control with CapitalSpring SBLC, LLC, (“SBLC”) which is also wholly-owned by CapitalSpring. The SBLC is an SBA licensed lending division, whose platform allows for SBA 7(a) lending based upon specified underwriting criteria.

Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly personal securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm’s access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code provides for oversight, enforcement and recordkeeping. A copy of our Code of Ethics is available to our advisory clients and prospective clients, including investors and prospective investors in one or more of the Funds, upon request to the Chief Compliance Officer, at the firm’s principal office address.

As disclosed at Item 5 of this brochure, certain executive officers and/or other employees of CSFC have invested and may invest a portion of their personal net worth in one or more of the Funds. It is the expressed policy of our firm that no person employed by us may usurp an investment opportunity which may be appropriate for one or more of the Funds without first presenting the opportunity to appropriate Managing Members, senior management or our Chief Compliance Officer, particularly when there is limited availability for participation in the opportunity.

As these situations represent a conflict of interest, we have established the following restrictions in order to ensure its fiduciary responsibilities:

1. No officer or employee of our firm may prefer his or her own interest to that of an advisory client. Co-investments are limited to and may not exceed the maximum aggregate percentage of the total investment made by the Fund as defined in the appropriate Fund’s offering documents.
2. All quarterly reports are reviewed by the Chief Compliance Officer and new investments which may appear to be associated along the industry line with our current line of investing, are pre-cleared with the Chief Compliance Officer prior to any investing. These holdings are reviewed periodically and regularly by the Chief Compliance Officer.
3. All of our officers and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to disciplinary action up to and including termination.

Item 12. Brokerage Practices

CSFC, directly or in conjunction with each Fund's General Partner and CSFC or other affiliates, is responsible for all parts of the investment cycle including deal sourcing and origination, investment decision-making, deal negotiation and transaction structuring, portfolio management (the act of overseeing the investments that we have made) and exit strategies. CSFC will typically make direct investments on behalf of the Funds and clients in privately-held companies.

Each direct investment is carefully structured through negotiations by members of the applicable Fund's General Partner and CSFC, as well as various professionals engaged by the firm to facilitate a particular deal, as appropriate. These professionals may include attorneys, accountants, consultants, analysts and due diligence professionals, among others. CSFC will utilize the expertise of these professionals in evaluating each deal, including negotiating the most favorable pricing and other terms for the transaction under the circumstances. Transactions in securities that are made by CSFC for the Funds and our clients are generally not publicly listed or traded securities and are each discreetly negotiated deals which may not involve the participation of an investment bank or broker dealer.

Allocation of Investment Opportunities

As disclosed at Item 5 of this Brochure, CapitalSpring or the General Partner of a particular Fund may in its sole discretion make investment and / or co-investment opportunities available to Limited Partners and their affiliates as appropriate and in the best interest of the Funds. Allocation of such opportunities may create a conflict of interest as they may be limited and participation may not always be a fit for or possible for all investors in the Funds.

CSFC will generally give priority to Limited Partners or Members that had negotiated side letters requiring that CSFC provide co-investment opportunities at the time of their original capital commitment to the applicable Fund or had specifically expressed interest in co-investment opportunities meeting their criteria, including but not limited to size of co-investment and/or closing timeline. In addition, co-investment opportunities may be allocated to third party investors that are part of a consortium for the particular deal as a way for CSFC to complete a transaction. Finally, although investors are not typically a source of investment opportunities, when applicable, CSFC will generally give priority with respect to co-investment opportunities to any investor or third party that brought an opportunity to CSFC's attention. Processes are followed to ensure that that investors are provided with appropriate disclosures which may be set forth in the confidential offering memorandum and the Fund partnership documents regarding the conflicts of interest inherent in co-investing. Investors should note that CSFC's allocation of co-investment opportunities is primarily driven by prior arrangements.

Soft Dollars

CSFC does not have any formal or informal soft-dollar arrangements nor do we receive any research or soft-dollar benefits from any broker, dealer or other counterparty because our firm does not invest in or trade in publicly listed or traded securities with any broker-dealers.

Principal Transactions

The Investment Advisers Act of 1940 makes it unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, to knowingly sell any security to, or purchase any security from, a client without disclosing to the client in writing the capacity in which the adviser is acting and obtaining the client's consent to the transaction. This rule may apply to certain transactions involving accounts in which investment advisers have interests, such as private fund investments by the firm's owners, principals, or employees. The SEC has indicated that when an investment adviser and/or its controlling persons own more than 25% of a fund's outstanding securities, it would be effectively treated as a principal transaction if such an account were to engage in a trade with another client account or fund. Such levels of participation in any one of the Funds are limited by the terms of each Fund's partnership agreements and/or offering documents.

Our firm's policy and practice is to not engage in any principal transactions.

Item 13. Review of Accounts

CSFC monitors the portfolio companies of each Fund and client on an ongoing basis.

The CSFC Management Committee is responsible for the day-to-day management of CSFC and controls CSFC's investment, monitoring, portfolio valuation and exit decisions and is subject to the policies and procedures set forth in the CSFC credit policy manual. The Investment Committee will approve all portfolio investments and dispositions and will be actively involved in analyzing each investment and reviewing those investments on an on-going basis.

The Management Committee together with the Asset Quality Committee meets regularly to review ongoing monitoring activities and to evaluate potential new platform investments and add-on acquisitions.

The Funds are audited annually by an independent, certified public accountant that is both registered with and subject to regular inspection by the Public Companies Accounting Oversight Board (PCAOB) and a copy of the audited financials are sent to each investor on a timely basis. A quarterly financial statement package with footnotes and a compilation opinion is provided to investors in Franchise Equity Capital Partners II, LP, Franchise Equity Capital Partners II Parallel, LP, Franchise Capital Partners III, LP, Franchise Capital Partners III Parallel, LP, Franchise Capital Partners III US Parallel, LP, CapitalSpring LLC, CapitalSpring Finance Company, LLC, CapitalSpring Direct Lending Partners, LP, CapitalSpring Direct Lending Partners US Parallel, LP, CapitalSpring Direct Lending Partners US Parallel II, LP, and CapitalSpring Direct Lending Partners Parallel, LP. For CapitalSpring SBIC, LP, as required by SBA regulations, a quarterly Form 468 filing is made and submitted to the SBA.

Item 14. Client Referrals and Other Compensation

CSFC reserves the right to enter into arrangements whereby it appoints placement agents in connection with the offer and sales of interests in the Funds. Although common, such referral arrangements do create a potential conflict of interest because, in theory, the referrer may be motivated, at least partially, by financial gain and not because the Funds are the most suitable to the prospective investor's needs. To address this potential conflict of interest, all referred investors are carefully screened to ensure that the particular Fund is suitable to the prospective investor's investment needs, objectives and risk tolerance before any subscription is accepted.

Item 15. Custody

Because we act as Investment Adviser to the Funds and are affiliated with each Fund's General Partner through common ownership and control, we are deemed to have custody of client assets under current applicable regulatory interpretations. As an adviser with custody, each of the Funds are audited on an annual basis by an independent public accountant that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). We seek to send, directly or through a third party, the audited financials to each Fund investor within 120 days of the applicable Fund's fiscal year end.

Adviser is also deemed to have custody under regulatory guidelines as a result of CSFC's authority to act and transfer funds on behalf certain advisory client relationship(s). For those client relationship(s), CSFC must undergo a surprise annual exam, among other things, by an independent accounting firm, under relevant regulatory guidelines.

Item 16. Investment Discretion

As Investment Adviser to the Funds and clients, CSFC is granted the discretionary authority in the relevant organizational documents and/or advisory agreements to determine which investments to make and the amounts of the investment to be made on behalf of the Funds and clients.

Item 17. Voting Client Securities

Because the Funds transact primarily in privately issued securities, CSFC rarely is required to vote proxies. Under certain limited circumstances, however, if we were required to vote proxies solicited by portfolio companies, CSFC would vote proxies in the best interest of the Funds and clients, typically with the goal of maximizing value for the Funds, investors in the Funds and clients.

Item 18. Financial Information

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered, therefore, we are not required to include a financial statement with this brochure.

CSFC has not been the subject of a bankruptcy petition at any time during the past ten years.