

ITEM 1 – COVER PAGE

FIRM BROCHURE
FORM ADV, PART 2A

MARCH 27, 2024

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

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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. (“CSCM”). The contents of this Brochure have not been approved or verified by the Securities Exchange Commission (“SEC”) or by any state securities authority.

CS Capital Management, Inc. is registered as an investment adviser with the SEC. Registration with the SEC 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”), Michael L. McHargue, at (310) 988-7305 or mmchargue@cscapitalinc.com. Additional information about CSCM 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.

ITEM 2 - SUMMARY OF MATERIAL CHANGES

This brochure dated March 27, 2024, serves as an annual update to the most recent brochure dated March 8, 2023. We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary. A material change since the last update dated March 8, 2023 is as follows:

Item 5 – Fees and Compensation was updated to reflect the most recent valuation policy instituted by a client for a non-discretionary separately managed account. Fees for the subject account are based on the valuations of investments in the account. CSCM does not complete internal valuations of investments in this account. All valuations are completed by either third-party appraisers or an independent third-party valuation services firm who is engaged directly by the client.

For questions, please contact our Chief Compliance Officer, Michael L. McHargue, at (310) 988-7305 or mmchargue@cscapitalinc.com.

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ITEM 4 - ADVISORY BUSINESS

CS Capital Management, Inc. is an SEC registered real estate investment management and advisory company with institutional assets under management invested via a separate account and a joint venture. The Company was established in 1991 and has been registered with the SEC as an investment adviser since 1992. CSCM is a privately held company owned by Michael L. McHargue and Samuel P. DePoy, 75%/25%, respectively. The Company's headquarters are in El Segundo, CA.

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 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 balance the constantly evolving matrix of investor objectives within a framework of prudent risk management.

CSCM's investment management services for the acquisition, disposition, and/or financing of institutional real estate investments are non-discretionary. CSCM manages institutional real estate investments which are held by title-holding entities. At the direction and discretion of the client, the title-holding entities engage in borrowings which are either i.) mortgages (first trust deeds) secured by real estate holdings, or ii.) unsecured financing through the client's line of credit. The use of mortgage borrowings is controlled by the client, and requires the client's explicit approval and authorization. The use of unsecured financing is managed, controlled, and directly solely by the client at their sole discretion.

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, investment manager oversight, and real estate development/construction oversight.

The Company does not participate in any wrap fee programs.

As of December 31, 2023, the Company maintains \$1,305,058,221 of non-discretionary assets under management.

ITEM 5 - FEES AND COMPENSATION

Fees and Compensation arrangements are negotiable and are addressed 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. CSCM is eligible to receive 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 under CSCM management. These values are determined by either a third-party appraisal, or a third-party valuation completed by an independent valuation services firm which is engaged directly by the client. The use of independent third-parties, whether formal appraisers or valuation service firms, mitigates the potential conflict of interest that could arise from CSCM valuing assets and the possibility of a bias to overvalue assets, thereby increasing the management fees payable to CSCM. All third-party appraisal and valuation reports must comply with the client's appraisal and valuation requirements, and are delivered to the client.

Although pre-payment agreements are uncommon, if a client prefers to negotiate such an arrangement and an investment management agreement is terminated, pre-paid fees will be pro-rated based on the number of days services were provided in the service period and refunded to the client for any period not subject to services.

Invoices are processed in accordance with each investment management or advisory agreement and reviewed by the CCO prior to submission to clients. Currently all clients are billed in arrears on a quarterly basis, monthly basis, 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 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 CSCM.

Additional Fees and Expenses: Certain client accounts reimburse CSCM for other expenses in addition to the traditional management fees, as permitted per investment management and advisory agreements. More specifically, two existing client accounts routinely reimburse CSCM for travel expenses incurred for attendance at meetings with the client itself or other meetings the client has requested CSCM personnel attend. Other costs that clients may reimburse CSCM for include appraisal fees, due diligence fees, legal fees, data fees, tax preparation fees, audit fees, insurance, and taxes. The preceding other costs are permitted for reimbursement per investment management and advisory agreements, however as these costs are not routinely incurred, CSCM is not currently receiving reimbursement for such costs (except for the aforementioned travel costs which are reimbursed from two accounts). Reimbursements for expenditures directly related to ongoing services provided to clients are considered typical for investment managers or advisors providing comparable services. All such reimbursements must be submitted to the client for approval, including appropriate support and evidence of costs incurred for reimbursement.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

CS Capital Management, Inc. is eligible to receive performance-based advisory fees from an existing institutional client engagement. The institutional client is a “qualified client” as defined by the SEC based on its net worth and assets under management. Potential performance-based fees are calculated based on a percentage of the average value of the client’s account during the applicable evaluation period if the account has outperformed its benchmark, as specified in the investment management agreement. The calculation of performance-based fees is completed by the client and made available to CSCM for review.

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 any potential conflict with each client or potential client beforehand, and formulate a transparent and non-preferential allocation methodology which would be subject to approval by the client and prospective client.

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 by its fiduciary obligation to each client to ensure the client’s interests are always put before those of CSCM. In addition, CSCM exercises rigorous due diligence policies and procedures, which focus on prudent risk-adjusted returns for all investments.

CSCM also discloses all potential fees to its clients, and ensures that all fees are in strict accordance with each account's investment management agreement, as approved by each client.

ITEM 7 - TYPES OF CLIENTS

Primary clients of the Company include institutional investors (such as a domestic sovereign wealth fund and domestic pension funds) and real estate companies requiring various real estate investment-related management and advisory services.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF 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 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, investment manager oversight, and real estate development/construction 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 and recommendations to clients.

ITEM 9 - DISCIPLINARY INFORMATION

The Company has no current Disciplinary Information.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Company has no other financial industry activities.

As part of our role as investment manager or advisor, certain employees of CSCM currently serve as board members and officers of title-holding entities for real estate investments owned by a client. The Company Code of Ethics is applicable to all such affiliate entities in which CSCM employees serve as board members and officers. Currently, Michael L. McHargue (President), Samuel DePoy (Executive Managing Director), and Kimberly Smith (Managing Director) serve on the board of directors, and also as officers of title-holding entities for real estate investments owned by a client. Such service is a requirement of the client per the investment management and advisory agreement for the applicable client account, and the client has specifically appointed the individuals named above to the board of directors, who in turn appoint the officers. This service on the board of directors and as an officer is not considered an outside business activity, as these roles and related

responsibilities are directed by the client and fall under the investment management and advisory agreement with the client. Accordingly, CSCM does not believe there is any conflict of interest presented by these roles.

ITEM 11 - 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 and demands 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 maintains policies and procedures, proposed under SEC's Rule 204A and 204A-1.

Specifically, the Company's *Code of Ethics* 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* is available upon request. Please contact Michael L. McHargue at 310-988-7305 for a copy of our *Code of Ethics*.

Participation or Interest in Client Transactions

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

ITEM 12 - BROKERAGE PRACTICES

The Company does not engage in any brokerage practices. CSCM is not a licensed real estate broker and does not act in such capacity. CSCM does not earn, and is not paid, any compensation in the form of commissions, or any other form of compensation, for the brokerage of real estate transactions, including but not limited to acquisitions, dispositions, financings, or leasing of real estate investments.

ITEM 13 - REVIEW OF ACCOUNTS

CSCM conducts regular internal meetings, no less often than monthly, 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 meeting topics and updates after each meeting are distributed to all employees following the meeting.

All accounts are reviewed on a monthly or quarterly basis. Any account with new transactions or material changes will be reviewed more frequently as appropriate.

Initial and interim reviews are carried out by analysts, associates, and managing directors of the Company. Interim and final reviews are completed and approved by Michael L. McHargue (President & Chief Executive Officer) and/or Samuel P. DePoy (Executive 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.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

The Company does not engage nor receive any form of compensation from any client referral programs.

ITEM 15 - CUSTODY

Although neither CSCM, nor any of its related persons, act as a qualified custodian, the Company currently has custody of client funds through its, and its related persons, access to custodial accounts established on behalf of its clients. In accordance with the Investment Advisers Act of 1940 (the “Advisers Act”) Rule 206(4)-2(a)(3), we have elected to have qualified custodians send monthly account statements directly to our clients. Clients should carefully review these monthly statements. The Company also elects for an independent public accountant to conduct an annual surprise examination of client funds in relation to its, and its related persons, custody of client funds.

Clients should contact CSCM promptly with any questions about their account statements or if such documents are not received in a timely manner.

ITEM 16 - INVESTMENT DISCRETION

The Company does not currently have discretionary authority over any investments in client accounts.

ITEM 17 - VOTING CLIENT SECURITIES

The Company does not engage in any proxy voting practices.

ITEM 18 - FINANCIAL INFORMATION

CS Capital Management, Inc. does not solicit prepayment of fees, and all client billing is in arrears.

Although CSCM does not have discretionary authority over any investments or investment-related decisions, CSCM and its related persons have discretionary control and custody of client funds in the form of cash held in bank accounts with a qualified custodian for the operations of respective real estate investments. The custody of such funds is governed by the terms of the investment management agreement for the respective account and is a requirement of the client. Custody of cash accounts by CSCM and its related persons is subject to the election for an independent public accountant to conduct an annual surprise examination of such client funds. There are no current financial conditions to report that are reasonably likely to impair our ability to meet contractual commitments to clients.