

ITEM 1 – COVER PAGE

FIRM BROCHURE
ADV, PART 2A

MARCH 27, 2020

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. 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”), Michael L. McHargue, at (310) 988-7305 or mmchargue@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.

ITEM 2 - SUMMARY OF MATERIAL CHANGES

This brochure dated March 27, 2020, serves as an update to the last annual update of the brochure dated March 28, 2019. Consistent with the new rules, 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. There are no material changes since the last annual update.

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 separate accounts and joint ventures. The Company was established in 1991 and is headquartered in Los Angeles. It is a privately held company owned by Michael L. McHargue and Samuel P. DePoy, 75%/25%, respectively.

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

The Company does not participate in any wrap fee programs.

As of March 1, 2020, the Company maintains \$834,587,918 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 an internal valuation completed by CSCM or an annual third-party appraisal. The interim internal valuation process creates a potential conflict of interest and the possibility of a bias to overvalue assets, 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 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 period not subject to services.

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 CSCM.

Additional Fees and Expenses: Certain client 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. 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 fees from an existing client engagement. 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 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 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, government agencies 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, 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.

ITEM 9 - DISCIPLINARY INFORMATION

The Company and Paul H. Saylor, a former owner/officer who as of December 31, 2017 is no longer employed by CSCM, 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 believed was initiated without merit or basis.

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

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, employees of CSCM may 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.

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 & 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.

ITEM 12 - BROKERAGE PRACTICES

The Company does not engage in any brokerage practices.

ITEM 13 - REVIEW OF ACCOUNTS

CSCM conducts regular 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 agenda and updates after each meeting are distributed 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 more frequently as appropriate.

Initial reviews are carried out by analysts, associates, and 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 or receive any form of compensation from any client referral programs.

ITEM 15 - 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.

ITEM 16 - INVESTMENT DISCRETION

The Company does not 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 more than \$1,200 in fees per client, six months or more in advance.

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