

Form ADV Part 2 — Firm Brochure

KSL Capital Partners, LLC

100 Fillmore Street, Suite 600
Denver, CO 80206
(720) 284-6400
info@kslcapital.com
www.kslcapital.com

February 14, 2012

This brochure provides information about the qualifications and business practices of KSL Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (720) 264-6400 or by email at info@kslcapital.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.

Additional information about KSL Capital Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This is the initial Brochure of KSL Capital Partners, LLC, and as such, there are no material changes to report. In the future, this Brochure and a summary of material changes, if any, made to this Brochure as part of our annual update will be provided to you annually within 120 days of the close of our fiscal year. We may also provide you with additional updates or other disclosure information at other times during the year in the event of any material changes to our business.

Item 3 – Table of Contents

Item 2 – Material Changes	ii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	1
Item 6 – Performance-Based Fees and Side-By-Side Management	4
Item 7 – Types of Clients	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9 – Disciplinary Information	9
Item 10 – Other Financial Industry Activities and Affiliations	9
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	10
Item 12 – Brokerage Practices	12
Item 13 – Review of Accounts	13
Item 14 – Client Referrals and Other Compensation	14
Item 15 – Custody	14
Item 16 – Investment Discretion	14
Item 17 – Voting Client Securities	15
Item 18 – Financial Information	15

Item 4 – Advisory Business

Ownership

KSL Capital Partners, LLC (“**KSL Capital**”) was founded in 2005 by Michael S. Shannon and Eric C. Resnick, who currently serve as the firm’s Managing Directors. KSL Capital is owned by Mr. Shannon and Mr. Resnick, and the general partner of each of the Funds (as defined below) is owned by Mr. Shannon and Mr. Resnick along with certain of the firm’s other principals and employees that own an interest indirectly through KSL Associates, LLC, an affiliate of KSL Capital.

Nature of Investments; Types of Advisory Services

KSL Capital provides investment advisory and other services through affiliated entities (“**Affiliates**”, and together with KSL Capital, “**KSL**,” “**we**,” or “**us**”) to certain private equity funds sponsored and managed by KSL (each a “**Fund**” and collectively, the “**Funds**”). KSL specializes in investing in businesses in five key sectors of the travel and leisure industry: hospitality, recreation, clubs, travel services and real estate. We typically pursue transactions where we control the investment through whole ownership, joint venture or participating debt or preferred equity investments. Our advisory services are typically not specifically tailored to individual needs of clients, and clients typically may not impose restrictions on types of investments.

As part of our activities on behalf of the Funds, we:

- Originate, recommend, structure, and identify sources of capital;
- Monitor, evaluate, and make recommendations regarding the timing and disposition of investments; and
- Provide other related services.

Wrap Fee Programs

We do not participate as manager in any wrap fee programs.

Assets Under Management

As of December 31, 2011, we had approximately \$3,631,637,000 in regulatory assets under management for which we provide advice on a discretionary basis.

Item 5 – Fees and Compensation

For services provided to each Fund, the Fund pays us a management fee (a percentage of assets under management, calculated either as a percentage of commitments or invested capital), a performance-based fee (a percentage of the net proceeds from divestment of portfolio holdings, described in Item 6 below), transaction fees, and monitoring fees as more fully discussed below. Performance-based fees are charged in accordance with the requirements of Section 205 and

Rule 205-3 under the Investment Advisers Act of 1940, as amended (“**Advisers Act**”), to the extent applicable. For a discussion of performance-based fees, see Item 6, below. We do not have the ability to, and do not, deduct or withdraw any fees from any Funds’ bank accounts; rather, all fees are paid by Fund investors in accordance with the subscription agreements upon receipt of capital call notices.

Management Fees

Funds pay us a management fee of up to the amount specified in each Fund’s offering materials. Currently the management fee payable by a Fund is between 1% and 2% per annum.

In the past, for the investment vehicle commonly known as KSL Capital Partners II, L.P. and its parallel funds (“**Fund II**”), we created a supplemental fund that was permitted to make additional investments in the same types of assets as Fund II (the “**Supplemental Fund**”). Investors in a Supplemental Fund included investors in Fund II, as well as additional investors. Investors in a Supplemental Fund that were also investors in Fund II were generally charged management fees lower than those available to Supplemental Fund investors that were not also investors in Fund II. We do not currently anticipate creating any additional supplemental funds.

From time to time, we may, at our sole discretion, permit certain strategic investors (which may include existing Fund investors, consultants, advisors, lenders, or unaffiliated third parties) (“**Co-Investors**”) to invest in a potential investment alongside a Fund through a co-investment vehicle (“**Co-Investment Vehicle**”). The constituent documents of the Funds generally require that any Co-Investment Vehicles we advise may not pay us management fees that are more favorable to us than those paid by the Funds. In the event that additional capital investment is called for after an initial investment is made alongside a Fund, Co-Investors have the right (but not the obligation) to invest additional capital through their Co-Investment Vehicle *pro rata* with the Fund (or else be diluted).

To the extent that we, our principals and employees, and their respective family and friends, are Fund investors, they may, at our discretion, pay reduced management fees or none at all. The existence of these arrangements is disclosed in the offering documents of the relevant Funds.

The management fee is accrued and payable quarterly in advance. Generally, management fees are not negotiable after the final closing of a Fund. However, at the time when a new Fund is being created, we negotiate with significant prospective investors the management fees that will be charged to that Fund, as well as other material terms applicable to the Fund.

Transaction Fees and Monitoring Fees

Our Affiliates also may receive transaction fees and monitoring fees. The amount of these fees to be paid by the Funds (directly, or indirectly by the Funds’ portfolio companies) are determined by us, on a transaction by transaction basis, subject to the terms set forth in each Fund’s offering materials and other constituent documents. Transaction fees are generally calculated based on the total enterprise value of the portfolio company involved in the transaction, while monitoring fees are determined based on the complexity of the transaction.

Both of these types of fees are often paid by the portfolio companies as compensation for certain consulting services we provide to them about their businesses, such as assistance with development and marketing or with obtaining financing to expand to their businesses. When fees are paid by a Fund's portfolio companies, they are indirect fees paid by the Fund.

Transaction fees are payable upon consummation of a portfolio transaction while monitoring fees are generally payable quarterly in advance. The management fees received are offset by a portion of any transaction fees and monitoring fees we receive. The amount of this offset differs from Fund to Fund, but is currently no less than 80% for any Fund and is 100% for our most current Fund.

Other Fees

The Fund reimburses us for certain expenses that we pay on behalf of the Fund, including legal, tax, and audit expenses, and costs related to pursuing transactions (*e.g.*, due diligence, negotiating deals, idea sourcing).

In addition, because our principals and employees may invest in certain of the Funds, our principals and employees participate alongside other investors in the investments of those Funds *pro rata* in accordance with our capital accounts in the Fund.

Additional Expenses

The investment strategy we employ for the Funds generally does not involve the purchase or sale of publicly traded securities, and as such, does not typically entail expenses related to brokerage commissions, although occasionally public securities are used as investments and related expenses arise. In addition, the investment strategy we employ for the Funds may involve expenses related to legal, tax, regulatory, and environmental issues, as well as the costs of other service providers and intermediaries, such as investment banks, that may be involved in the purchase or divestment of Fund portfolio holdings.

Our management fees are exclusive of these costs, as well as other transaction fees, custodial fees, and other related costs and expenses, including all costs and expenses related to any unconsummated transactions, all of which are incurred by the applicable Fund (either directly, or indirectly if the expenses are paid by the Fund's portfolio companies). Please refer to Item 12 for additional information regarding the factors we consider in selecting broker-dealers and other service providers for transactions, and in determining the reasonableness of their compensation.

Related Issues and Conflicts:

Transaction Fees. Because we receive transaction fees based on investments and dispositions of the Funds' portfolio holdings, we may have an incentive to make investments, or to divest portfolio holdings, under circumstances that are not in the best interest of a Fund or its investors. However, because these transaction fees are based on the total enterprise value of the portfolio holding being purchased or sold, we believe that our interests generally align with those of the investors in the Fund. The greater the proceeds of the sale of a portfolio holding, the greater the gains by the Fund, and the greater transaction fee we receive. Moreover, at least 80% of any transaction fee is used to offset future management fees we would otherwise receive.

Monitoring Fees. From time to time, in connection with certain complex Fund investments, we enter into agreements directly with the Funds' portfolio companies to provide assistance with the management of the company. In exchange for these services, we are paid monitoring fees by the portfolio company, an indirect expense of the Funds. As part of these services, one or more of our principals may be selected to serve on the board of directors (or equivalent body) of the portfolio company. While the interests of the Funds and the portfolio companies they invest in are generally aligned, under very limited circumstances a conflict of interest — or the perception of a conflict — may arise between the interests of the portfolio company and our interests (or the interests of the Fund). For example, we may be called upon to advise the portfolio company regarding a sale, acquisition, merger or similar transaction involving the portfolio company or its assets. Whenever we determine that such a conflict exists, or may be perceived to exist, we bring the issue to the attention of the relevant Fund's limited partner advisory committee ("LPAC," composed of certain unaffiliated Fund investors) for its approval.

Alternative Investment Vehicles. From time to time, certain Fund investors, for legal, regulatory, or tax reasons, would be disadvantaged if the Fund in which they are invested were to invest directly in certain portfolio investments. If a Fund investor will be so disadvantaged, we may, with respect to those specific investments, agree to permit those investors to invest alongside the Fund, on the same terms as the Fund, through an alternative investment vehicle ("AIV"). Investors who invest through an AIV pay the same portion of Fund fees and expenses as they would have had they invested through the Fund, and their capital commitment to the Fund is reduced by the amount of assets invested through the AIV(s).

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

As noted in Item 5 above, the Funds pay us certain performance-based fees — typically 20% of the profits generated by (1) the net proceeds from the divestment of Fund portfolio holdings and (2) cash receipts from dividends, interest, and other distributions of portfolio holdings. Our receipt of performance-based fees is subject to certain limitations set forth in the constituent documents of each Fund, which generally require that Fund investors must first receive a return of invested capital plus a preferred return on portfolio holdings that have been divested or written off. To the extent that we, our principals and employees, and their respective family and friends are Fund investors, they may, at our discretion, pay reduced performance-based fees or none at all.

All performance-based fees are calculated and paid in accordance with Section 205 of the Advisers Act and Rule 205-3 of the Advisers Act. Our receipt of performance-based fees may motivate us to make more speculative investments on behalf of a Fund than we would otherwise make. However, this risk is mitigated by the requirement that Fund investors receive a return of invested capital plus a preferred return, which creates an incentive for us to balance risk and reward potential as any losses will need to be regained before performance-based fees are received.

Because all of the Funds pay us roughly equivalent performance-based fee rates, the risk of side-by-side account management conflicts of interest is mitigated. This potential conflict is also mitigated by our Funds' investment cycle. At any given time, only one Fund (and possibly a related Supplemental Fund) will be in the "investment" phase. Our Funds generally follow a

cycle of (1) capital sourcing, (2) investment and (3) disposition of portfolio holdings. Typically, we do not begin investments for a new Fund until all other existing Funds (other than a related Supplemental Fund, if one exists) have substantially completed their investment phase. As such, we rarely face conflicts that would involve differing treatment of different Fund clients.

However, we recognize that conflicts related to side-by-side management may exist for other reasons. For example, as noted in Item 5 above, we previously created the Supplemental Fund to invest alongside Fund II on certain large investment opportunities. To the extent that there is a limited investment opportunity, we, on a fully disclosed basis, allocate the investment opportunity first to Fund II before any allocation is made to the Supplemental Fund. In addition, except under certain very limited circumstances, the Supplemental Fund may not make any investment unless Fund II is also investing.

As noted above in Item 5, we may permit Co-Investors to invest alongside a Fund through a Co-Investment Vehicle. The constituent documents of the Funds generally require that the Co-Investment Vehicles may not pay us performance-based fees that are more favorable to us than those paid by the Funds.

Item 7 – Types of Clients

As noted in Item 4 above, we provide portfolio management services to the Funds (which may be organized as domestic or foreign partnerships, corporations, incorporated or unincorporated entities, or other similar entities). The Funds typically require capital commitments from each limited partner of at least \$10 million, although a Fund's constituent documents may, however, allow for exceptions under certain circumstances, and the Funds have previously, in certain instances, permitted limited partners to make capital contributions of less than \$10 million.

Generally, the Funds' investment advisory contracts may be terminated only if a Fund's general partner (our Affiliate) has been removed.

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

We specialize in investing in businesses in the travel and leisure industry. In doing so, we seek to identify under-managed and under-capitalized businesses where we believe that we can improve the financial performance of the business over time, and ultimately sell the business for a profit. The form of the Funds' investments varies, but may include methods such as:

- Purchase of privately held securities;
- Asset purchase; or
- Purchase of secured debt.

In evaluating potential investments, we perform extensive due diligence. We typically evaluate potential investments with respect to financial, accounting, tax, legal, market, competitor, employee, environment, engineering, customer, and supplier issues, as well as other issues that may be particular to the proposed transaction.

After making an investment, we utilize an operationally intensive approach, focusing on fundamental business improvements rather than financial engineering, to drive profitability and

investment returns. We generally structure transactions to put the Fund making the investment in a position to control the fundamental business decisions of the operating companies held as portfolio investments, whether through control of the portfolio business's board of directors (or similar governing body) or through some other method of influencing management decisions.

In limited circumstances, we may invest Fund assets in publicly traded securities. We may also use derivative instruments for hedging purposes in connection with the acquisition, holding, or disposition of Fund portfolio companies.

We may use some or all of these techniques, and we reserve the right to depart from or modify the approaches described here.

All investing involves risk of loss. There can be no assurance that any investment, investment program or portfolio will achieve its stated objectives. Some of the primary risks involved in the investment strategy we employ for the Funds include:

Leverage. We may invest Fund assets in portfolio companies that employ significant leverage, which increases the risk of loss to those investments, particularly during economic downturns. A leveraged company may be subject to restrictive covenants imposed by lenders restricting its activity, or may be limited in making strategic acquisitions or obtaining additional financing, and will have increased exposure to adverse economic conditions. Securities acquired by the Funds may be the most junior in what may be a complex capital structure, and thus subject to the greatest risk of loss in the case of the issuers financial difficulty, or if an event of default occurs under the terms of the relevant financing and a lender decides to enforce its creditor rights. KSL's ability to achieve attractive rates of return will depend on its ability to access sufficient sources of indebtedness at attractive rates. An increase in either interest rates or risk spreads demanded by leverage providers could make it more expensive to finance investments by the Funds and may make it more difficult to compete for new investments with other potential buyers who have a lower cost of capital.

Concentration of Investments in a Single Industry; Risks Inherent in Travel and Leisure Assets. Pursuant to our investment strategy, substantially all of the Funds' portfolio holdings will be involved in travel and leisure businesses. Concentration in one industry involves risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns. The travel and leisure industry is subject to factors including cyclicity, changing macro-economic conditions in the United States and globally, intense competition, susceptibility to natural or man-made disasters, such as fires, earthquakes or floods, large capital requirements and the introduction of new, competing resorts, properties or other leisure activities.

The Funds' portfolio companies will compete in this volatile environment, and instability or an overall decline within the travel and leisure sector will not be balanced by investments in other industries not so affected. In addition, travel and leisure businesses may be highly dependent on the perceived and actual safety of air travel and the frequency of air travel in the United States and abroad. We expect that portfolio companies will be highly dependent on customers traveling to specific destinations via air travel. Moreover, a decline in regional, national or international economic conditions, unusual weather patterns or any other factors that cause a decline in

potential customers' discretionary income could materially adversely affect the performance of Funds' portfolio companies. The recent global economic downturn has adversely affected many businesses in the travel and leisure industry and may continue to do so for the foreseeable future.

Availability of Suitable Investment Opportunities. The success of our strategy will depend on the ability of KSL to identify appropriate investment opportunities and to acquire these investments. Investments in travel and leisure business are highly competitive. We compete for investments with operating companies, financial institutions, institutional investors and other investment funds, which competition may adversely impact the availability of investments and the terms upon which they are effected and exited.

Real Estate Risks Generally. Our strategy generally involves investments that are subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. These risks include, but are not limited to, the burdens of ownership of real property, general and local economic conditions, the supply and demand for properties, energy and supply shortages, fluctuations in the average occupancy and room rates for hotel properties, the financial resources of prospective hotel guests, changes in building, environmental and other laws and/or regulations, natural disasters, changes in tax rates, changes in interest rates and the availability of mortgage funds, which may render the sale or refinancing of properties difficult or impracticable, negative developments in the economy that depress travel activity, environmental liabilities, contingent liabilities on disposition of assets, uninsured or uninsurable casualties, acts of God, terrorist attacks and war and other factors that are beyond our control. There can be no assurance that there will be a ready market for resale of investments because investments will generally not be liquid. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual restrictions on their resale by a Fund.

Investment in Troubled Assets. As part of our investment strategy, we may cause the Funds to make substantial investments in nonperforming, underperforming or other troubled assets or under-capitalized companies which involve a degree of financial risk and are experiencing or are expected to experience severe financial difficulties, which may never be overcome and may result in a loss of some or all of a Fund's investment.

Some of the assets that we purchase for the Funds were originated by financial institutions that are insolvent, are in serious financial difficulty, or are no longer in existence. As a result, it is possible that these assets were originated under less than optimal standards, and there may be limited recourse against the selling institution. In addition, the value of these assets may be adversely affected by the standards used in servicing or operating the assets.

Certain investments may become subject to compromise and/or discharge under the U.S. Bankruptcy Code. Investments in entities, which later file for relief as debtors in proceedings under Chapter 11 of the U.S. Bankruptcy Code may, in certain circumstances, be subject to litigation, which could further impair the value of the investment. For example, under certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the Funds (which could include distributions by a Fund to investors) may be reclaimed in the course of bankruptcy proceedings if any such payment or distribution is later

determined to have been a fraudulent conveyance or a preferential payment (or the equivalent under the laws of certain jurisdictions). Bankruptcy laws may delay the ability of the Funds to realize on collateral for loan positions or may adversely affect the priority of such loans through doctrines such as equitable subordination. Bankruptcy laws may also result in a restructure of debt without the Fund's consent under the "cramdown" provisions of the bankruptcy laws and may also result in a discharge of all or part of the debt without payment to the Funds. Non-U.S. jurisdictions may present credit issues that are similar to or different from U.S. issues.

Illiquid and Long-Term Investments. Most private equity investments are highly illiquid, and there can be no assurance that a Fund will be able to realize on such investments in a timely manner or at all. Consequently, dispositions of investments may require a lengthy time period or may result in distributions in-kind to investors. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the investment is made. The Funds will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act of 1933 ("**Securities Act**"), or in a private placement or other transaction exempt from registration under the Securities Act. In some cases, the Funds may be contractually prohibited from selling certain securities for a period of time. Even where the Funds hold publicly traded securities, a Fund's position may represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity in the event that we determine to pursue a different investment or we are unable to acquire control and wish to dispose of or reduce our position by selling shares into the market.

Other Related Procedures and Conflicts:

Valuation of Holdings. We generally value Fund portfolio holdings quarterly, in accordance with each Fund's applicable partnership agreement and our internal valuation policies and procedures.

Our primary objective in the pricing of Fund portfolios is to ensure that prices are recorded at "fair value" on a consistent, transparent, and reasonable basis. We believe that the fair value of Fund portfolio holdings is the price at which a Fund would be able to sell an asset (or transfer a liability) in a hypothetical transaction between market participants. Because Fund portfolio holdings are typically illiquid and unmarketable, our procedures are designed to help us try to determine this "fair value." We may consider a number of factors and use several techniques in valuing illiquid holdings, including:

- Market conditions;
- Purchase price;
- Estimated liquidation value;
- Meaningful third-party transactions in the private market;
- Valuation used in the most recent round of financing for the issuer;
- Application of a multiple to the earnings or "EBITDA" of the issuer's aggregate business(es);
- Value of the issuer's net assets;

- Expected future cash flows (or expected future earnings) from the issuer's aggregate business(es), plus a terminal value of the business(es); and
- The valuation to be used in an anticipated sale of the investment in situations where either (1) we expect that the investment will be divested soon, or (2) the issuer will go public soon (but in either case, only if the pricing aspects of the transaction have been substantially agreed upon).

We attempt to use valuation techniques that, in our best judgment, are most appropriate under the circumstances, and for which sufficient data is available.

Due Diligence Trips. From time to time, our employees may go on due diligence trips related to a prospective investment. The expenses related to these trips may be paid for by the business in which the prospective investment would be made, or may be paid for by us and reimbursed by the applicable Fund. To the extent we believe it appropriate, we may invest Fund assets in these companies.

Item 9 – Disciplinary Information

We are required to disclose to you if we have any legal or disciplinary events involving the firm or our members, officers, or principals that are material to your evaluation of our advisory business or the integrity of our management. As of the date of this Brochure, we have no disciplinary events required to be disclosed.

Item 10 – Other Financial Industry Activities and Affiliations

As noted in Item 4 above, certain of our Affiliates act as general partners to the Funds that we advise. The full list of these Affiliates and the Funds they serve as general partners for is available on our Form ADV Part 1, Schedule D, Items 7.A and 7.B. Please see www.adviserinfo.sec.gov.

Other Related Conflicts:

Fees Payable to Affiliated Service Providers. The companies held in the Funds' portfolios may pay fees to affiliated service providers in connection with the operation of their business (e.g., fees to operate or develop a business, which are distinct from fees paid in connection with investment advisory services provided by us to the Fund). These fees may include, for example, fees paid to KSL Resorts, an affiliated hotel management company, or other operating businesses in which we or an affiliated service provider have an interest that may provide services relating to management, construction, leasing, development, and other property management services. These fees are *not* incurred for investment management services; rather, they relate to the day-to-day operations of the portfolio companies ("**Operations Management**").

Fees paid to our affiliated service providers by Fund portfolio companies for Operations Management will not reduce or offset any fees we receive. We have a conflict of interest in selecting (or influencing a portfolio company to select) any of our Affiliates to provide Operations Management services. The Funds' constituent documents generally provide that our Affiliates have the option (but not the obligation) to provide Operations Management to Fund

portfolio companies on terms *no more favorable* than those specified. A Fund, through its portfolio companies, always retains the ability to terminate the Operations Management services provided by our affiliated service providers.

These terms are determined at the time a Fund is created, based on (1) our review of the terms used in third party contracts for similar services, and (2) discussions with certain significant prospective investors. The constituent documents of the Funds generally require us to obtain consent from the Fund's LPAC or an unaffiliated third party investor that owns at least 50% of the outstanding equity interests in the portfolio company in the event of any material deviation from these pre-set terms. Agreements with portfolio companies for Operations Management are generally automatically terminated upon divestment of the portfolio company from the Fund. We also periodically review terms used in comparable third party contracts to help ensure that the terms set at the time a Fund was created remain reasonable over time. In addition, customary group services and reimbursable expenses are allocated on a fair and equitable basis (without profit or markup) on a property-by-property basis across all similar properties, unless the applicable Fund's LPAC otherwise approves. All other expenses are allocated investment-by-investment on a fair and equitable basis (without profit or markup) based on the gross revenues of the underlying property, unless the applicable Fund's LPAC otherwise approves.

Each year, we submit to each Fund's LPAC a breakdown of the expenses associated with portfolio companies that have Operations Management agreements with our Affiliates, as compared to the expenses associated with non-portfolio companies for whom our Affiliates provide Operations Management services. To the extent that the Operations Management services provided to Fund portfolio companies would result in a profit for our principals, the Funds' constituent documents require that such profit must be reinvested in our Affiliates' Operations Management business, and thus indirectly benefits the Fund portfolio companies which helps limit any potential conflict of interest resulting from charging fees to the portfolio management companies for providing these services.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics and Personal Trading. KSL has adopted a Code of Ethics (the “**Code of Ethics**”) in accordance with the requirements of Rule 204A-1 of the Advisers Act. The Code of Ethics is applicable to KSL Capital as well as each of the Affiliates.

The policies and procedures set forth in the Code of Ethics recognize that as an investment adviser, KSL and its employees have a duty to place the interests of the Funds ahead of their own, and an obligation to address and mitigate conflicts of interest and the appearance of any conflicts of interest. The Code of Ethics sets out standards of business and personal conduct for each employee and addresses conflicts that arise from personal trading by employees and provides for disciplinary sanctions for Code of Ethics violations. All employees must acknowledge the terms of the Code of Ethics initially upon hire and thereafter annually.

The Code of Ethics incorporates the following principles, which require employees to:

- perform their duties conscientiously, honestly and ethically;
- comply with all applicable federal securities laws;

- avoid potential conflicts of interest;
- preserve the confidentiality of information they may obtain in the course of KSL's business and use such information properly and not in any way adverse to the interests of the Funds, subject to the legality of using such information; and
- promptly and affirmatively report any violations of the Code of Ethics.

The Code of Ethics places restrictions on personal trades by employees. Employees are restricted from purchasing and selling any security in public hospitality and leisure companies, except in certain limited circumstances. Employees are prohibited from trading in securities of any company while in possession of material, non-public information. Employees are required to disclose to KSL's Chief Compliance Officer ("CCO") annually any account in which they have direct or indirect ownership, including accounts over which they do not have investment discretion. Employees must also disclose to the CCO on a quarterly basis their reportable securities holdings and transactions in accounts in which they have direct or indirect beneficial ownership and over which they have investment discretion. Employees are also required to pre-clear with the CCO certain reportable securities transactions. As such, provided that they comply with the Code of Ethics, our employees are permitted to engage in certain personal securities transactions, including investing in the Funds.

The Code of Ethics restricts employees' ability to conduct activities outside the firm that may conflict with the interests of the Funds, requires preapproval for gifts and entertainment given or received in excess of certain values, restricts employees' ability to make political donations and provides for the imposition of sanctions for violations of the Code of Ethics.

The Code of Ethics is available to current and prospective investors upon written request to the CCO.

Participation or Interest in Client Transactions. Please refer to Item 10 above regarding fees paid to Affiliates.

Other Related Conflicts and Practices:

Side Letters. We sometimes enter into agreements with prospective investors that allow for different terms of investment in a Fund than the terms applicable to other Fund investors, including terms related to information rights, confidentiality obligations, and the structuring of portfolio investments. In general, we will not notify Fund investors when we enter into these agreements.

Disclosure of Portfolio and Other Information. We sometimes provide portfolio holdings information to entities that have been retained by Fund investors to evaluate portfolio risk. We provide this information in our sole discretion, and reserve the right to cease providing information at any time. We make reasonable efforts to preserve the confidentiality of the information we provide, such as by entering into non-disclosure agreements, but we cannot ensure that the entities we provide information to will fulfill their confidentiality obligations.

In the course of conducting due diligence, Fund investors periodically request information pertaining to their investments, and pertaining to us. We may respond to these requests, and may

provide information that is not generally made available to other Fund investors. When we provide this information, we do so without an obligation to update any such information provided. However, we endeavor to provide the information requested in the most current form available.

Gifts and Entertainment. Brokers, counterparties, service providers and other third parties with whom we do business occasionally provide gifts and entertainment to our employees. We and our Affiliates may enter into business transactions and relationships on behalf of a Fund with the donors of such gifts and entertainment. Such gifts and entertainment create a conflict of interest in our selection and retention of these donors as service providers for the Funds. To address this conflict, we have adopted policies and procedures to (1) monitor gifts and entertainment given and received by our employees and (2) require preapproval for gifts and entertainment given or received in excess of certain values. We also have policies and procedures in place to help us monitor, and limit, the political contributions that our employees make to public officials and candidates for elected office in accordance with the requirements of Rule 206(4)-5 of the Advisers Act.

Item 12 – Brokerage Practices

General Brokerage Practices

Based on the nature of the investment strategies we employ for the Funds we advise, we generally do not make use of securities broker-dealers in the traditional sense to buy and sell portfolio investments on behalf of the Funds; rather, most Fund investments are made through privately negotiated arrangements. Nonetheless, in implementing transactions for a Fund, we take into account a range of relevant factors when hiring third party service providers or other intermediaries, including:

- General expertise and background
- Stability/solvency of the service provider
- Time required to complete role sought
- Other similar factors
- Type and size of transaction
- Settlement capabilities
- Research services

On behalf of the Funds (or on behalf of their portfolio companies, if appropriate), we may engage investment banks, securities underwriters, real estate brokers, legal and tax experts, environmental experts, insurance professionals and other service providers. The Funds (or their portfolio companies, as applicable) pay these service providers through commissions or other service fees. We believe that analysis of the value of the services rendered by these service providers involves a number of factors, and that price is not the ultimate factor that determines whether we achieve “best execution” in selecting service providers. Where we pay commissions, they are generally based on the success of the transaction, and judged based on original purchase price and the amount of proceeds ultimately received by the Funds.

Research and Other Soft Dollar Benefits

We do not currently have “soft dollar” arrangements with any broker-dealers.

Brokerage for Client Referrals

Please refer to Item 14 below regarding our practices with respect to capital introduction and similar events sponsored by broker-dealers and other service providers.

Trade Aggregation

Because we typically only trade on behalf of a single Fund at any given time, we generally do not have the opportunity to aggregate the purchase or sale of securities for multiple clients. However, to the extent that we enter into a transaction on behalf of a Fund, a Supplemental Fund, and/or one or more AIVs, the transaction is “aggregated” in that each entity participates in the transaction *pro rata* with its interest.

Other Brokerage Practices, Issues, and Conflicts:

Cross Trades. We may effect “cross” transactions between Funds, if permitted by applicable law. In a “cross” transaction, one Fund will purchase investments held by another Fund. We will only effect these transactions:

- (i) when we deem the transaction to be in the best interests of both Funds; and
- (ii) if the cross transaction is permitted under the terms of the constituent documents of both Funds involved.

We have only effected cross transactions in instances where the Supplemental Fund participated in an investment. Fund constituent documents generally require that we seek approval from the Fund’s LPAC before entering into a cross transaction, so we anticipate that we would only effectuate future cross transactions with the prior approval of the Fund’s LPAC.

Trade Errors. We have established policies and procedures regarding the handling of trading errors (e.g., the purchase or sale of an investment in the wrong amount, or contrary to Fund investment guidelines). Pursuant to these policies and procedures, we try to correct errors as soon as practicable after discovery to ensure that Funds do not incur a loss. Where trading errors result in gains for a Fund, the Fund is credited with such gains. On the other hand, if a trading error results in a loss, we make Funds whole by reversing out the trade at our own expense.

Transactions with Fund Investors. We and our Affiliates sometimes enter into transactions with certain Fund investors such as, for example, co-investment opportunities or directed debt purchases. The terms of these transactions are negotiated on an arm’s-length basis; however, we and our Affiliates are subject to a conflict of interest when determining such terms because we may benefit from retaining such investors’ investment in our Funds.

Allocation of Our Time and Resources and Investment Opportunities. Our principals are required to devote substantially all of their business time to the affairs of the KSL and the Funds.

Generally, we are not subject to specific obligations or requirements concerning the allocation of our time, efforts, resources, or investment opportunities to any particular Fund. Our principals devote only such portion of their time to the affairs of each Fund as they in good faith consider necessary for the proper performance of their duties.

Complex Institutional Relationships. Throughout Item 12, and elsewhere in this Brochure, we disclose conflicts of interest arising out of our and our Affiliates' relationships with counterparties and service providers. These conflicts may be exacerbated to the extent that we and our Affiliates have multiple relationships, involving a variety of transactional work with the same or related entities. Because of the number and nature of these relationships, conflicts of interest that arise in connection with any one transaction or relationship can be compounded when many different transactions and relationships develop at the same time.

Item 13 – Review of Accounts

We review Fund accounts and portfolios quarterly. This review is carried out by our Director of Finance in consultation with our external accountants.

We provide Fund investors with quarterly and annual reports summarizing the performance of portfolio investments over the period. We also provide financial statements and valuations in accordance with ASC 820 (formerly known as FASB Statement 157). Level III assets are fair valued by KSL and represent the bulk of assets held by the Funds.

Item 14 – Client Referrals and Other Compensation

Referrals

When we are in the process of raising a new Fund, we typically engage the services of a registered broker-dealer to serve as placement agent for Fund units. We generally pay the placement agent a fixed fee for up to a certain amount of capital raised for the Fund, in addition to a percentage based on the amount of capital raised in excess of that amount, in each case, only with respect to capital raised from investors for which placement agent fees may be paid. We do not consider, in selecting or recommending broker-dealers, whether we, the Funds or related persons receive client referrals from such broker-dealers or other third parties. Placement agent fees are payable by the Funds and any such fees paid offset the management fee on a dollar-for-dollar basis.

Other Compensation

As described in Item 5 above, the transaction fees and monitoring fees we receive are sometimes not paid directly by the Funds, but by the portfolio companies they hold. These fees are paid pursuant to separate agreements we enter into with some portfolio companies to provide certain consulting services to the companies that we believe will ultimately enhance the value of the companies and benefit the Funds and their investors. The consulting agreements are separate and distinct from any agreements that our Affiliates have entered into with portfolio companies to provide Operations Management services, as described in Item 10 above.

Other Considerations

We may attend meetings or events sponsored by broker-dealers or other Fund service providers, which potential Fund investors may also attend. These events may create the appearance of using the services of these sponsors in order to be invited to their capital introduction programs. While it is possible that we may place brokerage or other transactions with these firms, it is highly unlikely that we would be introduced to Fund investors at these events and in no event are we obligated to use the service providers that sponsor these events in order to be invited or included. We do not pay to participate in these programs and we do not cause Funds to pay higher commissions or other transaction costs in connection with these programs or services (although Funds will not necessarily pay the lowest possible fee in connection with any particular transaction or service).

Item 15 – Custody

We are deemed to have custody of the Funds' assets because of our affiliation with each Fund's general partner. As permitted by Rule 206(4)-2 of the Advisers Act, we provide such Fund investors with the Fund's annual audited financial statements prepared by an independent public accountant and assets of the Funds are held by Qualified Custodians, as applicable.

Item 16 – Investment Discretion

We generally receive and exercise complete discretionary authority to manage investments on behalf of the Funds. We typically assume this authority through a power of attorney or contract provision granted or entered into by, or through the constituent documents of, a Fund (or its general partner).

Item 17 – Voting Client Securities

Although the private equity investment style we employ for the Funds does not generally give rise to any situations that would involve voting proxies, we have adopted proxy voting policies and procedures. Under our proxy policies, we commit to exercising proxy voting discretion consistent with our fiduciary duty to the Funds and with any revised procedures that are developed to address voting of proxies in the event that the Funds ever come to hold securities for which a proxy vote may be required. Our principals may also sit on the boards of portfolio companies to which we provide Operations Management and consulting services and, as such, may exercise voting authority with respect to various issues faced by the portfolio companies. As noted in Item 5, above, to the extent that we face any real or perceived conflicts of interest in voting on these matters, we bring the issue to the attention of the relevant Fund's LPAC for its approval.

Current and prospective investors may request a copy of our proxy policy and the proxy voting record relating to the Fund in which they are an investor by contacting us at the address or telephone number listed on the cover page of this Brochure.

Item 18 – Financial Information

As of the date of this Brochure, there exist no financial conditions that we are aware of that would be reasonably likely to impair our ability to meet our contractual commitments to clients.