

Item 1 – Cover Page

Form ADV Part 2A: FIRM BROCHURE

KSL ADVISORS, LLC

100 St. Paul Street, Suite 800
Denver, CO 80206
(720) 284-6400
www.kslcapital.com

March 29, 2019

This brochure provides information about the qualifications and business practices of KSL Advisors, 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 (the “SEC”) or by any state securities authority.

KSL Advisors, LLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration of an investment adviser does not imply any level of skill or training.

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

Item 2 – Material Changes

Since our last annual brochure filing on March 30, 2018, we launched the following new funds as also disclosed our Form ADV Part 1: KSL Capital Partners Fund V, L.P., KSL Capital Partners V-A, L.P., KSL Capital Partners V TE-A, L.P., KSL Capital Partners V TE, L.P., KSL Capital Partners V FF, L.P., and KSL Capital Partners Credit Opportunities Fund II FF, L.P., each a Delaware limited partnership.

We routinely make changes throughout this brochure to improve and clarify the descriptions of our business practices and compliance policies and procedures or in response to evolving industry and Firm practices. In this year's filing, the following Items have been updated, in addition to certain immaterial changes and/or conforming changes related to the following:

- Item 4: updated to reflect regulatory assets under management as of December 31, 2018;
- Item 5: updated description of certain fees and expenses with the addition of the new funds; and
- Item 8: updated description of risk factors and potential conflicts of interest with the new funds.

Item 3 – Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents	iii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation.....	3
Item 6 – Performance-Based Fees and Side-By-Side Management	12
Item 7 – Types of Clients	15
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	16
Item 9 – Disciplinary Information	37
Item 10 – Other Financial Industry Activities and Affiliations	38
Item 11 – Code of Ethics, Interest in Client Transactions and Personal Trading Code of Ethics	41
Item 12 – Brokerage Practices	44
Item 13 – Review of Accounts	46
Item 14 – Client Referrals and Other Compensation	47
Item 15 – Custody	48
Item 16 – Investment Discretion	48
Item 17 – Voting Client Securities	49
Item 18 – Financial Information	50

Item 4 – Advisory Business

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

KSL Advisors, LLC d/b/a KSL Capital Partners (together with its fund general partners (unless otherwise specified), “KSL Advisors”) was founded in 2005 by Michael S. Shannon and Eric C. Resnick, who currently serve as the firm’s Chairman and Chief Executive Officer (“CEO”), respectively, with Peter McDermott and Steven Siegel as two of the firm’s initial partners. KSL Advisors is controlled by Mr. Shannon and Mr. Resnick, and owned by Mr. Shannon and Mr. Resnick along with certain of the firm’s other principals and employees that own an interest directly or indirectly through KSL Associates, LLC, an affiliate of KSL Advisors. The general partner of each of the Funds (as defined below) is owned by Mr. Shannon and Mr. Resnick along with such other principals and employees. More information about the ownership of KSL Advisors may be found in our Form ADV Part 1, Schedule A.

We are a private equity firm specializing in travel and leisure enterprises in the following sectors: hospitality, recreation, clubs, real estate and travel services. KSL Advisors provides discretionary investment advisory and other services through affiliated entities (“Affiliates,” and together with KSL Advisors, “KSL,” “we,” or “us”) to (i) certain private equity funds sponsored and managed by KSL (each such private equity fund, an “Equity Fund” and collectively, the “Equity Funds”) and (ii) certain credit funds sponsored and managed by KSL (each such credit fund, a “Credit Fund” and collectively, the “Credit Funds”) (each of the Equity Funds and the Credit Funds, a “Fund” and collectively, the “Funds”). We also provide investment advisory services to Co-Investment Vehicles and to the CMBS Vehicle, each as defined more fully in Item 5 below.

Each Fund is managed by a general partner, which has the authority to make investment decisions on behalf of such Fund. Each general partner is deemed registered under the Investment Advisers Act of 1940, as amended (“Advisers Act”) pursuant to KSL Advisors’ registration in accordance with SEC guidance. This brochure also describes the business practices of each general partner, which operate as a single advisory business together with KSL Advisors and share common owners, officers, partners, employees, consultants, third party professionals, operating partners or persons occupying similar positions. The general partners do not have employees of their own. Each general partner has contracted with KSL Advisors or an Affiliate for day-to-day management of the Funds. For more information about the Funds we manage and the general partners of each Fund, please see our Form ADV Part 1, Schedule D, Sections 7.A and 7.B.(1).

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of

investment advice you offer, and disclose that your advice is limited to those types of investments.

We provide investment advisory services as a private equity fund manager to our Funds. KSL specializes in investing in travel and leisure businesses, including in the hospitality, recreation, clubs, real estate and travel services sectors. Our Equity Funds typically pursue transactions where we control the investment through whole ownership, joint venture or participating debt or preferred equity investments; the Credit Funds pursue performing debt investments not intended to result in control of the underlying assets.

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.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

Our advisory services are typically not specifically tailored to the individual needs of investors in the Funds; the investment advice and authority for each Fund are tailored to the investment objectives of that Fund. These objectives are described in the private placement memorandum, limited partnership agreement, investment advisory agreement, side letters and other governing documents of the relevant Fund (collectively, the “governing documents”).

Fund investors generally cannot impose restrictions on investing in certain securities or types of securities. Investors in Funds participate in the overall investment program for the applicable partnership, but may be excused from a particular investment due to legal, regulatory or other applicable constraints, pursuant to the terms of the applicable governing documents. KSL has entered into side letters with or similar written agreements with investors that have the effect of establishing rights under or altering or supplementing a Fund’s governing documents. Such rights may include, but are not limited to, notification provisions, reporting requirements and “most favored nations” provisions, among others. Side letters are typically negotiated at the time of the relevant investor’s capital commitment, and once invested in a Fund, investors generally cannot impose additional investment guidelines or restrictions on such Fund.

D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you

manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

We do not participate in any wrap fee programs.

E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.

As of December 31, 2018, we had approximately \$10,151,640,000 in regulatory assets under management, \$9,445,060,000 of which is managed on a discretionary basis and \$706,580,000 of which is managed on a non-discretionary basis.

Item 5 – Fees and Compensation

A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

For services provided to each Fund, the relevant Fund pays us a management fee (a percentage of assets under management, calculated either as a percentage of commitments or capital contributed for portfolio investments as more fully described below) and a performance-based fee (a percentage of the net profits from portfolio investments, described in Item 6 below). In addition, on occasion the Funds may pay directly, or indirectly through portfolio companies, transaction fees, monitoring fees and other expenses as more fully discussed below. Performance-based fees are charged in accordance with the requirements of Section 205(a)(1) and Rule 205-3 under the Advisers Act, to the extent applicable. For a discussion of performance-based fees, see Item 6 below.

The following is a general description of fees, compensation and expenses of the Funds. Differences exist from Fund to Fund, and not all Funds will be charged the same fees, compensation or expenses. Investors should refer to each Fund’s governing documents for a complete understanding of how KSL is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.

Management Fees

The Funds pay us a management fee up to the amount specified in each Fund’s governing documents. Currently the management fee payable by a Fund or Co-Investment Vehicle (as defined below) is between 0.50% and 1.75% per annum. In addition to the Funds and Co-Investment Vehicles, we manage a fund with a single investor that is focused on investments in commercial mortgage-backed securities (“CMBS”) and other strategies that result in lower-yielding investment returns than those sought by the Credit Funds (the “CMBS Vehicle”). The management fee paid by the CMBS Vehicle is lower than that of the Funds and Co-Investment Vehicles.

During the investment period of our Equity Funds, the management fee is generally based on the total capital commitments of such Fund's investors. Thereafter, the management fee is computed based on the investors' capital contributions that remain invested in portfolio companies or other investments, subject to various other factors.

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 assets held by Fund II (the "Supplemental Fund"). Investors in the Supplemental Fund included investors in Fund II, as well as additional investors. The Supplemental Fund paid a management fee based only on contributed capital that remained invested in portfolio companies or other investments. Investors in the Supplemental Fund that were also investors in Fund II were generally charged management fees lower than the management fee charged 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 will, at our sole discretion, permit certain strategic investors (which can include existing Fund investors, consultants, lenders, or unaffiliated third parties) ("Co-Investors") to invest in a single portfolio company alongside a Fund through a co-investment vehicle ("Co-Investment Vehicle"). The governing documents of the Funds generally require that any Co-Investment Vehicles we advise will not pay us management fees that are more favorable to us than those paid by the Funds, and the Co-Investment Vehicles pay a management fee at a rate that is equal to or lower than the rate charged by the applicable Fund on the amount of capital contributions actually invested in the applicable portfolio company. For consummated Co-Investment Vehicles, Co-Investors will bear their allocable share of such expenses. However, as such expenses are incurred for specific transactions, Broken Deal Expenses (as defined below) typically are not allocated to Co-Investment Vehicles; therefore, such Broken Deal Expenses will be borne by the applicable Funds. Co-Investors that are also investors in the applicable Fund are generally charged lower management fees than the management fee charged to Co-Investors that are not also investors in the applicable Fund. In certain of our Co-Investment Vehicles, Co-Investors are obligated to participate in additional investments in the portfolio company after the initial investment is made, up to the amount of their unfunded capital commitments, while in other Co-Investment Vehicles, Co-Investors are not obligated to participate in additional investments in the portfolio company. In all Co-Investment Vehicles, however, in the event that additional capital investment is required in the portfolio company after the Co-Investor's initial capital commitment to the Co-Investment Vehicle has been contributed (or is reserved for future use), Co-Investors have the right (but not the obligation) to invest additional capital through their Co-Investment Vehicle pro rata with the applicable Fund (or else be diluted), and the management fee paid would increase correspondingly.

To the extent that we, our principals and employees, and their respective family and friends, are Fund investors or Co-Investors, they will generally, at our sole discretion, pay reduced management fees or none at all. The existence of these arrangements is disclosed in the offering documents and limited partnership agreements of the relevant Funds and Co-Investment Vehicles. Management fees payable

to KSL are generally reduced in whole or in part (depending on the Fund) by (i) placement agent fees or commissions paid by the applicable Fund or the investors to any placement agents in connection with the offer and sale of interests in such Fund; (ii) organizational expenses that exceed a limit as specified in such Fund's governing documents; and (iii) if applicable, by certain other fees received by KSL, as discussed below in "Portfolio Company Remuneration" and with greater detail in each Fund's governing documents.

For certain Funds, to the extent that such an offset credit would reduce a Fund's management fee for a given quarter below zero, the credit will be carried forward for future application against payable management fees, and if a credit remains upon dissolution, a payment will be made to investors that have elected to receive its pro rata share of such amounts.

B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.

Management fees are generally accrued and payable quarterly in advance. Other fees (as described below in Item 5.C.) are paid either as a result of a capital call notice to investors, as an investment level expense, as a Fund expense or deducted from distributions to investors.

C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.

Portfolio Company Remuneration

Although fees may vary by Fund, we may also receive certain other fees and compensation with respect to portfolio investments, including any cash and non-cash net transaction fees, acquisition fees, monitoring fees, director's fees, consulting fees, break-up fees, closing fees, topping fees, administration fees or other remuneration (including any options, warrants or other equity securities). The amount of these fees to be paid by the portfolio companies are determined by us on a transaction-by-transaction basis, subject to the terms set forth in each Fund's or Co-Investment Vehicle's offering materials and other governing documents. Transaction fees generally would be 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 and the associated portfolio company.

The above fees are paid, or may be paid, as the case may be, by the portfolio companies as compensation for certain consulting services we provide, such as assistance with development and marketing, accounting or with obtaining financing to expand their businesses. In addition, portfolio companies often pay for or reimburse us for the travel of KSL employees and operating partners to visit such portfolio company. When fees are paid by a portfolio company, they are indirectly paid by the Fund and any Co-Investment Vehicles.

The management fees received from a Fund or Co-Investment Vehicle are offset by a portion of any such transaction fees and monitoring fees we may receive a portfolio company. The amount of this offset differs by Fund and Co-Investment Vehicle, but is typically 100%, net of any out-of-pocket and unreimbursed expenses incurred in connection with such portfolio investment and subject to further reduction as set forth in the applicable Fund's governing documents. To the extent any offsets relate to a portfolio investment held by multiple Funds or Co-Investment Vehicles, such offsets will generally be allocated based upon the ratio of the aggregate capital contributions with respect to the related portfolio investment made by each Fund or Co-Investment Vehicle (or by capital commitments of the relevant entities in the case of net break-up and topping fees). Accordingly, a Fund will, in most cases, only benefit from the management fee reduction described above with respect to its allocable portion of any such offset resulting from KSL's receipt of portfolio company remuneration and not the portion of any offset allocable to any other investor in a portfolio company.

From time to time, (i) employees of KSL or its Affiliates are seconded to fill vacant positions at portfolio companies on a substantially full-time basis and, depending on the Fund, such employees' costs are charged to either KSL or to those Funds permitted to bear such expense at no greater than the lesser of (x) the amount of such costs and expenses incurred by KSL and (y) the amount of such costs and expenses that would be incurred by such portfolio company if a third party were to provide such services in an arm's length transaction; (ii) employees of KSL Resorts, our affiliated hotel management company, or employees of one of our portfolio companies (such as Davidson Hotels & Resorts, Outrigger Hotels and Resorts or Apple Leisure Group) will be paid fees or other compensation by a portfolio company, or awarded equity incentives in the portfolio company, on terms set by the relevant Fund general partner, (iii) out-of-pocket expenses incurred by KSL Advisors, a general partner or their respective affiliates will be reimbursed by a portfolio company; and (iv) former senior principals or employees of KSL or its Affiliates who transition to roles at KSL portfolio companies or Affiliates will be paid fees by the relevant portfolio company and/or other compensation by KSL, and/or awarded equity incentives in the portfolio company and/or a KSL Fund. These amounts will not offset the management fee payable to KSL.

Similarly, from time-to-time, KSL may, in its sole discretion, agree to pay a transaction fee, portion of carried interest or other fee received from an actual or prospective portfolio company to a third party, such as a consultant, adviser, finder, placement agent, joint venture partner, operating partner, broker and/or investment bank. In such event, the third-party fee is not a fee that KSL is entitled to retain and, therefore, we are not required under the terms of the applicable governing documents to share such third party fees with a Fund or Co-Investment Vehicle.

Fees for Operations Management

The companies held in the Funds' portfolios pay fees to affiliated service providers in connection with the day-to-day 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) ("Operations Management"). These fees include, for example, fees paid to KSL Resorts, our affiliated

hotel management company, other operating businesses in which we or an affiliated service provider have an interest, or other portfolio companies (such as Davidson Hotels & Resorts, Outrigger Hotels and Resorts or Apple Leisure Group), that 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 Operations Management. Fees paid by Fund portfolio companies to other portfolio companies or to our affiliated service providers for such services will not reduce or offset any management fees we receive.

Operating Partner Fees and Expenses

KSL engages and retains advisers, consultants, operating partners, executive partners or other similar professionals (“third party professionals”) to assist with managing portfolio companies. The nature of the relationship with each third party professional and the amount of time devoted or required to be devoted by them varies considerably. In certain cases, third party professionals provide the Funds and/or KSL with industry-specific insights and feedback on investment themes, assist in transaction due diligence and make introductions to and provide reference checks on management teams. In other cases, third party professionals take on more extensive roles and serve as executives or directors on the boards of portfolio companies or contribute to the origination of new investment opportunities. In certain instances, KSL will have formal employment or other arrangements with these third party professionals (which may or may not be terminable upon notice by any party) and such third party professionals can be denominated operating partners or executive partners of KSL. In other cases, the relationship will be more informal. There can be no assurance that any of the third party professionals will continue to serve in such role and/or continue their arrangement with KSL and/or any portfolio company throughout the term of the Fund.

Third party professionals will, from time to time, receive payments, co-investment rights, equity allocations and/or other compensation or allocations with respect to portfolio companies and/or other entities, including a profits interest and options in a portfolio company or a percentage of the carried interest. Third party professionals typically incur expenses while working with KSL portfolio companies, and such expenses are paid or reimbursed by KSL, the relevant portfolio company or the relevant Fund. In the event a third party professional provides work for a portfolio company in addition to board service, any such fees are paid by the portfolio company and not offset against management fees. Similarly, these professionals are often appointed to sit on a KSL portfolio company board of directors and receive customary compensation from such portfolio company as well as reimbursement for the cost of their travel to and from such portfolio company board meetings and for other portfolio company business; such expenses are generally borne by the relevant portfolio company which the third party professional is advising but can also be paid by the relevant Fund. In such circumstances, all such fees, compensation, equity and reimbursements will not be deemed paid to or received by KSL Advisors and its affiliates and such amounts will not be subject to the management fee offset provisions described above.

Additional Fees and Fund Expenses

From time to time, we make investments in publicly traded debt and equity securities on behalf of the Equity Funds in accordance with such Fund's limited partnership agreements, which generally limit us from making open market purchases on behalf of such Funds except for securities purchased in connection with a contemplated privately negotiated transaction or in an amount not to exceed 10% of aggregate capital commitments to such Fund. The Credit Funds, subject to their respective investment mandates, purchase publicly traded debt and equity securities in accordance with their limited partnership agreements, which prohibit them from making investments in certain publicly traded securities collateralized by hospitality assets to the extent such investments exceed 25% of the aggregate capital commitments to such Credit Fund.

In addition to the fees described above, the Funds are responsible for expenses related to their operations, as described in each Fund's limited partnership agreement. Such expenses typically include (but are not limited to, and differ across Funds) the following fees, costs and expenses:

- Out-of-pocket fees, costs and expenses of tax advisors, legal counsel, auditors, consultants, investment and other bankers, third-party valuers and other professionals and service providers (including the cost of third-party fund administrators);
- Out-of-pocket fees, costs and expenses, if any, incurred in developing, negotiating, structuring, marketing and disposing of actual portfolio investments, including without limitation any financing, legal, accounting, advisory, consulting or third-party valuation expenses in connection therewith (to the extent not subject to any reimbursement of such costs and expenses by entities in which the Funds invest or other third parties);
- Broken Deal Expenses (as defined below), to the extent not reimbursed by an entity in which the Funds or a Co-Investment Vehicle has invested or proposes to invest or by other third parties or capitalized as part of the acquisition of an investment;
- Brokerage commissions, custodial expenses and other costs actually incurred in connection with making, holding, settling, monitoring or disposing of actual portfolio investments;
- Interest on and fees and expenses related to, or arising out of, all indebtedness of the Funds, including, but not limited to, the arranging thereof, defeasance costs or the out-of-pocket costs and expenses of outside counsel to investors incurred by such investors in connection with the negotiation and delivery of the investor consent and legal opinions of counsel requested by lenders to the Funds; provided that the foregoing fees and expenses will in certain cases instead be allocated to specific portfolio investments (in the general partner's sole discretion);
- The costs of any litigation, D&O liability, errors and omissions, cyber or other insurance and any indemnification or extraordinary expense or liability relating to the affairs of the Funds;
- Expenses of liquidating a Fund;
- Any taxes, fees or other governmental charges levied against the Funds and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds;

- The fees and expenses of any limited partner advisory committee (“LPAC”) or board of strategic advisors;
- Research and software expenses, subscription fees, Bloomberg fees, license fees and other expenses incurred in connection with data services providing market data, news feeds, securities and company information and company fundamental data and allocated to the Funds in accordance with KSL’s expense allocation policies and procedures;
- The costs and expenses of travel in connection with attending industry conferences and investigating and monitoring prospective or actual transactions or portfolio companies and their property (including charter or private air travel, which will be charged to the Funds or a portfolio company at the commercial business class equivalent times the number of passengers travelling);
- Expenses and costs associated with reporting to investors and reasonable and customary expenses and costs associated with meetings with investors (including annual meetings);
- Out-of-pocket expenses incurred in connection with the Funds’ legal, administrative, and regulatory compliance with U.S. federal, state, local, non-U.S., or other laws and regulations (including, without limitation, expenses and other charges allocated or relating to the Funds’ activities (including the preparation and filing of regulatory filings of KSL Advisors relating to the Funds’ activities, but excluding the costs of the Funds’ general partner(s) or KSL Advisors with respect to general compliance with the Advisers Act (such as the preparation and updating of Form ADV) and any other U.S. or non-U.S. regulatory requirements));
- Costs, fees and expenses for administrative support services (including data processing, data-room hosting, trading, settlement, client relations, accounting, advisory, legal and tax support and other services) outsourced to third party service providers;
- Third-party legal, compliance, custodial, depository, auditing, accounting and banking costs, fees and expenses, including for example out-of-pocket costs, fees and expenses attributable to legal compliance, trading settlement, client relations, accounting, and investor reporting in connection with the Funds or any alternative investment vehicle (“AIV”) and their respective activities, as well as those associated with the preparation of financial statements, tax returns and Schedule K-1s, the filing of various foreign tax withholding and treaty forms and the representation of the Funds, any AIVs or the investors by the partnership representative; and
- Expenses related to organizing entities through or in which investments are made, including any AIVs and any other subsidiaries of the Funds.

The expenses charged to each Co-Investment Vehicle and the CMBS Vehicle are detailed in the respective governing documents and differ by entity. Please refer to Item 12 of this brochure 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.

Our employees, and possibly other third parties appointed by us, routinely participate in due diligence trips related to prospective investments. The expenses related to these trips are often paid for by the business in which the prospective investment would be made, or will be paid for by us and reimbursed

by the applicable Fund. KSL maintains a private air travel policy which provides that, other than provided in the next sentence, private air travel that is charged to the Funds is charged at the equivalent of a business class ticket per employee passenger. In limited circumstances, some flights will be charged entirely to the Funds but only in the event that the related transaction is consummated; for example, prior to a deal closing, if KSL is taking a due diligence trip to target properties in multiple locations and commercial air travel is not a viable option. After a deal closes or in the event a deal does not close, all private air travel that is paid by the Funds (or by the portfolio company) is charged at the equivalent of a business class ticket per employee passenger and KSL Advisors pays any remainder.

Similar to appointments for operating partners, we sometimes appoint third party advisory board members to sit on a portfolio company's board of directors. Any expenses incurred by such advisory board member in relation to their service on a portfolio company board, such as the costs and expenses of travel to a portfolio company board meeting, are borne by the relevant portfolio company and not the Fund or KSL Advisors. Additionally, any fees received by such third party are not offset against management fees.

In good faith and in its fair and reasonable discretion, KSL Advisors determines on a case-by-case basis whether an expense should be borne by the Firm, a Fund or a portfolio company. To the extent that the governing documents do not expressly provide for a method of allocation or to the extent that any costs or expenses are allocable to more than one Fund, the Fund general partners will, in their discretion and in consultation with one another, make a good faith determination of the portion of such costs and expenses to be paid by each Fund, taking into account such factors as they deem relevant, such as relative unpaid capital commitments, invested capital and capital under management and in accordance with KSL's policy regarding expense allocation.

Our management fees are exclusive of the foregoing costs, as well as any portfolio company remuneration described above, all of which are incurred by the applicable Fund (either directly, or indirectly if the expenses are paid by the Fund's portfolio companies).

KSL Advisors bears all compliance costs of the Funds' general partners and itself with respect to the Advisers Act (such as the preparation and updating of Form ADV and Form PF) and any other U.S. or non-U.S. regulatory requirements applicable to the Funds' general partners and KSL Advisors.

Related Issues and Conflicts

Transaction Fees. While it is not our current practice, we have in the past, and may in the future, receive transaction fees based on investments and dispositions of the Funds' portfolio holdings. As a result, 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 would be 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 the

transaction fee we would receive. Generally, 100% of any transaction fee would be 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 is generally selected to serve on the board of directors (or equivalent body) of the portfolio company, or, as mentioned above, we sometimes appoint a third party to serve on the board of directors (or equivalent body) of the portfolio company on our behalf or in addition to our service. 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 LPAC for its approval.

Furthermore, fees for such services are often established upon the initial consummation of an investment. The terms of a monitoring agreement in certain instances provide for an acceleration of monitoring fees paid to KSL Advisors upon termination following certain milestones, such as an initial public offering or sale, and where the lump-sum termination fee is calculated as the present value of hypothetical foregone future payments (which in some cases extend past the term of a Fund and is based on an assumed growth in EBITDA or other metric used to calculate the fee) and will be calculated using a discount rate as low as the risk-free rate, as determined by KSL Advisors. In many cases with respect to the implementation of such arrangements, there is not an independent third party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio company.

Broken Deal Expenses. Each Fund will generally bear all out-of-pocket costs and expenses incurred in sourcing, developing, investigating, negotiating and structuring proposed investments or related co-investments that are not ultimately made, including (i) any legal, accounting, advisory, market research, consulting or other third party expenses (including the costs of negotiating the terms of any vehicle formed for the purpose of making such co-investment) and any travel and accommodation expenses, (ii) all fees (including commitment fees), costs and expenses of lenders, investment banks, brokers and other financing sources in connection with arranging financing for such a proposed investment and (iii) any termination or "reverse breakup" fees and any deposits or down payments of cash or other property that are forfeited in connection with a proposed investment or related co-investment ("Broken Deal Expenses"). If a prospective counterparty in an unconsummated transaction reimburses such Fund or any of its affiliates for any Broken Deal Expenses (such amount, the "Reimbursed Amount"), the general partner or its affiliates can in their sole discretion agree to share

any or all of such Reimbursed Amount with third party investors that participate in co-investment opportunities or similar arrangements to the extent such third party investors incurred costs and expenses in connection with such unconsummated deals. As a result of these sharing arrangements, it is possible that such Fund will not be reimbursed for 100% of its Broken Deal Expenses. Similarly, if a prospective counterparty pays such Fund or any of its affiliates a break-up fee in connection with an investment that ultimately does not close, the general partner can in its sole discretion share any or all of such break-up fee with third party investors that participate in co-investment opportunities or similar arrangements. As a result, it is possible that such Fund will not receive 100% of such break-up fees.

D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

The management fee is generally accrued and payable quarterly in advance and is payable without regard to the overall success or income earned by a Fund, Co-Investment Vehicle or the CMBS Vehicle. Installments of the management fee payable for any period other than a full calendar quarter are adjusted on a pro rata basis according to the actual number of days in such period, and in the case of the last period in which the management fee is paid. The Funds typically invest on a long-term basis. Accordingly, management fees are expected to be paid, except as otherwise described in the limited partnership agreements, over the term of the Funds, Co-Investment Vehicles and the CMBS Vehicle, and investors generally are not permitted to withdraw or redeem interests in such Funds or Co-Investment Vehicles; however, the investor in the CMBS Vehicle is permitted to withdraw as provided for by the governing documents of the CMBS Vehicle. Generally, management fees were negotiated with Fund investors during the respective fundraising periods and are not negotiable after the final closing of a Fund, Co-Investment Vehicle or the CMBS Vehicle.

E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

Neither KSL Advisors nor any supervised person accepts compensation for the sale of securities or other products, other than as described in this Item 5 and in Item 6 below and related references throughout this brochure.

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

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons

face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

As noted in Item 5 above, the Funds pay us certain performance-based fees in the form of carried interest. For the Equity Funds, this is 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 Fund portfolio holdings. For the Credit Funds, this is 15% 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 Fund portfolio holdings. For the Co-Investment Vehicles, such percentage is generally 10% and will never be more favorable to KSL Advisors and the relevant Fund general partner with respect to a Co-Investment Vehicle than to the corresponding Fund. There is no performance-based fee for the CMBS Vehicle. Our receipt of performance-based fees is subject to certain limitations set forth in the governing 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 and reimbursement of fees and expenses paid by the Funds. To the extent that we, our principals and employees, and their respective family and friends are Fund investors, and subject to our sole discretion, such persons will generally pay reduced performance-based fees or none at all.

All performance-based fees are calculated and paid in accordance with Section 205(a)(1) of the Advisers Act and the exemptions set forth in Rule 205-3. KSL's performance-based fees and other compensation payable to us and our Funds' and Co-Investment Vehicles' general partners are established by KSL at the time of the formation of the relevant vehicle and are subject to negotiation at KSL's discretion.

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 sufficiently 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 Equity Funds pay us roughly equivalent performance-based fee rates and not another type of fee such as hourly or flat fee or asset based fee, 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 Equity Fund (and possibly a related Supplemental Fund) will be in the "investment" phase, provided, however, it is possible that more than one Equity Fund or related Supplemental Fund will participate in a single portfolio investment in limited circumstances to the extent permitted by, and in accordance with, such Funds' respective governing documents. The "investment" phase of the Credit Funds will operate simultaneously with the "investment" phase of the applicable Equity Fund; however, the Credit Funds have a fundamentally distinct investment mandate from that of the Equity Funds; whereas the Equity Funds make control investments through

whole ownership, joint venture or participating debt or preferred equity investments, the Credit Funds pursue performing debt investments not intended to result in control of the underlying assets. Additionally, while the “investment” phase of the CMBS Vehicle overlaps with that of one of the Credit Funds, such overlap does not present material risk of management conflicts because the CMBS investments made by the CMBS Vehicle are explicitly excluded from the investment mandate of such Credit Fund. For a discussion of investment allocation between the Funds, see Item 8 below. 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 with a similar investment mandate (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.

The investment approach, strategy and focus of each our Funds, Co-Investment Vehicles and CMBS Vehicle are defined in their respective governing documents, and we have developed allocation guidelines, subject to certain investment considerations, to handle potential conflicts in relation to investment overlaps. We seek to manage potential conflicts of interest in good faith, and subject to the provisions of the governing documents of the affected Funds, and are guided by our fiduciary duties to our clients on any matter involving a conflict of interest. See Item 8 for an additional discussion of our allocation guidelines.

Co-Investment Vehicles. As noted above in Item 5, we will from time to time permit Co-Investors to invest alongside a Fund through a Co-Investment Vehicle. KSL will, in its sole discretion, offer co-investment opportunities to some investors in its Funds while not offering them to other investors in its Funds, and, to the extent that co-investment opportunities are offered, it is possible that an investor will be offered a smaller amount of co-investment opportunities than originally requested. The governing documents of the Funds generally require that the Co-Investment Vehicles will not pay us performance-based fees that are more favorable to us than those paid by the Funds. The governing documents of the Funds further provide that such Fund’s general partner is permitted to offer such co-investment opportunities to certain persons in its sole and absolute discretion. Additionally, certain of our Funds have entered into co-investment arrangements with certain of their investors whereby they are required to offer such investors the opportunity to co-invest in certain qualifying investments; the terms of these arrangements are set forth in the operating agreement or side letter agreements with such investors and, if applicable, described in detail in the relevant governing documents.

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 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).

Parallel Funds. For each Equity Fund and Credit Fund, we have organized one or more parallel funds (the “Parallel Funds”) for legal, regulatory or tax reasons. The Parallel Funds generally invest on a side by side basis with the Fund pro rata in all applicable Fund investments. The terms of each Parallel Fund can vary from those of the Fund to which such Parallel Fund relates and each such Parallel Fund can contain certain special economic and/or other terms. Certain of these changes are driven by laws, rules, regulations and policies applicable to certain investors which generally are not applicable to other investors.

Item 7 – Types of Clients

Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

As noted in Item 4 above, we provide portfolio management services to the Funds and the CMBS Vehicle (which may be organized as domestic or foreign partnerships or other similar entities) and to a select number of Co-Investment Vehicles. With the exception of employee and affiliate fund vehicles the Funds, the CMBS Vehicle and Co-Investment Vehicles generally limit their respective investors to persons who are “accredited investors” as defined in the Securities Act of 1933, as amended (the “Securities Act”), “qualified clients” as defined in the Advisers Act and, in the case of those Funds that rely on the exemption from registration under the Investment Company Act of 1940, as amended, “qualified purchasers” or “knowledgeable employees” each as defined in the Investment Company Act of 1940. The Investors in the Funds must generally meet certain suitability and net worth qualifications prior to making an investment in the Funds (again, with the exception of employee and affiliate fund vehicles). The Funds typically require capital commitments from each investor of at least \$10 million, although a Fund’s governing documents allow for exceptions under certain circumstances, and the Funds have previously, in certain instances, permitted investors to make capital contributions of less than \$10 million.

Investors in the Funds include a broad range of U.S. and non-U.S. investors, including, among others, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, trust programs and other institutions. In addition, as previously mentioned, employees and other persons associated with KSL Advisors and/or its Affiliates are investors in the Funds.

As described more fully in Item 5 above and Item 8 below, we offer co-investment opportunities to strategic investors when additional capital is necessary for a Fund investment, taking into account the applicable Fund’s investment limitations, the size of the investment opportunity and the demand among potential Co-Investors. Subject to any restrictions contained in the governing documents of the relevant Fund or any side letter or other terms negotiated with respect to such Fund, and except with respect to the CMBS Vehicle and one Credit Fund, investors generally do not have a right to participate in any co-investment opportunity.

Co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as a Fund making the investment. However, from time to time, for strategic and other reasons, a Co-Investor or Co-Investment Vehicle will purchase a portion of an investment from one or more Funds after such Fund(s) have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a Co-Investor or Co-Investment Vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in our sole discretion, we are authorized to charge interest on the purchase to the co-investor or co-invest vehicle, and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

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

A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.

We specialize in investing in businesses in the travel and leisure industry. In doing so, with respect to the Equity Funds, 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 Equity Funds' investments varies, but will typically include methods such as:

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

With respect to the Credit Funds, we seek to identify mispriced first mortgage and mezzanine debt instruments that are secured by high quality travel and leisure assets in well-located markets. The form of the Credit Funds' investments will vary, but will typically include methods such as:

- Subordinate debt investments;
- Alternative first mortgage investments; or
- Subordinate CMBS (with respect to the Credit Funds), corporate real estate bonds and preferred equity.

With respect to the CMBS Vehicle, we seek to identify mispriced performing single-asset/single borrower and multi-asset/single borrower CMBS that are secured by high quality travel and leisure assets in the United States. We expect that the CMBS Vehicle will also invest in mezzanine loans and junior participation interests in mortgage loans secured by high quality hospitality properties in the United States, but only such loans and participations that do not meet the investment objectives of

the Credit Funds or are investments that the Credit Funds either cannot participate in or have consented to allow the CMBS Vehicle to participate in.

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 are particular to the proposed transaction.

After making an investment in our Equity Funds, 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 Equity 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.

The Credit Funds generally seek to invest in performing debt and debt-like instruments not intended to result in control of the underlying assets, including (i) providing rescue or "gap" financing, (ii) acquisition financing and (iii) purchase of existing public and private debt instruments. In some cases, the underlying assets or business suffer from temporary or correctable inefficiencies in its operations, physical plan, capital structure, or market position that the Credit Funds' capital and underwriting will address.

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

We expect to use some or all of these techniques, and we reserve the right to depart from or modify the approaches described here. More information about each Fund is available in such Fund's governing documents.

B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Risk Factors

All investing involves risk of loss. Current and prospective KSL investors are cautioned that investments in the Funds, Co-Investments Vehicles and the CMBS Vehicle involve risk, including the possibility of a complete loss of the amount invested, and that they should be prepared to bear those risks. There can be no assurance that any investment, investment program or portfolio company will

achieve its stated objectives. Investors should also refer to a Fund's governing documents for a description of the risk factors specific to their Fund. Some of the primary risks (described more fully in each Fund's offering documents) involved in the investment strategy we employ for the Funds include:

Reliance on the General Partners and KSL Advisors. The Funds' respective general partners and KSL Advisors have exclusive responsibility for each Fund's activities, and, other than as expressly set forth in each Fund's limited partnership agreement, investors have no rights or powers to take part in the management of the Fund or to make investment or other decisions, including disposition decisions, and will not receive the level of financial information relating to portfolio companies that will be available to the general partner of such Fund. The success of any Fund depends on our skill and ability to identify and consummate suitable investments, to improve the operating performance of investments and to dispose of such investments at a profit. The loss of the services of one or more of our investment professionals could have a materially adverse impact on a Fund's ability to realize its investment objectives. There can be no assurance that an investment professional will continue to be affiliated with a particular Fund throughout its term.

Leverage. We expect to invest Equity Fund assets in portfolio companies that employ significant leverage. While investments in leveraged companies can offer greater opportunity for capital appreciation than investments in unleveraged companies, such investments also involve a higher degree of risk. The Funds' investments often involve significant leverage, as a result of which economic downturns, operating problems and other general business and economic risks have a more pronounced effect on the profitability or survival of these portfolio companies. Moreover, rising interest rates can significantly increase portfolio companies' interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet its debt obligations, the relevant Fund can suffer a partial or total loss of capital invested in the portfolio company. In addition, borrowings by and credit support arrangements of a Fund will generally be secured by the respective investors' commitments as well as by such Fund's assets.

A leveraged company will typically be subject to restrictive covenants imposed by lenders restricting its activity, or be limited in making strategic acquisitions or obtaining additional financing, and will have increased exposure to adverse economic conditions. Securities acquired by the Equity Funds can be the most junior in 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 make it more difficult to compete for new investments with other potential buyers who have a lower cost of capital.

The Credit Funds will seek to make investments on a leveraged basis as a key part of their investment strategies, and a portion of such borrowing will be at floating interest rates. Leverage will be employed

for advancing capital calls and other cash management purposes and can at times also be employed for hedging purposes. Leverage can be applied with respect to a Credit Fund's portfolio as a whole or with respect to one or more investments, and the presence of such borrowing will magnify the volatility of such Credit Fund's investment portfolio and substantially increase the risk profile of such Credit Fund and its investments. In addition to more traditional borrowing structures, the Credit Funds will likely structure credit facilities through the use of one or more revolving credit facilities, a special purpose vehicle or a repurchase transaction. If a Credit Fund is unable to obtain financing, including on favorable terms that reflect financing provided by such Credit Fund to its underlying obligors, this will likely have a material adverse impact on such Credit Fund's ability to achieve its investment objectives and the return on invested capital. While such leverage can cause a Credit Fund's returns to increase at a faster rate than would be the case without borrowings, if investment results fail to cover the principal, interest and other costs of borrowings, such Credit Fund's returns could also decrease faster than if there had been no borrowing (and, if the investments fail to perform to expectation, the interests of investors will be structurally subordinated to such leverage, which will compound any such adverse consequences).

Financing Secured by Investments. With respect to the Credit Funds, financing may be structured as a repurchase transaction, in which the owner of the asset during the term of the financing is the lender rather than the Fund. Default resolution under such repurchase facilities is much quicker than under typical secured facilities and the lender, as owner of the asset, can upon the occurrence of an event of default under such repurchase facility liquidate the asset and avoid a lengthy foreclosure process. Financing secured by a Fund's investments will also typically be subject to "mark-to-market" provisions in which a decrease in the market value of the Fund's investments would increase the effective amount of leverage and could result in the possibility of a "margin call," pursuant to which the Fund must either deposit additional funds or collateral with the lender, which in turn will require investors to make additional capital contributions to the Fund or suffer mandatory liquidation of the pledged collateral to compensate for the decline in value. To the extent that a Fund's investments are liquidated at an inopportune time in order to satisfy a "margin call," the Fund's performance would be adversely impacted, and should the value of the Fund's collateral decline significantly enough, the Fund will possibly lose all or a substantial amount of its capital invested in such investment. Moreover, if additional capital contributions were required to satisfy a "margin call," this would effectively reduce the amount of capital available for other investments and could adversely affect the diversification of the Fund's portfolio. In the event of a sudden, precipitous drop in the value of the Fund's investments, the Fund might not be able to liquidate such investments quickly enough to pay off its debt.

The Credit Funds may also cross-collateralize financing for multiple investments and therefore subject such investments to a simultaneous risk of loss. As a result of cross-collateralization, a Fund could also lose its interests in performing investments in the event such performing investments are cross-collateralized with poorly performing or non-performing investments.

Subscription Credit Facility. Certain of the Equity Funds and Credit Funds utilize (or intend to utilize) a subscription credit facility. The subscription credit facilities are secured by a pledge of the right to issue drawdown notices in the name of the general partner of such Fund and related rights with respect to capital commitments and capital contributions to such Fund. The exercise by the lenders under such facility of their drawdown right would reduce the amount of capital otherwise available to such Fund for investments and therefore reduce the ability of the Fund to make further investments, which can negatively impact the Fund's investment objectives and returns. In connection with a subscription credit facility, investors will generally be required to execute an investor acknowledgement (in the governing documents or otherwise) for the benefit of the lenders under the subscription credit facility and acknowledge their obligations to pay their share of indebtedness up to their unfunded capital commitments.

Any inability of such Fund to repay such borrowings could enable a lender to call capital from the investors and, to the extent that such investors fail to fund any such capital call, to take action against the investors and their interests in the Fund. In connection with the foregoing, the general partner of such Fund will have the right to agree (a) to subordinate distributions to the investors to payments required in connection with any borrowings, guarantees or other extensions of credit and (b) that during the term of any borrowings or guarantees, the Fund will not initiate bankruptcy, insolvency, liquidation, reorganization, dissolution proceedings or any analogous proceedings without the consent of any lender to the Fund. Furthermore, to the extent that such Fund draws capital from a subscription credit facility to fund investments (rather than drawing down capital from the investors), it is possible that the amount and timing of contributions and distributions to the investors will be affected in a manner that in some circumstances could be potentially adverse to the investors.

The interest expense and other costs of any borrowings can be allocated to specific portfolio investments or, in the alternative, such interest expense and other costs can be deemed to be Fund expenses, in the relevant general partner's sole discretion, and accordingly, can decrease net returns of a Fund. Interest can accrue on any such outstanding borrowings at a rate lower than the preferred return payable to investors, which will begin accruing when capital contributions to fund such investments (or repay borrowings used to fund such investments), are originally due to such Fund. In the event an investment acquired with proceeds of such borrowing loses value, investors can be subject to capital calls to fund that loss as a Fund expense by repaying the credit facility, including related interest and expenses. In the event an investment appreciates in value and is disposed of prior to repayment of the borrowing, the disposition proceeds would be applied to repay the borrowing (and related interest and expenses), and the net proceeds would be distributed to investors without a preferred return accrual on the amount invested by a Fund (due to the absence of invested capital funded by investors) prior to the determination of the performance fee payable to KSL and/or its affiliate(s). Accordingly, borrowings by a Fund can support the distribution of proceeds to investors and increase the potential performance fee for KSL and/or its affiliate(s), which is subject to conflicts of interest.

In addition, the use of a subscription-based credit facility (or other Fund-level leverage) with respect to investments will result in a higher reported internal rate of return (“IRR”) at the Fund level than if such subscription facility (or other Fund-level leverage) had not been used and instead the investors’ capital had been contributed at the inception of each such investment. This is due to the fact that calculations of IRR are based on the period of time between (i) the date of investors’ contributions for a relevant investment (and not the date the investment was made) and (ii) the date of distribution from a Fund to investors. Therefore, if a subscription facility is used to fund an investment, capital can be called more slowly from the investors to repay such borrowings, which would shorten the time between such contribution and distribution and consequently increase IRR.

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 cyclicalities, 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 are 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.

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. The activity of identifying, completing and successfully disposing of portfolio companies is highly competitive and involves a high degree of uncertainty. The Funds will encounter competition from other entities having similar investment objectives. The availability of investment opportunities generally will also be subject to market conditions. In particular, in light of changes in such conditions, including changes in the availability and cost of debt financing, certain types of investments will not always be available to a Fund on terms that are as attractive as the terms on which opportunities were available to any predecessor funds. The Funds will be competing for investments with many other private equity and real estate investment vehicles, as well as individuals, financial institutions (such as banks, pension funds and real estate investment trusts (“REITs”)), hedge funds, other financial investors investing directly or through affiliates and strategic industry acquirers. Furthermore, over the past several years, an ever-increasing number of private equity and hedge funds, real estate funds and publicly traded REITs have been formed (and many such existing funds and REITs have consolidated or grown in

size). These and additional funds and REITs that are formed in the future by other, unrelated parties or upon further consolidation could have investment objectives similar to those of the Funds. Some of these competitors will have more relevant experience, greater financial resources and more personnel than the general partners, KSL Advisors and their affiliates. It is possible that competition for appropriate investment opportunities will increase, thus reducing the number of opportunities available to the Funds and adversely affecting the terms upon which investments can be made. There can be no assurance that the Funds will be able to identify or consummate portfolio investments satisfying their investment criteria or that such investments will satisfy the Funds' rate of return objectives. Likewise, there can be no assurance that the Funds will be able to realize upon the values of their investments or that they will be able to invest their committed capital. To the extent that the Funds encounter competition for investments, returns to investors can potentially decrease.

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 of 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 render the sale or refinancing of properties difficult or impracticable, negative developments in the economy that depress consumption and 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 can result from the absence of an established market for such investments, as well as legal or contractual restrictions on their resale by a portfolio company or a Fund.

Risks of Acquiring Real Estate Loans and Participations. Real estate loans or participation interests therein acquired by a Fund may be at the time of their acquisition, or may become after acquisition, non-performing for a wide variety of reasons. Such non-performing loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and/or a substantial writedown of the principal invested in such loans. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such loans, replacement "takeout" financing will not be available. Purchases of participations in loans raise many of the same risks as direct investments in loans and also carry risks of illiquidity and lack of control. It is possible that KSL may find it necessary or desirable to foreclose on collateral securing one or more loans purchased by a Fund. The foreclosure process varies by jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a loan including, without limitation, numerous lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states and jurisdictions, foreclosure actions can take up to several years or more to conclude. At any time during the foreclosure

proceedings, the borrower may have the ability to file for bankruptcy, which would have the effect of staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property. In addition, certain of the loans in which a Fund invests may be structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time.

It is anticipated that some of a Fund's debt investments may not be rated by any recognized rating agency. Generally, the value of unrated classes is more subject to fluctuation due to economic conditions than rated classes. Overall credit quality may move up or down frequently within this category. A Fund's acquisition of credit support classes of securitizations which are unrated at the time of acquisition, or which have lower ratings, incrementally increases the risk of nonpayment or of a significant delay in payments on these classes. Should assets be downgraded, it may materially adversely affect their value and the value of a Fund.

Mortgage Backed Securities. As part of its portfolio of investments, a Fund may invest in mortgage-backed securities. The return on such securities will relate to a portfolio of mortgages or other indebtedness (underlying loans) secured on properties. The ability to collect amounts due under the underlying loans (and therefore the return on the securities) is subject to credit, liquidity and interest rate risks and will generally fluctuate in response to, among other things, market interest rates, general economic conditions, the financial standing of the borrowers who are the recipients of the underlying loans and other similar factors which may or may not affect property values. In addition, in the event of enforcement against a borrower of the underlying loan, the ability of the issuer of the securities to dispose of the properties on which an underlying loan is secured at a price sufficient to repay the amounts outstanding under the relevant underlying loan will depend upon a number of indeterminable factors, including, among other things, the availability of buyers for that property and property values in general at that time. The assets of the issuer of the securities may be insufficient to meet all claims of holders of securities issued by such issuer. In certain circumstances, through the operation of insolvency laws, an issuer of mortgage-backed securities may be able to obtain protection from its creditors for a period of time. During this period, except with the consent of a court in the relevant jurisdiction: (i) insolvency procedures may not be commenced in relation to the issuer of the securities; (ii) any security created by the issuer, in respect of mortgage-backed securities or otherwise, over its assets cannot be enforced; and (iii) no other legal process can be taken in relation to the issuer. This may limit the amount and timeframe in which a Fund can receive back all or part of any part of its investment in mortgage-backed securities.

In general, subordinated tranches of mortgage-backed securities are entitled to receive repayment of principal only after all principal payments have been made on more senior tranches and also have subordinated rights as to receipt of interest distributions. Such subordinated tranches are subject to a greater risk of non-payment than are senior tranches or mortgage-backed securities backed by third-party credit enhancement. In addition, an active secondary market for such subordinated securities is not as well developed as certain other mortgage-backed or other securities markets. In addition, the

secondary market for mortgage-backed securities has often been less liquid in recent years than it was in the past. Accordingly, mortgage-backed securities acquired by a Fund may have limited marketability.

Investment in Land/New Development Through its investments, a Fund may acquire direct or indirect interests in undeveloped land or underdeveloped real property, which may often be non-income producing. To the extent that a Fund acquires such assets, it will be subject to the risks normally associated with such assets and development activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory or environmental approvals, the cost and timely completion of construction (including risks beyond the KSL's control, such as weather, labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on a Fund and on the amount of funds available for distribution to the investors. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that make such development less attractive than at the time it was commenced. Investments in land and new development may also result in "unrelated business taxable income."

Investment in Troubled Assets. As part of our investment strategy, we will at times cause the Equity Funds to make substantial investments in nonperforming, underperforming or other troubled assets or under-capitalized companies or other restructurings 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 these assets that we purchase for the Equity Funds will in some instances be originated by financial institutions that are insolvent, in serious financial difficulty or no longer in existence. As a result, it is possible that these assets were originated under less than optimal standards and there can be limited recourse against the selling institution. In addition, the value of these assets can be adversely affected by the standards used in servicing or operating the assets.

Certain investments can 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 can, 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 will have their claims subordinated or disallowed or 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) will 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 can delay the ability of the Funds to realize on collateral for loan positions or adversely affect the priority of such loans through doctrines such as equitable subordination. Bankruptcy laws can also result in a restructure of debt without the Fund's consent under the "cramdown" provisions of the bankruptcy laws and also result in a discharge of all or part of the debt without payment to the Funds. Non-U.S. jurisdictions will likely present analogous or different credit issues.

Illiquid and Long-Term Investments. Most private equity investments made by the Equity Funds are highly illiquid, and there can be no assurance that any such Fund will be able to realize on such investments in a timely manner or at all. Further, although certain investments by the Credit Funds are expected to generate some current income, the return of capital and the realization of gains, if any, from an investment by a Credit Fund will occur only upon maturity, sale or refinancing of such investment and there is unlikely to be any public market for the investments held by such Credit Fund at the time of their acquisition. Consequently, dispositions of investments will at times require a lengthy time period or result in distributions in-kind to investors. While an investment can be sold at any time, it is generally expected that this will not occur for a number of years after the investment in a portfolio company is made. The Equity Funds will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in a private placement or other transaction exempt from registration under the Securities Act. Likewise, a Credit Fund will not in some cases be able to sell its investments publicly unless their sale is registered under applicable securities laws (or an exemption from such registration is available). In some cases, the Funds will be contractually prohibited from selling certain securities for a period of time, and as a result will not be permitted to sell a portfolio investment at a time it might otherwise do so. Even where the Funds hold publicly traded securities, a Fund's position can potentially 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 in such company by selling shares into the market.

Environmental Liabilities. A Fund's investments are subject to substantial risk of loss from environmental claims arising in respect of investments made with undisclosed or unknown environmental problems, as well as from health or occupational safety matters, or inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. Under various federal, state, local and other applicable laws, ordinances and regulations, an owner of real property can be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws can impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. Some environmental laws create a lien on contaminated property in favor of governments or government agencies for costs they incur in connection with the contamination. The presence of such substances, or the failure to properly

remediate contamination from such substances, will likely adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have a materially adverse effect on a Fund's return from such investment. Environmental claims with respect to a specific investment can exceed the value of such investment and, under certain circumstances, subject the other assets of a Fund to such liabilities. In addition, even in cases where a Fund investment is indemnified by the seller against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial ability of the seller to satisfy such indemnities or the ability of such Fund's portfolio company to achieve enforcement of such indemnities for the benefit of the Fund.

The ongoing presence of environmental contamination, pollutants or other hazardous materials on a property (whether known at the time of acquisition or not) could also result in personal injury (and associated liability) to persons on the property and persons removing such materials, future or continuing property damage (which will likely adversely affect property value) or claims by third parties, including as a result of exposure to such materials through the spread of contaminants.

In addition, a Fund's operating costs and performance will potentially be adversely affected by compliance obligations under environmental protection statutes, rules and regulations relating to investments of the Fund, including additional compliance obligations arising from any change to such statutes, rules and regulations. Statutes, rules and regulations also restrict development of, and the use of property. Certain clean-up actions brought by federal, state and local agencies and private parties can also impose obligations in relation to investments and result in additional costs to the Fund.

Contingent Liabilities Upon Disposition. In connection with the disposition of an investment, an Equity Fund will generally be required to make representations about the business, financial affairs and other aspects (such as environmental, property, tax, insurance and litigation) of the investment typical of those made in connection with the sale of any business or assets and can be responsible for the content of disclosure documents under applicable securities laws. It will typically also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements will result in contingent liabilities which will be borne by an Equity Fund, and its investors will in certain circumstances be required to return amounts distributed to them to pay for such Fund's obligations, including indemnity obligations, subject to certain limitations set forth in such Fund's governing documents. Furthermore, under the Delaware Revised Uniform Limited Partnership Act (the "Act") and other similar laws in the case of AIVs and Parallel Funds, if applicable, each investor that receives a distribution in violation of the Act will, under certain circumstances, be obligated to recontribute such distribution to a Fund.

Litigation at the Property Level. The acquisition, ownership and disposition of real properties entail certain litigation risks. Litigation may be commenced with respect to a property acquired by a Fund or a portfolio company in relation to activities that took place prior to a Fund's acquisition of such property. In addition, at the time of disposition for an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer

should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made in the event that such buyer is passed over in favor of another as part of a Fund's efforts to maximize sale proceeds. Similarly, buyers of Fund or portfolio company assets may later sue such Fund or a portfolio company under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence.

Potential Conflicts of Interest. We manage different investment strategies which present the possibility of overlapping investments, and thus the potential for conflicts of interest. If any matter arises that we determine in our good faith judgment constitutes an actual conflict of interest between Funds, we will take such actions as we deem necessary or appropriate to prevent or reduce the conflict. Please see Item 11 of this brochure for a further discussion of possible conflicts of interest.

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 will 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.

Management Team. The day-to-day operations of each portfolio investment of the Funds are the responsibility of such company's management team or, in the case of hotel investments, KSL Resorts,

an affiliated hotel management company, another third party hotel management company, or another portfolio company (including a portfolio company of another Fund, such as Davidson Hotels & Resorts, Outrigger Hotels and Resorts or Apple Leisure Group). Although we will be responsible for monitoring the performance of each investment, there can be no assurance that the existing management team, or any successor, will be able to operate the investment successfully or implement any planned operational improvements.

Due Diligence Trips. As described in Item 5 under “Additional Fees and Fund Expenses,” our employees routinely go on due diligence trips related to a prospective investment, and the expenses related to these trips are paid for by the applicable Fund (unless the prospective investment is subsequently consummated, in which case such expenses are paid for by the underlying business). To the extent we believe it appropriate, we will then invest Fund assets in these companies, which may present the appearance of or an actual conflict of interest.

Non-Control Investments and Investments with Third Parties. The Funds will at times hold non-controlling interests in certain investments or, similarly, co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring non-controlling interests in certain portfolio companies. As a result, the Funds can potentially have a limited ability to protect their position therein. Such investments involve risks not present in investments where a third party is not involved, including the possibility that a third-party partner or Co-Investor will have financial difficulties resulting in a negative impact on such investment, including the Funds’ ability to exit such investments, will have economic or business interests or goals which are inconsistent with those of the Funds, or be in a position to take (or block) action contrary to the Funds’ investment objectives, as well as the increased possibility of default by, diminished liquidity or insolvency of the third party due to a sustained or general economic downturn. In addition, the Funds can in certain circumstances be liable for the actions of its third-party partners or Co-Investors. Investments made with third parties in joint ventures or other entities will generally involve carried interest and/or other fees payable to such third-party partners or Co-Investors.

In other investments, the Funds will exercise control. The exercise of control over an entity can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristics of business ownership are ignored. If these liabilities were to arise, the Funds might suffer significant losses.

Joint Venture Partners. The Funds have and will from time to time enter into one or more joint venture arrangements with strategic partners that have significant expertise in a particular segment of the real estate industry (“Joint Venture Partners”). Investments made with Joint Venture Partners will involve performance-based compensation and/or other fees payable to such Joint Venture Partners (as determined by the relevant general partner in its sole discretion) payable by the joint vehicle or investment, which will reduce the actual returns realized by investors on their investments in the Funds.

Additionally, some of the third-party operators and Joint-Venture Partners with which we elect to co-invest a Fund's capital may have existing investments with us. The terms of these existing investments may differ from the terms upon which a Fund invests with such operators and Joint Venture Partners. To the extent a dispute arises between KSL and such operators and Joint Venture Partners, a Fund's investments relating thereto may be affected.

Minority Investments. The Funds will in certain instances invest in minority positions of companies for which such Fund has no right to exert significant influence. In such cases, the Funds will be significantly reliant on the existing management and board of directors of such companies, which include representatives of other investors with whom the Funds are not affiliated and whose interests can conflict with the interests of the Funds. While the Funds generally expect that the appropriate minority shareholder rights will be obtained to protect their interests to the extent possible, there can be no assurance that such minority shareholder rights will be available or that such rights will provide sufficient protection of the Funds' interests.

Registration under the U.S. Commodity Exchange Act. Registration with the U.S. Commodity Futures Trading Commission (the "CFTC") as a "commodity pool operator" or any change in a Fund's operations necessary to maintain the ability of the general partner of such Fund to rely upon the exemption from registration as a commodity pool operator with the CFTC could adversely affect such Fund's ability to implement its investment program, conduct its operations and/or achieve its objectives and subject such Fund to certain additional costs, expenses and administrative burdens. Furthermore, any determination by a Fund's general partner to cease or to limit investing in interests which may be treated as "commodity interests" in order to comply with the regulations of the CFTC may have a material adverse effect on such Fund's ability to implement its investment objectives and to hedge risks associated with its operations.

Eurozone Risks; Brexit. There are significant and persistent concerns regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the Euro and the suitability of the Euro to function as a single currency given the diverse economic and political circumstances in individual Eurozone countries. The risks and prevalent concerns about a credit crisis in Europe could have a detrimental impact on global economic recovery as well as on sovereign and non-sovereign debt in the Eurozone countries. There can be no assurance that the market disruptions in Europe will not spread to other countries, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilize affected countries and markets in Europe or elsewhere. These and other concerns could lead to the re-introduction of individual currencies in one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the Euro entirely. Should the Euro dissolve entirely, the legal and contractual consequences with respect to the Funds, their investors and their investments in Europe could be determined by laws in effect at such time. These potential developments could negatively impact the ability of the Funds to make investments in Europe, the value of the Funds' investments in Europe and the general availability and cost of financing permitted investments.

Given the size and importance of the UK's economy, uncertainty or unpredictability about its legal, political and economic relationship with the EU may be a source of instability, create significant currency fluctuations, and/or otherwise adversely affect international markets, arrangements for trading or other existing cross-border co-operation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future including during negotiations and beyond the date of the UK's withdrawal from the EU. For these reasons, the decision of the UK to leave the EU could have adverse consequences on the Funds, the performance of their investments and their ability to fulfil its investment objectives.

Availability of Insurance Against Certain Catastrophic Losses. Certain losses of a catastrophic nature, such as wars, earthquakes, hurricanes and other natural disasters, terrorist attacks or other similar events, may be either uninsurable, in whole or in part, or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism or similar events such as "active shooters" on properties in which the Funds may invest are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums that can greatly increase the total costs of casualty insurance for a property. As a result, not all investments may be insured against terrorism. In addition, recent catastrophic weather events have impacted the availability of certain insurance. If a major uninsured loss occurs, a Fund could lose both invested capital in and anticipated profits from the affected portfolio company.

Termination Fees. Certain fees (including monitoring fees) will from time to time be established upon the consummation of a portfolio investment by a Fund. The terms of such monitoring fee agreements may provide for a periodic fee which may be fixed or determined based on the performance of the portfolio company and, under certain circumstances provide for an acceleration of monitoring fees paid to KSL Advisors upon termination following certain milestones (such as an initial public offering or strategic exit). In many cases with respect to the implementation of such arrangements, there is not an independent third party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest may exist in the determination of any such fees and other related terms in the applicable agreement with such portfolio company. Except as set forth in a Fund's partnership agreement, which provides for a partial or complete offset to management fees for the amount of any portfolio company remuneration received from a Fund or Co-Investment Vehicle, the investors will not receive the benefit of certain fees received by the general partner and its Affiliates from portfolio companies in connection with the purchase, monitoring or disposition of investments or in connection with unconsummated transactions (*e.g.*, transaction, directors', consulting, management, investment banking, closing, topping, break-up and other similar fees).

Cybersecurity Risk. The Funds, their portfolio companies, their service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their portfolio companies, despite the efforts of service providers

to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and their portfolio companies. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to the systems of the Funds, their portfolio companies, their service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third party service providers or other users of such systems to disclose sensitive information to gain access to the confidential data. A successful penetration or circumvention of the security of such systems could result in the loss or theft of data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds or their portfolio companies to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Side-by-Side Management/ Co-Investment Opportunities. We will generally pursue all appropriate investment opportunities through our Funds, subject to certain limited exceptions. We will, from time to time, require additional capital in order to complete a portfolio company transaction and reach out to select investors for such additional capital. Subject to KSL Advisors' allocation policies and the applicable Fund limited partnership agreement, in general, (i) decisions regarding whether and to whom else to offer co-investment opportunities are made in the sole discretion of KSL Advisors or other participants in the applicable transactions, (ii) co-investment opportunities will be offered to some and not other investors in the Funds, (iii) certain persons other than investors in the Funds will be offered co-investment opportunities, in the sole discretion of KSL Advisors, and (iv) Co-Investors will purchase their interests in a portfolio company at the same time as the Funds or may purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer).

We will at times enter into certain co-investment arrangements with certain investors in connection with such investors' (or their affiliates') investment in a Fund pursuant to which such investor will receive preferential co-investment rights. Additionally, co-investments will sometimes be on different (and more favorable) terms to those applicable to the participating Fund and Co-Investors can have interests or requirements that conflict with and adversely impact the Fund (for example, with respect to the timing of acquisitions and dispositions or control rights). To the extent we determine appropriate, and subject to legal, tax and regulatory considerations, we will seek to ensure that the applicable Fund and Co-Investors participate in any co-investment and any related transactions on comparable economic terms. Investors should note, however, that such participation may not be appropriate in all circumstances and that a Fund may participate in such investments on different and potentially less favorable terms than such parties if we deem such participation as being otherwise in a Fund's best interests. For example, among other things, Co-Investors may invest at different levels of the corporate capital structure than the Fund, will typically be subject to different rates of carried interest than a Fund and in some instances will pay reduced or no management fees to KSL. These factors may create a conflict of interest which may have an adverse impact on a Fund.

In the event that KSL offers an investment opportunity to potential Co-Investors, there can be no assurance that such investment will be participated in by any potential Co-Investor (if at all), that the closing of such co-investment will be consummated in a timely manner, that such co-investment will take place on terms and conditions that will be preferable for the Fund or that expenses incurred by the Fund with respect to the syndication of such co-investment will not be substantial. In the event that KSL is not successful in offering a co-investment opportunity to potential Co-Investors, in whole or in part, the Fund will consequently hold a greater concentration and have more exposure in the related investment opportunity than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. Moreover, an investment by the Fund which is not syndicated to Co-Investors as originally anticipated could significantly reduce the Fund's overall investment returns.

Some Co-Investors will also be provided the opportunity to sit, or have a representative sit, on the board of directors or board of advisors of the portfolio company. Positions on boards of directors or advisors of such portfolio companies will generally provide such persons with voting rights, access to information and potentially the ability to influence the operations and decision-making of the portfolio company that are not necessarily available to other investors. Any board fees received by such Co-Investors are not subject to the offset against management fees.

Investment Allocations. KSL Advisors and/or its Affiliates currently manage, and will likely in the future manage, a number of Funds requiring it to address potential conflicts of interest involving potentially overlapping investments. While KSL Advisors will seek to manage such potential conflicts of interest in good faith, it is possible that there will be situations in which the interests of one Fund with respect to a particular investment or other matter conflict with the interests of one or more other Funds, KSL Advisors or one more of their respective Affiliates. Subject to the provisions of the governing documents of the affected Funds, on any matter involving a potential conflict of interest, KSL Advisors will be guided by its fiduciary duties to its clients and will seek to resolve such conflict in good faith.

The classification of an investment opportunity as appropriate or inappropriate for a Fund is made by KSL Advisors, in good faith, at the time of purchase. This determination frequently is subjective in nature. Consequently, an investment that KSL Advisors determined was appropriate (or more appropriate) for one Fund may ultimately prove to have been more appropriate for another KSL Fund. Among the factors that KSL may consider when determining whether a particular investment may lead to control of the underlying asset are (i) the current and historical performance of the asset or business and KSL's projections of future performance, (ii) the asset's overall capital structure as compared to KSL's view of its potential sale value or potential refinancing proceeds, (iii) KSL's view of the market where the asset is located, (iv) the financial strength and experience of the borrower/sponsor, (v) the terms of the debt instrument, including whether interest is to be paid currently, the amortization schedule of the principal and the contractual obligations of the borrower, (vi) if the debt is trading on the secondary market or available in the new issues market, (vii) the composition of the other lenders and investors in the debt capital structure, (viii) whether the

instrument is performing or in default at the time of KSL's initial investment and (ix) a variety of other considerations deemed relevant by KSL. KSL Advisors may also consider certain other factors, including, but not limited to, (i) whether the investment is intended to, in KSL Advisors' view as determined at the time of the investment, lead to the holder of such investment acquiring control over the underlying asset or which may offer equity-like returns, (ii) portfolio diversification concerns, (iii) the specific nature of the investment, including the size, nature and type of investment or sale opportunity, (iv) the relative amounts of capital available for investment in each fund, (v) proximity of a fund to the end of its specified term and (vi) the anticipated return thresholds of such investment and the Funds. Additionally, the Funds may invest in different securities or debt tranches in the same company's capital structure. KSL Advisors will consider the same factors discussed herein in determining whether and to what extent such an investment is appropriate and how to allocate such investment.

Expense Allocations. Subject to any relevant restrictions or other limitations contained in the operating documents, we will allocate fees and expenses in a manner that we believe in good faith is fair and equitable to our Funds under the circumstances and considering such factors as we deem relevant, but in our sole discretion. In exercising such discretion, we are faced with a variety of potential conflicts of interest. As a general matter, expenses incurred on behalf of multiple advisory Funds and Co-Investment Vehicles will be allocated among such advisory clients. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by us and our Affiliates using our best judgment, considering such factors as we deem relevant, but in our sole discretion. Investors in a Fund are typically allocated (or otherwise bear) their pro rata share of such fees and expenses, which can be calculated based on capital commitments, invested capital, available capital or other metrics as determined by KSL Advisors in its sole discretion. The allocations of such expenses will not always be proportional. The Funds have different expense reimbursement terms, including with respect to management fee offsets, which can result in the Funds bearing different levels of expenses with respect to the same investment. Additionally, none of KSL Advisors, its general partners nor Affiliates receive any favorable legal fee rates or discounts that are not also provided to the Funds.

KSL Advisors and its affiliates will from time to time incur fees, costs and expenses, including in connection with transactions not consummated, on behalf of the Funds. To the extent such fees, costs and expenses are not charged to a portfolio company, they will be paid by each Fund that participated or was expected to participate in such investment. The Funds will typically bear a portion of any such fees, costs, and expenses in proportion to the size of its actual or proposed investment, or in such other manner as KSL Advisors considers, in good faith, to be fair and equitable. There are occasions when one Fund (the "Payor Fund") pays an expense common to multiple Funds (the "Allocated Funds"). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. There are also occasions where the firm or a Payor Fund pays an expense on behalf of a portfolio company. On such occasions, the portfolio company will reimburse the firm or Payor Fund for the expense, without interest, and such reimbursement will not be subject to the fee offset provision.

Transactions with Fund Investors. We and our Affiliates sometimes enter into transactions (such as co-investment opportunities or directed debt purchases) with certain Fund investors such as, for example, investors who are also business partners, such as insurance agents, investment banks, broker-dealers, legal counsel or others who provide services (including mezzanine and/or other lending arrangements) to the firm, our Funds and portfolio companies. 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 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 each Fund as is reasonably required to conduct the affairs of such Fund.

Complex Institutional Relationships. Throughout Item 10, 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.

Related Investors. As discussed above, certain KSL Advisors principals and employees are also investors in the Funds through the Funds' general partners. However, because of the nature of its business, the participation of KSL Advisors employees in the Funds will not interfere with the making or implementing of decisions that are in the best interest of investors. KSL Advisors principals and employees share in the same deals as the investors of the Funds and receive distributions based on their pro rata commitment in the general partner.

Serving on the Board of Directors. KSL Advisors and other third-party employees often serve on the boards of Fund portfolio companies. Serving in such capacity gives rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director conflicts with the interests of a Fund; however, as the Funds will generally be significant shareholders of such companies, it is expected that such interest will generally be aligned. From time to time, portfolio company board members approve compensation and other amounts payable to KSL Advisors in connection with services provided by the firm and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the relevant governing document's offset provision, are in addition to the management fee or carried interest. Our authority to appoint or influence the appointment of portfolio company board members who will potentially be involved in approving compensation payable to KSL Advisors subjects us and any such portfolio company board appointees to potential conflicts of interest.

Advisory Board. Each of our Funds has an LPAC, which is established under the respective Fund's offering and governing documents. Each Fund's LPAC is comprised of select investors of each Fund, as well as KSL Advisors principals. A conflict of interest may exist in that not all investors are asked to join a Fund's LPAC and therefore may not have the same access to information as members on such Fund's LPAC.

Board of Strategic Advisors. Certain Funds have a Board of Strategic Advisors consisting of senior professionals with significant industry, transactional, investment, operating or other experience, or other persons that the general partner of such Fund believes will add value to such Fund's investment activities. The Board of Strategic Advisors will typically be consulted by the Funds on an as-needed basis and is paid a fixed fee, which is equitably allocated to the respective Funds to the extent deemed appropriate, in the good faith determination of the general partner of such Funds.

Tax Considerations. Each Fund's investors and the Co-Investment Vehicles include persons or entities resident in various jurisdictions, including the United States and other countries, which may have conflicting investment, tax and other interests with respect to their investments with KSL Advisors. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by each Fund, the structuring of the acquisition of portfolio companies and the timing of disposition of investments. Such structuring of portfolio companies, including the use of AIVs, may result in different after-tax returns being realized by different investors. As a consequence, conflicts of interest may arise in connection with decisions made by KSL Advisors that may be more beneficial for one investor than another investor, especially with respect to investors' individual tax situations.

In addition, the manner in which carried interest is determined may result in a conflict between our interests and those of the Funds' investors with respect to the sequence and timing of disposals of investments. For example, the principals and employees of KSL, which are the ultimate beneficial owners of the Funds' general partners, are generally subject to U.S. federal and local income tax (unlike certain of the investors). We may be incentivized to operate the Funds, including to hold and/or sell investments, in a manner that takes into account the tax treatment of their carried interest. Recently passed tax reform legislation relating to the taxation of carried interest provides for a lower capital gains rate in respect of investments held for at least three years. While KSL generally intends to seek to maximize pre-tax returns for the Funds as a whole, we may nonetheless be incentivized, for example, to hold investments longer to ensure long-term capital gains treatment and/or realize investments prior to any change in law that results in a higher effective income tax rate on carried interest.

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, among other things, terms related to information rights, confidentiality obligations, the structuring of portfolio investments, co-investment rights, investment excuse rights and "most favored nations" provisions. 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.

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 at times 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.

Benefits from Portfolio Companies. From time to time, and on a basis consistent with general practice in the travel and leisure sector, KSL and its affiliates, employees, advisors, consultants and other professionals and service providers and their family members receive certain benefits from portfolio companies of the Funds, including, for example, reduced rates on hotel stays and complimentary lift tickets. Such benefits can create conflicts of interest between KSL, the relevant portfolio company and the recipient of such benefits which will be addressed in the manner set forth herein.

Intangible Benefits. KSL and its employees receive certain intangible benefits or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses often result in “miles” or “points” or credit in loyalty/status programs to KSL and/or its employees, and such rewards or amounts will exclusively benefit KSL and/or such employees and will not be subject to the offset arrangements or otherwise shared with such Fund, its investors, or the portfolio companies.

Projections. Part of our reporting to investors and prospective investors involves projecting rates of return for our portfolio companies. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company’s management, with adjustments to such projections made by KSL Advisors in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

Hedging Policies/Risks. In connection with the acquisition, holding, financing, refinancing or disposition of certain investments, the Funds may employ hedging techniques designed to protect the Funds against adverse movements in interest rates, securities prices, currency exchange rates or other risks. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Funds than if they had not entered into such hedging transactions.

Foreign Currency and Exchange Rate Risks. Interests in the Funds are generally denominated in U.S. dollars. Changes in the value of exchange between U.S. dollars and local currencies may have an adverse effect on the value, price or income generated by a Fund's investments. There may also be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions. In addition, the Funds' assets generally will be denominated in the currency of the jurisdiction in which the assets are located. Consequently, the return realized on any investment by investors whose functional currency is not the currency of the jurisdiction in which the assets are located may be adversely affected by movements in currency exchange rates, costs of conversion and exchange control regulations, in addition to the performance of the investment itself. The Funds may also incur costs when converting one currency into another, which may be material.

C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

For information regarding the types of securities and portfolio companies in which Funds, Co-Investment Vehicles and CMBS Vehicle invest, please see Item 4.B and Item 8.A, above.

Item 9 – Disciplinary Information

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

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.

On occasion, in the ordinary course of our business, we or our properties may be named as a defendant in a legal action. Although there can be no assurance of the outcome of such legal actions, we do not believe that any current legal proceeding or claim to which KSL or one of our portfolio companies is a party would individually or in the aggregate materially affect the firm or the Funds' results of operations, financial position or cash flows.

Item 10 – Other Financial Industry Activities and Affiliations

A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

KSL Advisors is not actively engaged in a business other than giving investment advice to its clients (the Funds, Co-Investment Vehicles and CMBS Vehicle) and managing the portfolio companies owned by its Funds. Neither KSL Advisors nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities, disclose this fact.

Neither KSL nor any of its management persons are registered or has an application pending to register as a futures commission merchant, commodity pool operator, commodity trading adviser or associated person of the foregoing. Certain affiliates of KSL have filed as an exempt commodity pool operator with the CFTC pursuant to Regulation 4.13(a)(3), due to its de minimis amount of commodity interest trading and in response to certain CFTC rule amendments.

C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker
2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. Other investment adviser or financial planner
4. Futures commission merchant, commodity pool operator, or commodity trading adviser
5. Banking or thrift institution
6. Accountant or accounting firm
7. Lawyer or law firm
8. Insurance company or agency
9. Pension consultant
10. Real estate broker or dealer
11. Sponsor or syndicator of limited partnerships.

Except as set forth below in this Item 10, KSL has no arrangements with a related person who is a broker-dealer, investment company, other investment adviser, financial planner, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory business, the Funds, Co-Investment Vehicles, CMBS Vehicle or their investors.

As noted in Item 4 above, certain of our Affiliates act as general partners to the Funds, Co-Investment Vehicles and CMBS Vehicle 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, Section 7.A and 7.B.

KSL has and will continue to maintain and develop relationships with professionals who provide services, including: legal, accounting, banking, tax preparation, investment banking, insurance brokerage and other services. Some of these professionals provide services to the Funds or their portfolio companies.

From time to time, KSL receives training, information, promotional material, meals, entertainment, gifts or other perquisites from vendors and others with whom it does business or to whom it makes referrals. At no time will KSL accept any benefits, gifts, entertainment or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider. Similarly, KSL employees have in the past spoken, and expect in the future to speak, at conferences and programs for potential investors interested in investing in private funds that are sponsored by various investment bankers, broker-dealers or others. Through such capital introduction events, prospective investors have the opportunity to meet with KSL. Neither KSL nor any Fund compensates these investment bankers, broker-dealers or others for organizing such events or for investments ultimately made by prospective investors attending such events.

Fees Payable to Affiliated Service Providers. The companies held in the Funds' portfolios 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 include, for example, fees paid to KSL Resorts, our affiliated hotel management company, or other operating businesses in which we, an affiliated service provider or another Fund have an interest that provide services relating to management, construction, leasing, development and other property management services. Likewise, certain general partners utilize the services of one portfolio company, such as Davidson Hotels & Resorts, Outrigger Hotels and Resorts or Apple Leisure Group, to manage or asset manage property owned by another portfolio company. These fees are not incurred for investment management services; rather, they relate to Operations Management.

Fees paid by Fund portfolio companies to KSL Resorts or our affiliated service providers 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' governing 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 to the Affiliates than those specified. A Fund always retains the ability to cause its portfolio company 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 governing 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' governing documents require that such profit must be reinvested in our Affiliates' Operations Management business, which we believe helps to mitigate any potential conflict of interest arising from such profits.

Service Providers. The service providers or their affiliates (including any administrators, lenders, brokers, attorneys, consultants and investment banking firms) of the Funds, KSL or any of their affiliates may be investors in a Fund and/or sources of investment opportunities and co-investors or counterparties therewith. This may influence the relevant Fund General Partner in deciding whether or not to select such a service provider or have other relationships with KSL. Notwithstanding the foregoing, investment transactions for a Fund that require the use of a service provider will generally be allocated to service providers on the basis of best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that we believe to be of benefit to a Fund.

Foreign Affiliate Sub-Adviser. Although KSL Advisors employs its own investment advisory personnel, KSL Advisors also utilizes the services of and obtains assistance from KSL Capital Partners International, LLP (the "Foreign Affiliate Sub-Adviser"), a subsidiary of KSL Advisors. The Foreign Affiliate Sub-Advisor identifies, evaluates and monitors investment opportunities and investments

outside of the United States solely to advise KSL on investment opportunities for a Fund. The Foreign Affiliate Sub-Adviser is authorized and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom. The U.K. Financial Services and Markets Act 2000, or “FSMA,” and rules promulgated thereunder govern the provision of financial services in the United Kingdom, including sales, research and trading practices, provision of investment advice, use and safekeeping of client funds and securities, regulatory capital, record keeping, margin practices and procedures, approval standards for individuals, anti-money laundering, periodic reporting and settlement procedures. Pursuant to the FSMA, our Foreign Affiliate Sub-Adviser is subject to the rules and regulations promulgated and administered by the FCA.

D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

We do not recommend or select other investment advisers for the Funds, Co-Investment Vehicles or CMBS Vehicle.

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

A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC Rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.

We have adopted a Code of Ethics (the “Code of Ethics”) in accordance with the requirements of Rule 204A-1 of the Advisers Act. The policies and procedures set forth in the Code of Ethics recognize that as an investment adviser, KSL Advisors and its supervised persons have a duty to place the interests of the Funds ahead of our 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 supervised person and our policies regarding confidentiality of client information and personal trading and, reporting of personal securities transactions, among other things.

In rare cases, we and our supervised persons will have access to material nonpublic (“insider”) information. The Code of Ethics includes a prohibition on insider trading and outlines strict policies that dictate how any such information is to be treated.

All supervised persons must acknowledge in writing 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 obtain in the course of KSL Advisors' 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.

Supervised persons of KSL Advisors who violate the Code of Ethics are subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Supervised persons are also required to promptly report any violations of the Code of Ethics of which they become aware.

We will provide a copy of our Code of Ethics to any existing or prospective investors upon request by contacting us at the address or telephone number listed on the cover page of this brochure.

B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Participation or Interest in Client Transactions

Please refer to Item 10 above regarding fees paid to Affiliates.

KSL Advisors and certain employees and Affiliates of KSL Advisors have invested in and alongside the Funds, either through the general partners, as direct investors in the Funds or otherwise. A Fund or its general partner, as applicable, will generally exempt such person from all or a portion of the management fee or carried interest. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

Principal Trades/Cross Trades. We will only effect principal or agency cross transactions:

- (i) When we deem the transaction to be in the best interests of both Funds;
- (ii) If the transaction is permitted under the terms of the relevant governing documents;
- (iii) After proper disclosure is given to the relevant LPAC, if appropriate;
- (iv) When, if necessary, consent is obtained from the appropriate parties; and
- (v) Best execution is achieved for the transaction.

Conflicts of Interest

The offering documents for each Fund typically include a description of what we believe to be the most significant conflicts of interest associated with an investment in any Fund. Some of these conflicts are summarized below, however, this summary does not attempt to describe all of the conflicts of interest associated with an investment in the Funds. Investors should carefully consider the conflicts of interest described herein and in the offering documents prior to investing in a Fund.

In the event that we or our Affiliates encounter what we determine to be an actual conflict of interest in connection with a Fund, Co-Investment Vehicle, CMBS Vehicle or portfolio company investment, we will take such actions as we deem necessary or appropriate, within the context of such Fund's limited partnership agreement, to ameliorate the conflict. These actions can include disposing of the asset giving rise to the conflict or bringing the matter before the relevant Fund's LPAC or investors, as required by such Fund's limited partnership agreement. There can be no assurance that all conflicts of interest will be successfully resolved.

C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

Personal Trading

The Code of Ethics places restrictions on personal trades by supervised persons. Supervised persons are prohibited from trading in securities of any company while in possession of material, nonpublic information. Similarly, supervised persons are restricted from purchasing and selling any security in public hospitality and leisure companies, except in certain limited circumstances. Supervised persons are required to submit their brokerage account statements to the Chief Compliance Officer for review: on an annual basis, employees are required to disclose to the Chief Compliance Officer any account in which they have direct or indirect ownership; on a quarterly basis supervised persons must disclose to the Chief Compliance Officer their reportable securities holdings and transactions in accounts in which they have direct or indirect beneficial ownership and over which they have investment discretion. Supervised persons are required to pre-clear with the Chief Compliance Officer certain reportable securities transactions, including, without limitation, with respect to initial public offers, restricted list securities and certain limited offerings. As such, provided that they comply with the Code of Ethics, our supervised persons are permitted to engage in certain personal securities transactions, including investing in the Funds.

Our supervised persons often conduct investment activities for their own account and for family members, friends or others who do not invest in the Funds, and in connection therewith, can potentially give advice and recommend securities to vehicles which differs from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives are the

same or similar. In addition, supervised persons are permitted to buy securities in transactions offered to but rejected by the Funds or that are outside the investment mandate of the Funds.

D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Because of the private nature of Fund portfolio investments, we do not typically face a situation where a supervised person buys or sells a security for his or her own account at or about the same time that the firm is also buying or selling the same securities for the Funds, Co-Investment Vehicles and CMBS Vehicle. In the event this were to occur, the supervised person would be required to seek pre-approval from the Chief Compliance Officer for such transaction.

Item 12 – Brokerage Practices

A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

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. In privately negotiated transactions, best execution is met by the consummation of the deal with the best possible terms for the client. Whether for private or public securities transactions, we select a broker-dealer with the overall aim of maximizing returns for the client. Nonetheless, in implementing transactions for a Fund, we take into account a range of relevant factors when hiring brokers or other intermediaries, including:

- General expertise and background
- Previous and pending transactions effected by the broker-dealer for KSL
- Type and size of transaction
- Execution capabilities
- Liquidity
- Distribution channels
- Research services
- Commission rates
- Counterparty risk
- Responsiveness to KSL

On behalf of the Funds (or on behalf of their portfolio companies, if appropriate), we at times 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, especially in private securities transactions that rely heavily on the specialty services or experience of a broker-dealer or investment banker that operate outside of a competitive bidding environment. 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.

- 1. *Research and Other Soft Dollar Benefits.* If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.**

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

- 2. *Brokerage for Client Referrals.* If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.**

KSL Advisors does not receive client referrals in connection with selecting or recommending broker-dealers for the Funds. 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.

- 3. *Directed Brokerage.***

KSL Advisors does not engage in directed brokerage.

B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.

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. Additionally, as discussed above in Item 5, the Funds will from time to time co-invest with third party Co-Investors and such investments will involve risks not present in investments where a Co-Investor is not involved, including the possibility that a Co-Investor at any time has economic or business interests or goals which are inconsistent with those of the Funds, or is in a position to take

action contrary to the Funds' investment objectives. In addition, there may be a limited amount of securities available for investing. Thus, it is possible that the Funds will receive a limited offering due to the presence of Co-Investors investing with the Funds.

Item 13 – Review of Accounts

A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.

The investment portfolios of each Fund are generally private, illiquid and long-term in nature and accordingly our review of them is not directed toward a short-term decision to dispose of securities. However, KSL Advisors closely monitors the portfolio companies of its Funds and generally maintains an ongoing oversight position in such portfolio companies. A team of investment professionals reviews each Fund's portfolios on an on-going basis. The team generally includes principals and other investment professionals of KSL Advisors.

B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.

We would perform other than periodic reviews in the event that a portfolio company needed subsequent financing, in the event of a potential acquisition or liquidity event or if there were a serious performance issue.

C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.

We provide to Fund investors on behalf of each client with quarterly and annual reports summarizing the performance of portfolio investments over the period. We also provide financial statements and valuations prepared in accordance with generally accepted accounting principles ("GAAP"), specifically ASC 820 as promulgated by the Financial Accounting Standards Board ("FASB"). Investors of each Fund, Co-Investment Vehicle and CMBS Vehicle typically receive unaudited financial statements for the first three quarters of each fiscal year within 45 days of each quarter's close, and an annual audited financial statement within 90 days of calendar year end. All reports are written and delivered to investors electronically. The firm also has contact with investors (e.g., personal visits, telephone, email) throughout the year as conditions warrant.

In the course of conducting due diligence or otherwise, investors periodically request information pertaining to their investments. KSL responds to these requests, and in answering these requests provides information that is not generally made available to investors who have not requested such information. While KSL does not have an obligation to update any such information, we endeavor to provide the information requested in the most current form available. Additionally, upon request, certain investors will receive additional information and reporting that other investors will not receive.

Item 14 – Client Referrals and Other Compensation

A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

As described in Item 5 above, the portfolio company remuneration we receive is 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.

These types of arrangements present potential conflicts of interest and provide us with an incentive to recommend investments based on compensation received rather than the best interests of the Funds. To help mitigate this potential conflict, the allocable portion of benefits we receive are offset in whole or in part (depending on the Fund) against management fees payable by the Funds, to the extent described above in Item 5 and in each Fund's governing documents.

In addition, from time to time we 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).

B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.

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 specified investors for which placement agent fees may be paid pursuant to applicable law. Placement agent fees are payable by the Funds and any such fees paid offset the management fee on a dollar-for-dollar basis, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and

entertainment expenses, typically are borne by the relevant Funds. All placement agents with whom we engage are registered broker-dealers. For additional information regarding current placement agent agreements, please see the firm's Form ADV Part 1, Schedule D, Section 7.B.1.

Item 15 – Custody

If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.

We are deemed to have custody of the Funds', Co-Investment Vehicles' and CMBS Vehicle's assets because of our affiliation with each such entity's general partner and their ability to deduct fees from the respective entity's accounts. In order to comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), we have elected to undergo an annual GAAP financial audit by a Public Company Accounting Oversight Board registered and inspected independent public accountant for each of the Funds, Co-Investment Vehicles and CMBS Vehicle over which we are deemed to have custody. The Funds, Co-Investment Vehicles and CMBS Vehicle are audited annually by Deloitte LLP and we deliver to the Funds and their respective investors a copy of the annual audited financial statements within 120 days of the fiscal year end in accordance with the Custody Rule.

We do not, however, have physical custody of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly sent or wired into the relevant entity's qualified custodial account and certain privately offered securities are maintained with a qualified custodian. We receive monthly statements from each of our qualified custodians on behalf of our Funds, Co-Investment Vehicles and CMBS Vehicle. For more information about our qualified custodians, please see our Form ADV Part 1, Schedule D, 7.B.(1).

Item 16 – Investment Discretion

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

We generally receive and exercise complete discretionary authority to manage investments on behalf of our clients, except that the CMBS Vehicle is managed on a non-discretionary basis as per the governing documents of each Fund. We typically assume this authority through a power of attorney or contract provision granted or entered into by, or through the governing documents of, the applicable client (or the relevant general partner). To become an investor in a Fund, Co-Investment Vehicle or CMBS Vehicle, an investor must execute, among other documents, a subscription

agreement and a limited partnership agreement with such Fund. Once an investor executes these documents, with limited exceptions, such as certain conflicts of interest as discussed elsewhere in this Brochure, we are not required to contact an investor prior to transacting any business.

The restrictions, if any, on KSL's discretion with respect to managing a client and the terms upon which we serve as an investment manager of a client are established at the time each such client is established and are generally set out in the advisory agreement and/or limited partnership agreement or other governing document entered into with respect to the relevant client and disclosed in the offering documents for such client, as applicable. Our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. An investor may seek to impose limitations on our authority through a side letter agreement and we may choose to accept reasonable limitations or restrictions at our discretion. All limitations and restrictions placed upon an investor's investment must be presented to us in writing and agreed to by us and such investor. Other investors are not provided with consent rights regarding such side letter agreements.

Item 17 – Voting Client Securities

A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.

By virtue of the Fund governing documents, we have the authority to vote client proxy statements on behalf of the Funds. The majority of "proxies" we receive, however, will be written shareholder consents or similar instruments for private companies owned by our Funds. As such, we have adopted proxy voting policies and procedures pursuant to Advisers Act Rule 206(4)-6. Our proxy voting policy seeks to ensure that we vote proxies in the best interest of the Funds, including where there are material conflicts of interest in voting proxies. 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 is required. Pursuant to the proxy voting policy, we will generally vote in accordance with management's recommendations unless we determine that voting in such a manner is in conflict with the best interests of our investors. In these cases, we will evaluate and vote the proxies on a case-by-case basis.

Our principals and other third parties appointed by us often sit on the boards of portfolio companies to which we provide Operations Management and consulting services and, as such, exercise authority with respect to various issues faced by the portfolio companies. We do not consider service on portfolio company boards by our personnel or our receipt of nominal board fees to create a material

conflict of interest in voting proxies with respect to such companies. As noted in Items 5 and 11 above, to the extent that we face any real or perceived conflicts of interest in voting on these matters, we will bring the issue to the attention of the relevant Fund's LPAC for its approval. In general, we are not required to honor investors' requests that we vote in a particular way on any specific proposal.

Current and prospective investors can request a copy of our proxy voting 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. Investors can also obtain information from us about how we voted any proxies on behalf of any Fund.

B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.

This Item is not applicable to KSL Advisors.

Item 18 – Financial Information

A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.

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.

C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

KSL Advisors has not been the subject of a bankruptcy petition.