

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 31, 2017

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, 2016, there have been no material changes. However, while not material, we added disclosures in Item 5 regarding (i) advisory board members who may serve on a Fund portfolio company's board of directors and (ii) certain fees and expenses. In addition, we expanded upon the potential risk of loss in Item 8 and expanded upon the description of certain potential conflicts of interest in Item 11. Pursuant to SEC rules, KSL Advisors provides a summary of material changes to its brochure within 120 days of the close KSL Advisors' fiscal year. KSL Advisors may provide further disclosures about material changes as deemed necessary. Additionally, KSL Advisors will provide to clients and investors a new brochure as necessary, without charge. Our brochure may be requested by contacting info@kslcapital.com.

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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 (“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, respectively. 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 five primary sectors: hospitality, recreation, clubs, real estate and travel services. KSL Advisors provides 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 debt funds sponsored and managed by KSL (each such debt fund, a “Debt Fund” and collectively, the “Debt Funds”) (each of the Equity Funds and the Debt 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 Funds. Each general partner is registered under the Investment Advisers Act of 1940 (“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. 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, 7.A.(1). and 7.B.(2).

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.

KSL specializes in investing in travel and leisure businesses, including in the hospitality, recreation, clubs, travel services and real estate 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 Debt 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 outside investors. 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 and other governing documents of the relevant Fund.

Fund investors 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 partnership agreement. KSL may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing a Fund's partnership agreement. KSL may enter 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.

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, 2016, we had approximately **\$6,072,000,000** in regulatory assets under management, all of which is managed on a 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 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 Investment Advisers Act of 1940, as amended (“Advisers Act”), to the extent applicable. For a discussion of performance-based fees, see Item 6, below.

Management Fees

Funds pay us a management fee of up to the amount specified in each Fund’s offering materials. Currently the management fee payable by a Fund or Co-Investment Vehicle (as defined below) is between 0.875% and 1.9408% per annum. In November 2016, we formed 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 Debt 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.

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 capital contributed which remains 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 may, at our sole discretion, permit certain strategic investors (which may 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 may 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. 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 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 may, 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 reduced in whole or in part by certain other compensation received by KSL, including transaction and monitoring fees discussed below and with greater detail in each Fund’s governing documents.

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.

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

We also may receive transaction fees, monitoring fees, director’s fees, consulting fees, break-up fees and success fees or other remuneration (including any options, warrants or other equity securities).

The amount of these fees to be paid by the Funds or Co-Investment Vehicles (directly, or indirectly 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.

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

Transaction fees would be payable upon consummation of a portfolio transaction while monitoring fees are generally payable quarterly in advance. The management fees received from a Fund or Co-Investment Vehicle are offset by a portion of any transaction fees and monitoring fees we receive from such Fund or Co-Investment Vehicle (or their portfolio company). The amount of this offset differs by Fund and Co-Investment Vehicle, but is currently no less than 80% for any Fund and is 100% for our two most recent Equity Funds (commonly known as KSL Capital Partners III, L.P. and its parallel funds and KSL Capital Partners IV, L.P. and its parallel funds), the Debt Funds and the CMBS Vehicle. The amount of the offset for a Co-Investment Vehicle is generally the same as the corresponding Fund.

From time to time, (i) employees of KSL Advisors or its Affiliates may be seconded to fill vacant positions at portfolio companies provided that such employees costs are no greater than what would have been paid to such employees in arm's length transactions for similar overall services, as determined by the relevant Fund general partner in good faith, (ii) employees of KSL Resorts, our affiliated hotel management company, may 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 and (iii) out-of-pocket expenses incurred by KSL Advisors, a general partner or their respective affiliates will be reimbursed by a portfolio company. These amounts will be paid by the applicable portfolio company and such 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 or other fee received from an actual or prospective portfolio company to a third party, such as a consultant, adviser, finder, 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.

Fees for Operations Management

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 or an affiliated service provider have an interest that may provide services relating to management, construction, leasing, development, and other property management services. These fees are not incurred for investment management services; rather, they relate to the day-to-day operations of the portfolio companies. Fees paid to our affiliated service providers by Fund portfolio companies for such services will not reduce or offset any fees we receive.

Additional Fees and 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 Debt 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 Debt Fund.

In addition to the monitoring and transaction 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) the following fees, costs and expenses:

- Fees, costs and expenses of tax advisors, legal counsel, auditors, consultants and other professionals and service providers;
- All out-of-pocket fees, costs and expenses incurred in developing, negotiating, structuring and disposing of portfolio investments, including any financial, legal, accounting, advisory and consulting expenses in connection therewith (to the extent not subject to any reimbursement of such costs and expenses by entities in which the Fund invests or other third parties);
- Broken Deal Expenses (as further described below), to the extent not reimbursed by an entity in which the Fund has invested or proposes to invest or by other third parties or capitalized as part of the acquisition of a transaction;
- Expenses incurred in connection with their legal (which includes expenses incurred in connection with complying with provisions in side letters, including "most favored nations" provisions), administrative and regulatory compliance, including expenses and other charges allocated or relating to their activities such as the preparation and filing of regulatory filings of KSL Advisors and its Affiliates relating to the Fund's activities (but not including the compliance costs of the Fund's general partner or KSL Advisors with respect the Advisers Act or any other U.S. or non-U.S. regulatory requirements);
- Costs, fees and expenses for administrative support services outsourced to third party service providers, including data processing, trading, settlement, client relations, accounting, advisory, legal and tax support and other services; and

- Legal, compliance, custodial, depositary, auditing, accounting and banking costs, fees and expenses, including for example those attributable to legal compliance, trading settlement, client relations, accounting, reporting and information management software and systems used 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 foreign tax withholding and treaty forms and the representation of the Funds, any AIVs and the investors by the tax matters partner.

The Funds are also generally responsible for brokerage commissions, custodial expenses and other investment costs actually incurred in connection with investments; interest on and fees and expenses arising out of Fund borrowings; the cost of litigation, D&O liability or other insurance and indemnification; expenses of liquidating a Fund; taxes, fees and associated expenses incurred in connection with any tax audit, investigation, settlement or review of a Fund; expenses related to annual meetings of investors (for some Funds); and the expenses of any limited partner advisory committees (each, an “LPAC,” which may be composed of certain unaffiliated Fund investors) and their members. 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 may 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 may 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.

We sometimes appoint members of our LPACs or other 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, is borne by the relevant portfolio company and not the Fund or KSL Advisors.

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.

Our management fees are exclusive of the foregoing costs, as well as any transaction fees 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 Fund general partners and itself with respect to the Advisers Act (such as the preparation and updating of Forms ADV and PF) and any other U.S. or non-U.S. regulatory requirements applicable to the Fund 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 transaction fee we would receive. Moreover, at least 80%, and 100% for the most recent two Equity Funds, the Debt Funds and the CMBS Vehicle, 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 may 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 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. In addition, KSL Advisors and its related persons, in certain instances, receive discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies. Such discounts will also not be subject to the sharing arrangements described above.

Broken Deal Expenses. Each Fund will generally bear all out-of-pocket costs and expenses incurred while developing potential investments which are not ultimately made, including (i) any legal, accounting, advisory, consulting or other third-party expenses, any research and quotation service fees and expenses and any travel and accommodation expenses, (ii) all 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 such a proposed investment (“Broken Deal Expenses”) in connection with its investment opportunities (including co-investments) and similar arrangements, including any third-party investor’s (including any co-investor’s) share of such Broken Deal Expenses. In addition, KSL, such Fund, its general partner and/or any of their respective affiliates may incur certain out-of-pocket costs and expenses in developing, negotiating and structuring prospective investments that are not ultimately made, including Broken Deal Expenses. If a prospective counterparty in an unconsummated transaction reimburses such Finance Fund or any of its affiliates for any Broken Deal Expenses (such amount, the “Reimbursed Amount”), the general partner or its affiliates may 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, such Fund may 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 may 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, such Fund may 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. Withdrawals of capital from Funds are not permitted. 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 Vehicle and the CMBS Vehicle, and investors generally are not permitted to withdraw or redeem interests in such Funds or Co-Investment Vehicles; the investor in the CMBS Vehicle may withdraw as provided for by the governing documents of the CMBS Vehicle. Generally, management fees 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 Item 6 below.

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 Debt 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, while it varies, such percentage is currently between 5% and 20% for our existing Co-Investment Vehicles 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, they may, at our sole discretion, 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' general partners are established by KSL at the time of the formation of the relevant vehicle and may be 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 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, that more than one Equity Fund or related Supplemental Fund may 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 Debt Funds will operate simultaneously with the "investment" phase of the applicable Equity Fund; however, the Debt 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 Debt Funds pursue performing debt investments not intended to result in control of the underlying assets. For a discussion of investment allocation between the Funds, see Item 11 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 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.

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

Each of our Funds' investment approach, strategy and focus are defined in its respective governing documents, and we have developed allocation guidelines, subject to certain investment considerations,

to handle potential conflicts in relation to investment overlaps. KSL will seek to manage potential conflicts of interest in good faith, and subject to the provisions of the governing documents of the affected Funds, KSL will be guided by its fiduciary duties to its clients on any matter involving a conflict of interest. See Item 11 for a discussion of our allocation guidelines.

Co-Investment Vehicles. As noted above in Item 5, we may permit Co-Investors to invest alongside a Fund through a Co-Investment Vehicle. KSL may, in its sole discretion, offer co-investment opportunities to some investors in its Funds while not offering them to other investors in its Funds. The governing documents of the Funds generally require that the Co-Investment Vehicles may not pay us performance-based fees that are more favorable to us than those paid by the Funds. The governing documents of the Funds further provide that such Fund's general partner may offer such co-investment opportunities to certain persons in its sole and absolute discretion. Additionally, one Debt Fund has entered into co-investment arrangements with certain of its investors whereby it is required to offer such investors the opportunity to co-invest alongside such Debt Fund in certain qualifying investments; the terms of these arrangements are set forth in side letter agreements with such investors and described in detail in such Debt Fund's offering 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, 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. 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, provided by Section 3(c)(7) thereof, “qualified purchasers” as defined therein. The Funds typically require capital commitments from each investor of at least \$10 million, although a Fund’s governing documents may, however, 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. KSL Capital Partners Credit Opportunities II, L.P. is the only Fund currently accepting new commitments from investors.

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 U.S. institutions. In addition, as previously mentioned, employees and other persons associated with KSL Advisors and/or its Affiliates are investors in the Funds. Co-investment opportunities are given 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. Some Co-Investors may 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 advisers of such portfolio companies 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 paid by the relevant portfolio company and are not subject to the offset against management fees.

Opportunities to invest in a portfolio company are made available to select persons or entities, including, without limitation, strategic investors, lenders, deal sources, other private equity or venture capital firms, Fund investors, other persons or entities affiliated, associated or otherwise known to KSL or its personnel and unrelated third parties. Co-investment opportunities may arise when we have the opportunity for an investment in an existing or prospective portfolio company and we determine that all or a portion of the applicable opportunity is not required to be offered to, or is not appropriate for, a Fund. Such determinations are based on the provisions of the applicable governing documents and such other factors as we may consider in our sole discretion, including those that may be specified from time to time in our policies on investment allocation and co-investments.

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 may include methods such as:

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

With respect to the Debt 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 Debt Funds' investments will vary, but may include methods such as:

- Subordinate debt investments;
- Alternative first mortgage investments; or
- Subordinate CMBS (with respect to one Debt Fund), 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. The CMBS Vehicle may 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 Debt Funds or are investments that the Debt 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 may be 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 Debt 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 may suffer from temporary or correctable inefficiencies in its

operations, physical plan, capital structure, or market position that the Debt Funds' capital and underwriting will address.

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

We may use some or all of these techniques, and we reserve the right to depart from or modify the approaches described here. 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. 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 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, particularly Mr. Shannon or Mr. Resnick, could have a materially adverse impact on a Fund's ability to realize its investment objectives.

Leverage. We may invest Equity Fund assets in portfolio companies that employ significant leverage, which increases the risk of loss to those investments, particularly during economic downturns. A leveraged company may be subject to restrictive covenants imposed by lenders restricting its activity, or may be limited in making strategic acquisitions or obtaining additional financing, and will have increased exposure to adverse economic conditions. Securities acquired by the Equity Funds may be the most junior in what may be a complex capital structure, and thus subject to the greatest risk of

loss in the case of the issuers financial difficulty, or if an event of default occurs under the terms of the relevant financing and a lender decides to enforce its creditor rights. KSL's ability to achieve attractive rates of return will depend on its ability to access sufficient sources of indebtedness at attractive rates. An increase in either interest rates or risk spreads demanded by leverage providers could make it more expensive to finance investments by the Funds and may make it more difficult to compete for new investments with other potential buyers who have a lower cost of capital.

The Debt Funds will seek to make investments on a leveraged basis as a key part of its investment strategy, and a portion of such borrowing may be at floating interest rates. Leverage will be employed for advancing capital calls and other cash management purposes and may also be employed for hedging purposes. Leverage may be applied with respect to a Debt 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 Debt Fund's investment portfolio and substantially increase the risk profile of such Debt Fund and its investments. In addition to more traditional borrowing structures, the Debt Funds may structure credit facilities through the use of one or more revolving credit facilities, a special purpose vehicle, or a repurchase transaction. If a Debt Fund is unable to obtain financing, including on favorable terms that reflect financing provided by such Debt Fund to its underlying obligors, this may have a material adverse impact on such Debt Fund's ability to achieve its investment objectives and the return on invested capital. While such leverage may cause a Debt 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 Debt Fund's returns could also decrease faster than if there has 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).

Subscription Credit Facility. Certain of the Equity Funds and Debt 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 may negatively impact the Fund's investment objectives and returns. In connection with a subscription credit facility, investors may be required to execute an investor acknowledgement 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), the amount and timing of contributions and distributions to the investors may be affected in a manner that in some circumstances could be potentially adverse to the investors.

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 may be highly dependent on the perceived and actual safety of air travel and the frequency of air travel in the United States and abroad. We expect that portfolio companies will be highly dependent on customers traveling to specific destinations via air travel. Moreover, a decline in regional, national or international economic conditions, unusual weather patterns or any other factors that cause a decline in potential customers' discretionary income could materially adversely affect the performance of Funds' portfolio companies. The recent global economic downturn has adversely affected many businesses in the travel and leisure industry and may continue to do so for the foreseeable future.

Regulation of Greenhouse Gases. There is a belief in the United States and globally that emissions of greenhouse gases ("GHGs") are linked to global climate change and this belief may lead to more stringent regulation of GHGs in the future. Increased public concern and mounting political pressure may result in more international, United States federal or United States regional requirements to reduce or mitigate the effects of GHGs. For example, states in the Northeast United States, under the Regional Greenhouse Gas Initiative ("RGGI"), are in the process of implementing rules to stabilize and reduce emissions of GHGs. RGGI allows each state flexibility in the distribution of its carbon dioxide allocations. There are several legislative proposals in the United States Congress to regulate GHGs. In addition, the United States Supreme Court in *Massachusetts v. Environmental Protection Agency* ruled that the United States Clean Air Act authorizes regulation of GHGs. While the General Partner will endeavor to take into account existing and anticipated future applicable GHG regulation in its investment decisions, changes in the regulation of GHGs could impact a portfolio investment or make future investments undesirable. Further, the travel and leisure industry in particular is susceptible to the effects of climate change on a global, regional and local scale and, to the extent such climate change occurs, may be negatively impacted thereby.

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

Real Estate Risks Generally. Our strategy generally involves investments that are subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. These risks include, but are not limited to, the burdens of ownership of real property, general and local economic conditions, the supply 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 may 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 may 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.

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

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

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

Illiquid and Long-Term Investments. Most private equity investments 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 Debt Funds are expected to generate some current income, the return of capital and the realization of gains, if any, from an investment by a Debt 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 Debt Fund at the time of their acquisition. Consequently, dispositions of investments may require a lengthy time period or may result in distributions in-kind to investors. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the investment 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 Debt Fund may in some cases not 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 may be contractually prohibited from selling certain securities for a period of time, and as a result may 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 may represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity in the event that we determine to pursue a different investment or we are unable to acquire control and wish to dispose of or reduce our position by selling shares into the market.

Environmental Liabilities. A Fund's investments may be exposed 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 may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws may 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 may incur in

connection with the contamination. The presence of such substances, or the failure to properly remediate contamination from such substances, may 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 may 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 may 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 may 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 may also restrict development of, and the use of property. Certain clean-up actions brought by federal, state and local agencies and private parties may 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 may 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 may be responsible for the content of disclosure documents under applicable securities laws. It may 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 may result in contingent liabilities which will be borne by an Equity Fund, and its investors may 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"), each investor that receives a distribution in violation of the Act will, under certain circumstances, be obligated to recontribute such distribution to a Fund.

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 may

take such actions as may be 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 may consider a number of factors and use several techniques in valuing illiquid holdings, including:

- Market conditions;
- Purchase price;
- Estimated liquidation value;
- Meaningful third-party transactions in the private market;
- Valuation used in the most recent round of financing for the issuer;
- Application of a multiple to the earnings or "EBITDA" of the issuer's aggregate business(es);
- Value of the issuer's net assets;
- Expected future cash flows (or expected future earnings) from the issuer's aggregate business(es), plus a terminal value of the business(es); and
- The valuation to be used in an anticipated sale of the investment in situations where either (1) we expect that the investment will be divested soon, or (2) the issuer will go public soon (but in either case, only if the pricing aspects of the transaction have been substantially agreed upon).

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

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, or another independent, third party hotel management company. 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 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 business in which the prospective investment would be made (although in some cases they may be paid for by us and reimbursed by the applicable Fund). To the extent we believe it

appropriate, we may then invest Fund assets in these companies, which may present the appearance of or an actual conflict of interest.

Compliance with the AIFM Directive Regulatory and Legal Risks. The deadline for transposition of the European Union Directive on Alternative Investment Fund Managers (the “AIFM Directive”) into the laws of the member states of the European Economic Area (the “EEA Member States”) was July 22, 2013. Some EEA Member States have not met this deadline. The AIFM Directive regulates alternative investment fund managers (each, an “AIFM”) based in the European Economic Area (the “EEA”) and generally prohibits such AIFMs from managing any EEA alternative investment fund (each such fund, an “AIF”) unless authorization is granted to the AIFM. The AIFM Directive imposes new regulatory obligations on authorized AIFMs in respect of their activities and the AIFs that they manage.

The AIFM Directive also regulates, and imposes new regulator obligations in respect of, the marketing in the EEA by AIFMs (whether established in the EEA or elsewhere) of AIFs (whether established in the EEA or elsewhere).

From the final quarter of 2015 (at the earliest), a non-EEA AIFM who wishes to market an AIF within the EEA pursuant to a pan-European marketing passport instead of under national private placement regimes will be permitted to do so but with the consequence that the non-EEA AIFM must become an authorized AIFM. In the event of such authorization, additional regulatory obligations will be imposed on the Funds’ general partners or KSL Advisors (as an authorized AIFM) in respect of its activities. Additional regulatory obligations in respect of a Fund may lead to additional Fund expenses.

Many of the provisions of the AIFM Directive require the adoption of delegated acts and regulatory technical standards, as well as the establishment of guidelines. Some, but not all, EEA Member States have published the relevant acts, standards and guidelines. Where these acts, standards and guidelines have been implemented, their practical application is still uncertain. As such, it is difficult to predict the precise impact of the AIFM Directive on a Fund and KSL. Any regulatory changes arising from the transposition of the AIFM Directive into national law that impair the ability of a Fund’s general partner or KSL Advisors to manage the investments of a Fund, or limit their ability to market investments in the future, may materially adversely affect such Fund’s ability to carry out its investment approach and achieve its investment objectives. It should be noted that the final scope and requirements of the AIFM Directive as it is applied in each EEA Member State remain uncertain.

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.

Termination Fees. Transaction and monitoring fees may be established upon the initial 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 transaction, monitoring or termination 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 transaction or monitoring fees 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.

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 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.

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 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 broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser or associated person of the foregoing. KSL has filed as an exempt commodity pool operator 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 advisor**
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 planning firm, 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 services, the Funds, Co-Investment Vehicles or their investors.

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

KSL has and will continue to maintain and develop relationships with professionals who provide services, including: legal, accounting, banking, tax preparation, insurance brokerage and other services. None of the above relationships create a material conflict of interest with any of KSL's clients or its investors.

From time to time, KSL receives training, information, promotional material, meals or gifts from vendors and others with whom it may do business or to whom it may make referrals. At no time will KSL accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider.

Fees Payable to Affiliated Service Providers. The companies held in the Funds' portfolios may pay fees to affiliated service providers in connection with the operation of their business (e.g., fees to operate or develop a business, which are distinct from fees paid in connection with investment advisory services provided by us to the Fund). These fees may include, for example, fees paid to KSL Resorts, our

affiliated hotel management company, or other operating businesses in which we or an affiliated service provider have an interest that may provide services relating to management, construction, leasing, development and other property management services. These fees are not incurred for investment management services; rather, they relate to the day-to-day operations of the portfolio companies (“Operations Management”).

Fees paid to our affiliated service providers by Fund portfolio companies for Operations Management will not reduce or offset any fees we receive. We have a conflict of interest in selecting (or influencing a portfolio company to select) any of our Affiliates to provide Operations Management services. The Funds’ 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, and thus indirectly benefits the Fund portfolio companies, which helps limit any potential conflict of interest resulting from charging fees to the portfolio management companies for providing these services.

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-Adviser identifies, evaluates and monitors investment opportunities and investments outside of the United States solely to advise the Adviser 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 all aspects of our investment business 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, certain of our subsidiaries are subject to 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 employees have a duty to place the interests of the Funds ahead of their own, and an obligation to address and mitigate conflicts of interest and the appearance of any conflicts of interest. The Code of Ethics sets out standards of business and personal conduct for each employee and 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 employees may 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 employees 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 may 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.

Employees of KSL Advisors who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Personnel 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 may invest 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, may 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. KSL Advisors does not effect any principal securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. KSL Advisors does not engage in these practices.

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

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

We have only effected cross transactions in instances where the Supplemental Fund participated in an investment. Consistent with the Funds' governing documents, we generally only effectuate future cross transactions with the prior approval of each Fund's applicable LPAC.

Agency Cross Trades: An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. This situation does not apply to KSL Advisors.

Conflicts of Interest

The offering documents for each Fund typically includes a description of what we believe to be the most significant conflict 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 may take such actions as may be necessary or appropriate, within the context of such Fund's limited partnership agreement, to ameliorate the conflict. These actions may include disposing of the asset giving rise to the conflict or bringing the matter before the relevant Fund's LPAC or limited partners, as required by such Fund's limited partnership agreement. There can be no assurance that all conflicts of interest will be successfully resolved.

Side-by-Side Management. We will generally pursue all appropriate investment opportunities through our Funds, subject to certain limited exceptions. We may, from time to time, require additional capital in order to complete a portfolio company transaction and may reach out to select investors for such additional capital. These Co-Investors do not pay a management fee that is more favorable to KSL Advisors than those paid by the Funds. In the past, we also created a Supplemental Fund that was permitted to make additional investments in the same types of assets as Fund II; however, we do not currently anticipate creating additional supplemental funds.

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 may be offered to some and not other investors in the Funds, (iii) certain persons other than investors in the Funds may be offered co-investment opportunities, in the sole discretion of KSL Advisors, and (iv) co-investors may 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).

In the event 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 the 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 may consequently hold a greater concentration and have 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 may 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 may 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 or its Affiliates currently manage, and may 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, there may 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. In determining the allocation of such opportunities among the Funds where potential overlaps exist, KSL Advisors may consider certain 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.

KSL Advisors' exercise of its discretion in allocating investment opportunities with respect to a particular investment among various potential investors may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While KSL Advisors will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which KSL Advisors may be subject, discussed herein, did not exist. To the extent the limited partnership agreements of the Funds contain parameters or restrictions on "co-investment" or matters related thereto (including restrictions on KSL Advisors with respect to co-investments alongside the Fund), "co-investment" will generally be interpreted to mean those situations where an investment is being made at or around the same time, and in the same securities, as the Fund is acquiring in a privately-negotiated transaction (and not in the open market). In any other circumstances, an investment by KSL Advisors, even if in a portfolio company of a Fund, will not be considered "co-investment". Co-investors are often selected based on an investor's expression of interest during the Fund subscription process.

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 may be 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 us and our Affiliates using our best judgment, considering such factors as we deem relevant, but in our sole discretion. The allocations of such expenses may not be proportional. The Funds have different expense reimbursement terms, including with respect to management fee offsets, which may 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.

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

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 parties employees may serve on the boards of Fund portfolio companies. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of a Fund, in general; however, as the Funds will generally be significant shareholders of such companies, it is expected that such interest will generally be aligned.

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 may 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 by the general partner of such Funds.

Accelerated Monitoring Fees. Additional fees may be due from a portfolio company to KSL Advisors upon the early termination of a monitoring and oversight agreement or financial advisory agreement. This creates a conflict of interest between KSL Advisors and its Affiliates and the Funds and their investors because the amounts of these fees and reimbursements may be substantial and the Funds and their investors generally do not have an interest in these fees and reimbursements. The general partners or KSL Advisors determines the amount of these fees for related services and reimbursements in its own discretion, subject to agreements with sellers, buyers, management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements is often not disclosed to investors in the 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.

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. Please refer to Item 6 above regarding certain co-investment arrangements of one of the Debt Funds. In general, we will not notify Fund investors when we enter into these agreements.

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

In the course of conducting due diligence, Fund investors periodically request information pertaining to their investments, and pertaining to us. We may respond to these requests, and may provide information that is not generally made available to other Fund investors. When we provide this

information, we do so without an obligation to update any such information provided. However, we endeavor to provide the information requested in the most current form available.

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

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.

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 employees. Employees are restricted from purchasing and selling any security in public hospitality and leisure companies, except in certain limited circumstances. Employees are prohibited from trading in securities of any company while in possession of material, non-public information. Employees are required to disclose to the Chief Compliance Officer annually any account in which they have direct or indirect ownership. Employees must disclose to the Chief Compliance Officer on a quarterly basis their reportable securities holdings and transactions in accounts in which they have direct or indirect beneficial ownership and over which they have investment discretion. Employees are also required to pre-clear with the Chief Compliance Officer certain reportable securities transactions, including, without limitation, with respect to initial public offers and certain limited offerings. As such, provided that they comply with the Code of Ethics, our employees are permitted to engage in certain personal securities transactions, including investing in the Funds.

Our principals and employees often conduct investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar. In addition, partners, officers, principals and employees may buy securities in transactions offered to but rejected by 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.

Please refer to Items 11.A, 11.B and 11.C.

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

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

selecting service providers. Where we pay commissions, they are generally based on the success of the transaction, and judged based on original purchase price and the amount of proceeds ultimately received by the Funds.

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 may co-invest with third party Co-Investors and such investments may involve risks not present in investments where a Co-Investor is not involved, including the possibility that a Co-Investor may at any time have economic or business interests or goals which are inconsistent with those of the Funds, or may be 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, the Funds may 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 and its Affiliates.

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 Fund investors with quarterly and annual reports summarizing the performance of portfolio investments over the period. We also provide financial statements and valuations in accordance with ASC 820. Investors of each Fund 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.

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 transaction fees and monitoring fees we may receive are 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.

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

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 and all arrangements are structured to comply with Rule 206(4)-3 of the Advisers Act.

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.

The Investment Advisers Act of 1940 Rule 206(4) (the “Custody Rule”) requires that pooled investment vehicles which we advise either undergo an annual audit pursuant to generally accepted accounting principles (“GAAP”) or be subject to a surprise custody examination by a PCAOB-registered auditing firm. We are deemed to have custody of the Funds’ assets because of our affiliation with each Fund’s general partner. In order to comply with the Custody Rules, we have elected to undergo an annual GAAP financial audit for each of the Funds and Co-Investment Vehicles over

which we are deemed to have custody. The Funds 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 Fund'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. 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 the Funds. We typically assume this authority through a power of attorney or contract provision granted or entered into by, or through the governing documents of, a Fund (or its general partner).

The terms upon which we serve as an investment manager of a Fund are established at the time each Fund 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 Fund and disclosed in the offering documents for such Fund, 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 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 all parties. No investors to date have limited our discretion to provide investment advice.

To become an investor in a Fund, an investor must execute, among other documents, a subscription agreement and a limited partnership agreement with such Fund. Once an investor executes these documents, we are not required to contact an investor prior to transacting any business.

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. Our proxy policy seeks to ensure that we vote proxies in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. As such, we have adopted proxy voting policies and procedures pursuant to SEC Rule 206(4)-6. Under our proxy policies, we commit to exercising proxy voting discretion consistent with our fiduciary duty to the Funds and with any revised procedures that are developed to address voting of proxies in the event that the Funds ever come to hold securities for which a proxy vote may be required. Pursuant to this 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 may request a copy of our proxy policy and the proxy voting record relating to the Fund in which they are an investor by contacting us at the address or telephone number listed on the cover page of this brochure. Investors may 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 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.

This Item is not applicable to KSL Advisors.

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.

We do not require prepayment of more than \$1,200 in fees per client, six months or more in advance nor, as of the date of this brochure, there exist no financial conditions that we are aware of that would be reasonably likely to impair our ability to meet our contractual commitments to clients.

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 proceeding.