

## **Certares Management LLC**

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This Investment Adviser Brochure (“**Brochure**”) provides information about the qualifications and business practices of Certares Management LLC (“**Certares Management**”) and its related advisers. If you have any questions about the contents of this brochure, please contact us at 212-624-2940. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Additional information about Certares is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Material Changes

This Brochure revises the following information from the version of this Brochure dated February 2021:

- To reflect a change to the authority to make investment decisions on behalf of Certares Holdings (as defined below). Previously, such authority was held by the boards of managers of Certares Holdings. It is now held by Certares Management LLC. See the section entitled “*Investment Discretion*” below.
- To reflect a change in ownership of Certares Management LLC. See the section entitled “*Advisory Business*” below.

## Advisory Business

Certares Management LLC (“**Certares Management**”) is owned approximately 39% by M. Gregory O’Hara (directly and through a controlled entity, Clementine Investments LLC) and approximately 31% by Colin Farmer (directly and through a controlled entity, Pemrose Corporation). Certares Management directly owns 100% of Certares Opportunities LLC and 100% of Certares Real Estate Management LLC (together with Certares Opportunities LLC and Certares Management LLC, “**Certares**”).

### Certares Management

Certares Management provides investment advisory services to three investment vehicles—Certares Holdings LLC, Certares Holdings (Blockable) LLC and Certares Holdings (Optional) LLC (collectively, “**Certares Holdings**”). Each of the three investment vehicles has and will invest *pro rata* in each investment made by such investment vehicles based on the capital commitments to each investment vehicle, and each will have the same investment objective, which is to achieve capital appreciation for its investors through equity and other structured investments in the travel, hospitality and travel-related business and consumer services sectors.

As the investment adviser to Certares Holdings, Certares Management is responsible for evaluating and monitoring Certares Holdings’ investments and providing day-to-day managerial and administrative services to Certares Holdings. Certares Management will source, structure and negotiate potential investments, monitor the performance of portfolio companies and advise Certares Holdings as to the disposition of investment holdings.

Capital commitments by investors to Certares Holdings will be managed by Certares Management on a discretionary basis.

Certares Management tailors its advisory services to the individual needs of its sole client, Certares Holdings.

### Certares Opportunities

Certares Opportunities LLC (“**Certares Opportunities**”) provides investment advisory services to CK Opportunities Domestic Fund, LP and CK Opportunities Offshore Fund, LP (collectively, “**CK Opportunities**”) jointly with Knighthead Capital Management, LLC. Each of the CK Opportunities investment vehicles will generally invest *pro rata* in each investment made by such investment vehicles based on the capital commitments to each investment vehicle, and each will have the same investment objective, which is to achieve superior risk adjusted returns while emphasizing the preservation of capital. CK Opportunities’ core strategy will be to invest in long-term public or private debt, bank loans, claims or other types of securities in, and to originate loans with respect to, stressed and distressed companies,

including, but not limited to, as a result of COVID-19, in the travel and hospitality sectors, including, but not limited to, airlines, hotels (including hotel management companies) and other hospitality providers, online and offline travel agencies, travel management companies, booking and expense management tools, global distribution systems and other specialty intermediaries, tour operators, destination management companies, air and hotel whole-sellers, ocean and river cruise liners, and ancillary travel products.

As one of the two investment advisers to CK Opportunities, Certares Opportunities is responsible for evaluating and monitoring CK Opportunities' investments and providing day-to-day managerial and administrative services to CK Opportunities. Certares Opportunities will source, structure and negotiate potential investments, monitor the performance of portfolio companies and advise CK Opportunities as to the disposition of investment holdings.

Capital commitments by investors to CK Opportunities will be jointly managed by Certares Opportunities and Knighthood Capital Management, LLC on a discretionary basis.

Certares Opportunities tailors its advisory services to the individual needs of its sole client, CK Opportunities. Restrictions on the types of securities in which CK Opportunities invests are contained in the documentation (such as the limited partnership agreements) relating to CK Opportunities.

#### Certares Real Estate

Certares Real Estate Management LLC ("**Certares Real Estate**") is expected to provide investment advisory services to Certares Real Estate Holdings I LP, Certares Real Estate Holdings I-A LP and Certares Real Estate Holdings I-B LP (collectively, the "**Certares RE Fund**" and, together with Certares Holdings and CK Opportunities, the "**Managed Funds**"). Each of the three investment vehicles is expected to invest *pro rata* in each investment made by such investment vehicles based on the capital commitments to each investment vehicle, and each will have the same investment objective, which is to invest in hospitality-related: real estate assets, businesses that derive significant value from real estate holdings, real estate companies, real estate mortgages, real estate mezzanine loans and other real-estate related securities and instruments.

As the investment adviser to the Certares RE Fund, Certares Real Estate is responsible for evaluating and monitoring Certares RE Fund's investments and providing day-to-day managerial and administrative services to Certares RE Fund. Certares Real Estate will source, structure and negotiate potential investments, monitor the performance of portfolio companies and advise Certares RE Fund as to the disposition of investment holdings.

Capital commitments by investors to Certares RE Fund will be managed by Certares Real Estate on a discretionary basis.

Certares Real Estate tailors its advisory services to the individual needs of its sole client, Certares RE Fund.

### **Fees and Compensation**

#### Certares Management

##### *Overhead Funding*

Certares Management is paid an amount referred to as "Overhead Funding" from Certares Holdings as described in its formation documents. In general, Certares Holdings pays Certares Management a per annum fee of up to 2.0% of the aggregate capital commitments by investors in Certares Holdings (other than by persons affiliated with Certares Management). Such fees are payable by Certares Holdings to Certares Management quarterly in advance. In the event the management

agreement is terminated prior to the end of a quarter, Certares Management will refund that portion of the Overhead Funding allocable to the remaining portion of such quarter.

Detailed information regarding the Overhead Funding borne by investors of Certares Holdings is disclosed in the relevant offering documents and limited liability company agreements of Certares Holdings.

#### *Portfolio Company and Legacy Fee Offset*

Certares Management or its affiliates may earn monitoring fees from portfolio companies owned by Certares Holdings and well as closing, transaction and other similar fees upon completion of an acquisition or disposition of a portfolio investments for Certares Holdings. In addition, Certares Management or its affiliates currently receive monitoring fees from existing investments unrelated to Certares Holdings in Amex Global Business Travel, AmaWaterways and Guardian Alarm. Certares Management expects to continue earning such fees until such investments are sold.

The fees referred to in the preceding paragraph are applied as an offset to the Overhead Funding payable by Certares Holdings.

#### *Expenses*

In addition to Overhead Funding and performance fees (described below), investors in Certares Holdings indirectly bear the costs and expenses charged to Certares Holdings. Certares Holdings is responsible for all expenses of its business and operations, other than Certares Management Expenses (as defined below), as set forth more fully in the limited liability company agreements of Certares Holdings.

The following are “**Certares Management Expenses**”, all of which are borne by Certares Management: (i) any costs and expenses of providing to Certares Holdings any office space, furniture, fixtures, equipment, facilities, supplies and necessary ongoing overhead support services for Certares Holdings’ operations; (ii) the compensation of the personnel working for Certares Management and its affiliates including salaries and employee benefits; (iii) travel and accommodation expenses incurred by Certares Management and any of its affiliates in connection with their investment sourcing activities on behalf of Certares Holdings other than those expenses incurred in connection with a potential investment for which a letter of intent, term sheet, memorandum of understanding or other similar preliminary documentation, whether binding or not binding, has been, is or is reasonably expected to be entered into; (iv) costs of regulatory compliance by Certares Management and its affiliates that is not specifically related to Certares Holdings and its operations; and (v) any expenses in support of the activities of Certares Management, such as insurance or fees or expenses of third party advisors, consultants or other service providers unrelated to the business of the Certares Holdings.

### Certares Opportunities

#### *Management Fees*

Certares Opportunities receives a management fee from CK Opportunities as described in its formation documents. In general, CK Opportunities pays a per annum management fee of 1.5% of invested capital (which is the amount of outstanding capital contributions made by investors in CK Opportunities (other than by persons affiliated with Certares or Knighthead Capital Management, LLC) plus the amount drawn down from any subscription facility); provided that such fee will be reduced to 1.0% per annum with respect to investors who commit to invest \$100 million or more to CK Opportunities. One-half of such fees are payable to Certares Opportunities and one-half are payable to Knighthead Capital Management, LLC. Such fees are payable quarterly in advance. In

the event the management agreement is terminated prior to the end of a quarter, Certares Opportunities will refund that portion of the management fee allocable to the remaining portion of such quarter.

Detailed information regarding the management fee borne by investors of CK Opportunities is disclosed in the relevant offering documents and formation agreements of CK Opportunities.

#### *Expenses*

In addition to management fees and performance fees (described below), investors in CK Opportunities indirectly bear the costs and expenses charged to CK Opportunities. CK Opportunities is responsible for all expenses of its business and operations, other than the following ordinary day-to-day expenses incidental to the administration of CK Opportunities: (i) all costs and expenses of providing to CK Opportunities and its investment managers the office space, facilities, utility service, employee insurance, supplies and necessary administrative and clerical functions connected with CK Opportunities' business and (ii) all costs relating to the compensation of their employees.

### Certares Real Estate

#### *Management Fees*

Certares Real Estate expects to receive a management fee from Certares RE Fund as described in its formation documents. In general, the Certares RE Fund pays a per annum management fee of 1.5% of capital commitments by investors in the Certares RE Fund (other than by persons affiliated with Certares). Such fees are payable quarterly in advance. In the event the management agreement is terminated prior to the end of a quarter, Certares Real Estate will refund that portion of the management fee allocable to the remaining portion of such quarter.

Detailed information regarding the management fee borne by investors the Certares RE Fund will be disclosed in the relevant offering documents and formation agreements of the Certares RE Fund.

#### *Expenses*

In addition to management fees and performance fees (described below), investors in the Certares RE Fund are expected to indirectly bear the costs and expenses charged to the Certares RE Fund. The Certares RE Fund is expected to be responsible for all expenses of its business and operations, other than the following ordinary day-to-day expenses incidental to the administration of the Certares RE Fund: (i) all costs and expenses of providing to the Certares RE Fund and its investment managers the office space, facilities, utility service, employee insurance, supplies and necessary administrative and clerical functions connected with the Certares RE Fund's business and (ii) all costs relating to the compensation of their employees.

### **Performance-Based Fees**

Certares or an affiliate of Certares is also entitled to receive a distribution of a percentage of the profits on distributions derived from the disposition of investments (after taking into account certain expenses and fees) by the Managed Funds ("**Carried Interest**").

Although Carried Interest is a method of compensation that is generally used to align Certares' interests with those of the investors in its managed funds, it may also create an incentive for Certares to make more speculative investments. In addition, compensation in the form of Carried Interest may incentivize Certares to make different decisions regarding the timing and manner of the realization of a managed fund's portfolio investments than would be the case if such Carried Interest were not part of its overall compensation

structure. Certares seeks to address these conflicts through careful vetting of investment opportunities by its investment professionals and disclosure of investments to investors through capital call notices and periodic reports. Additionally, certain investment professionals at Certares have and will invest in its managed funds, which is intended to align the interests of Certares and those of investors in such funds.

In addition, the formation agreements of its managed funds provide “clawback” provisions that require Certares and its investment professionals to return distributions of Carried Interest in certain circumstances and at certain times if and to the extent that, in the aggregate, Certares has received such distributions in excess of what it should have received.

Detailed information regarding the Carried Interest to be borne by the investors in the Certares-managed funds is contained in the formation agreements of such funds. Investors should not consider an investment in the Managed Funds without fully understanding the Carried Interest structure.

## **Types of Clients**

Certares provides investment advisory services solely to investment funds (Certares Holdings, Certares Opportunities and Certares RE Fund) exempt from registration with the U.S. Securities and Exchange Commission.

Investment in the Managed Funds is limited to investors that meet certain financial sophistication requirements. Investors must be (i) “accredited investors” within the meaning of Regulation D under the Securities Act of 1933, as amended, and (ii) “qualified purchasers” within the meaning of the Investment Company Act of 1940, as amended (the “**1940 Act**”). Certain Certares employees who qualify as “knowledgeable employees” under Rule 3c-5 of the 1940 Act are also permitted to invest directly or indirectly in Certares-managed funds. Investors considering an investment in a Managed Fund should consult with their own investment, tax and/or legal consultants prior to investing.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

Certares adheres to an investment process that includes: (i) proactive sourcing; (ii) a stringent due diligence and approval process; and (iii) active oversight and support. Certares’ team of investment professionals takes an active role in all phases of Certares’ investment process.

In evaluating potential investment opportunities, Certares analyzes the target's historical financial performance, including but not limited to sources of revenue, cost structure, margin profile, capital intensity and strategic positioning. Certares also evaluates the target’s management team, shareholding and capital structure (before and after investment from Certares) and the defensibility and growth prospects based on the target’s competitive positioning in the industry segments in which it participates. Certares performs a risk analysis, including but not limited to the target’s legal contracts and obligations, insurance coverage, governance structure, employee practices and key employees. Certares professionals structure its investments to balance growth opportunities with risk mitigation, including but not limited to shareholder, governance and other oversight rights and implementing a capital structure that suits the target’s long-term strategic plan while protecting such investment if the target does not meet its plan.

Acquiring an interest in a Certares-managed fund involves a number of risks. An investment in such a fund may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of such investment. No guarantee or representation is made that such funds will achieve the investment objective or that investors will receive a return of their capital.

A brief overview of some of the prominent risks related to Certares’ investment strategy is outlined below:

### ***Risks of Investments in the Travel, Tourism, Hospitality and Travel-Related Industries***

Investments in the travel, tourism, hospitality and travel-related industries may be adversely affected by events beyond the control of Certares. Such investments may be susceptible to the effects of “Acts of God,” including earthquakes, floods, hurricanes, tropical storms, fires or other natural disasters, electricity shortages, war or other armed conflict or other national or local emergencies, and Certares-managed funds and their portfolio companies may not have adequate insurance against such events. In particular, portfolio investments may be affected by political instability and acts of terrorism, whether global or country-specific, that could cause direct damage to its or a portfolio company’s assets, materially adversely affect the tourism industry in one or more countries where the portfolio companies are located, or materially adversely affect the travel industry generally, in each case negatively impacting returns. These events cannot be predicted with any certainty and may have a significant material adverse effect on investors.

### ***Long-Term Investments and Illiquid Securities***

Capital and profits, if any, from a portfolio investment generally will only be realized upon the partial or complete disposition of that portfolio investment. While a portfolio investment might be sold at any time, Certares expects that portfolio investments will be held for a number of years. In addition, in some cases Certares-managed funds may be prohibited by contract from selling certain securities for a period of time. It is unlikely that there will be public markets for the securities held by Certares-managed funds at the time of their acquisition.

### ***Limited Number of Investments/Diversification***

Certares-managed funds may make only a limited number of portfolio investments, and as a consequence, the unfavorable performance of one or a small number of sizeable portfolio investments may have a material adverse effect on the value of such funds.

### ***Foreign Currency and Exchange Rate Risks***

Some portfolio investments may not be denominated in US Dollars. Changes in foreign currency exchange rates may affect the value of portfolio investments. Moreover, Certares-managed funds will incur costs in connection with conversions between various currencies. Such funds may conduct foreign currency exchange transactions in anticipation of funding investment commitments or receiving proceeds upon dispositions, but they will ordinarily not attempt to hedge currency risks over the long term.

Certares-managed funds will also be exposed to indirect operational exchange rate risks whereby the overall performance of portfolio companies and their ability to meet loan payments or other financial performance expectations may be significantly hindered because of changes in exchange rates.

### ***Broken Deal Expenses***

Some investments require extensive due diligence activities prior to acquisition, the expenses relating to which can be quite substantial. Due diligence costs include, among others: feasibility and technical studies; preliminary engineering costs and marketing studies; environmental reviews; legal costs; and bid preparation and submission costs. In the event that the investment is not consummated, these expenses will be borne by investors in Certares-managed funds.

### ***Leveraged Portfolio Companies***

Some portfolio companies or their assets may be pledged to third parties, including senior lenders, and could be foreclosed upon or otherwise acquired by such parties under certain circumstances, including an



incipient and/or un-remedied default. Certares-managed funds may also guarantee portfolio company indebtedness, which increases the risk of any such leverage.

### ***Investment Selection***

The investments of Certares-managed funds may not yet be identified. Accordingly, potential investors will not have any opportunity to review the investments and the terms of the portfolio investments prior to investing in such funds. Potential investors will not have the opportunity to evaluate the relevant economic, financial and other information that will be used by Certares in the selection, structuring, monitoring and disposition of investments. The likelihood that potential investors will realize any gain on their investment depends on the skill and expertise of Certares' personnel.

### **Disciplinary Information**

None of Certares or any of its employees have been involved in any legal or disciplinary events required to be disclosed on this Brochure.

### **Other Financial Industry Activities and Affiliations**

Certain investment professionals of Certares may serve as members of the boards of directors or similar governing bodies of various companies and may participate in other activities outside of the Managed Funds. Conflicts may arise as a result of such activities and in the allocation of management resources. Investors should be aware that receipt of material non-public information by such individuals regarding these companies could preclude the Managed Funds from effecting transactions in the securities of such companies.

### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Certares has adopted a written code of ethics that is applicable to all of its supervised persons. Among other things, the code requires Certares and its supervised persons to act in clients' best interests, abide by all applicable regulations and avoid even the appearance of insider trading. In addition, among other requirements, supervised persons must disclose to Certares the existence of personal securities accounts, pre-clear personal trades of initial public offerings or limited offerings and report personal securities transactions. Certares regularly reviews its compliance systems and procedures with outside counsel and compliance consultants. Should potential conflicts of interest arise, Certares' investment professionals have an ongoing responsibility to report such conflicts to the Chief Compliance Officer, who will address conflicts on a case-by-case basis.

A copy of Certares' code of ethics is available upon request to any investor or prospective investor.

Certain investment professionals and related persons of Certares have and will invest in Certares-managed funds. While investments by investment professionals and related persons of Certares are intended to align interests of Certares and its investment professionals and related persons with those of the investors in such funds, such investments may create conflicts (for example, in a diverse group of investors, including the investment professionals, with conflicting tax or other interests, decisions may be made that are more beneficial to one type of investor).

### **Brokerage Practices**

Certares Holdings and the Certares RE Fund are not expected to participate in trading through broker-dealers. To the extent Certares Holdings or the Certares RE Fund purchases public securities as part of a private transaction or acquires such securities as a result of a portfolio company going public, Certares

Management or Certares Real Estate will cause Certares Holdings or the Certares RE Fund, as applicable, to follow applicable SEC guidelines to seek best execution when implementing such transactions.

CK Opportunities may trade through broker-dealers. Certares Opportunities will cause CK Opportunities to follow applicable SEC guidelines to seek best execution when implementing such transactions.

Certares does not have formal soft dollar arrangements. However, Certares may receive access to research made available through brokerage firms or investment banks. Certares believes this research is available to all managers of similar size. Certares does not direct transactions in lieu of payments for research or other services that do not benefit the Managed Funds.

## **Review of Accounts**

Certares maintains continuous and ongoing oversight and review of portfolio holdings by its senior investment professionals. Certares has and will furnish audited financial statements to investors in its managed funds annually. In addition, on a quarterly basis Certares-managed funds will provide investors with unaudited financial statements and descriptive information regarding each portfolio company. The Managed Funds will furnish to each investor a Schedule K-1 (Internal Revenue Service Form 1065) or an equivalent report annually to the extent applicable.

## **Client Referrals and Other Compensation**

In connection with the marketing and sale of interests in the Managed Funds, one or more placement agents may be engaged. All such placement fees are disclosed to the relevant investor. Such placement fees will initially be paid by the Managed Funds, as applicable, but will be ultimately reduce on a dollar-for-dollar basis the Overhead Funding or management fee payable by the Managed Funds to Certares.

## **Custody**

Cash, cash equivalents and, generally, certificated securities owned by the Managed Funds are held by unaffiliated, qualified custodians. Certares is deemed to have custody of the Managed Fund's assets because Certares can access the Managed Funds' assets. In compliance with the Advisers Act, Certares has arranged for an annual audit of each of the Managed Funds, which will be performed in accordance with U.S. generally accepted accounting principles (GAAP). A copy of the audited financial statements for each of the Managed Funds will be distributed to its investors within 120 days of its fiscal year end.

## **Investment Discretion**

All investment decisions for Certares Holdings are made by an investment committee comprised solely of representatives of Certares Management. A majority of such investment committee required to approve any investment decision (such as the purchase or sale of any security).

All investment decisions for CK Opportunities are made by an investment committee comprised of equal representation from Certares Opportunities and Knighthead Capital Management, LLC, with a majority of such investment committee required to approve any investment decision (such as the purchase or sale of any security).

All investment decisions for the Certares RE Fund are made by an investment committee, a majority of whom are representatives from Certares Real Estate. A majority of such investment committee required to approve any investment decision (such as the purchase or sale of any security).

## **Voting Client Securities**

Certares Holdings and the RE Fund will invest primarily in private companies, which typically do not issue proxies. CK Opportunities is expected to invest in both public and private companies. Certares has adopted written policies and procedures regarding proxy voting in the event that a Managed Fund is required to vote proxies. It is Certares' policy to exercise any proxy proposals received in connection with publicly traded portfolio companies in best interests of its managed funds, taking into consideration all relevant factors, including, without limitation, acting in a manner that Certares believes will maximize the ultimate long-term economic value of its funds. Whenever Certares is required to exercise a vote for a privately held portfolio company, Certares will apply the same standards and procedures. Certares will seek to avoid material conflicts of interest between its own interests, on the one hand, and the interests of its managed funds, on the other.

Investors in a Managed Fund may request a copy of Certares' full proxy voting policies and procedures and record. Please contact Certares' Chief Compliance Officer at (212) 624-2940.

## **Financial Information**

Certares has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.