

Item 1 – Cover Page



Form ADV Part 2A: FIRM BROCHURE

KSL ADVISORS, LLC

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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 31, 2022, we have no material changes to report.

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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 (together with its fund general partners (unless otherwise specified), “KSL Advisors”) was founded in 2005 by Michael S. Shannon and Eric C. Resnick, who currently serve as the firm’s Chairman and Chief Executive Officer (“CEO”), respectively, with Peter McDermott and Steven Siegel as two of the firm’s initial partners. KSL Advisors is owned and controlled by Mr. Resnick. More information about the ownership of KSL Advisors may be found in our Form ADV Part 1, Schedule A.

We are a private equity firm specializing in travel and leisure enterprises in the following sectors: hospitality, recreation, clubs, real estate and travel services. KSL Advisors provides discretionary investment advisory and other services through affiliated entities (“Affiliates,” and together with KSL Advisors, “KSL,” “we,” or “us”) to (i) certain private equity funds sponsored and managed by KSL (each such private equity fund, an “Equity Fund” and collectively, the “Equity Funds”), (ii) certain credit funds sponsored and managed by KSL (each such credit fund, a “Credit Fund” and collectively, the “Credit Funds”) and (iii) certain tactical opportunities funds sponsored and managed by KSL (each such tactical opportunities fund a “TacOpps Fund” and collectively the “TacOpps Funds”) (each of the Equity Funds, Credit Funds and TacOpps Funds, a “Fund” and collectively, the “Funds”). We also provide investment advisory services to Co-Investment Vehicles and a small number of fund-of-one clients, which have been established to meet the investment requirements of certain large, institutional investors (collectively, “Individual Mandates”). For more information about the Funds we manage, please see Form ADV Part 1, Schedule D, Section 7.B.(1).

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

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

We provide investment advisory services as a manager to the Funds. KSL specializes in investing in travel and leisure businesses, including in the hospitality, recreation, clubs, real estate and travel

services sectors. Our Equity Funds typically pursue transactions where we control the investment through whole ownership, joint venture or participating debt or preferred equity investments; the Credit Funds pursue performing debt investments not intended to result in control of the underlying assets, or that have return profiles lower than those of the Equity Funds, that are below 75% loan-to-value; and the TacOpps Funds pursue equity and debt investments in assets we believe are mispriced or other tactical opportunities within the space between the other two mandates (e.g., (i) equity investments that are not intended to result in control or have return profiles lower than those of the Equity Funds and (ii) debt investments at or above 75% loan-to-value or where we believe there is a path to a restructuring event, such as distressed debt, debt of reorganizing companies or debt of companies going through bankruptcy, foreclosure or other workout, etc.). Individual Mandates can be established to make investments similar to the Funds, though differences in the underlying investment opportunities limit concerns about opportunity allocation, as discussed in more detail under Item 8.

As part of our activities on behalf of our clients, 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.

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

Fund investors generally cannot impose restrictions on investing in certain securities or types of securities. Investors in the Funds participate in the overall investment program for the applicable Fund but may be excused from a particular investment due to legal, regulatory or other applicable constraints, pursuant to the terms of the applicable governing documents. KSL has entered into side letters with or similar written agreements with certain investors that have the effect of establishing rights under or altering or supplementing a Fund’s governing documents. Such rights may include, but are not limited to, co-investment rights and preferences, notification provisions, reporting requirements and “most favored nations” provisions, among others. These rights, benefits or privileges are not always made available to all investors nor in some cases are they required to be disclosed to all investors. Side letters are typically negotiated at the time of the relevant investor’s capital commitment, and once invested in a Fund, investors generally cannot impose additional investment guidelines or restrictions on such Fund.

Individual Mandates, however, are established to meet the specific requirements and restrictions of the underlying investor for whom the mandate was created. At the outset of the advisory relationship,

all requirements and restrictions are established and memorialized in the governing documents of the Individual Mandate.

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, 2022, we had approximately \$20,964,360,558 in regulatory assets under management, \$17,122,937,828 of which is managed on a discretionary basis and \$3,841,422,730 of which is managed on a non-discretionary basis.

Item 5 – Fees and Compensation

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

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

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

Management Fees

The Funds pay us a management fee up to the amount specified in each Fund’s governing documents. Currently the management fee payable by a Fund or Co-Investment Vehicle (as defined below) is between 0.25% and 1.75% per annum.

During the investment period of our Funds, the management fee is generally based on the total capital commitments of such Fund’s investors. Thereafter, the management fee is computed based on the

investors' capital contributions that remain invested in portfolio companies or other investments, subject to various other factors. Additionally, investors participating in a subsequent closing after the initial closing of a Fund are responsible for paying the management fee as of the date of the initial closing of such Fund, plus interest, as applicable.

From time to time, the Management Fee is modified, reduced, waived or rebated at KSL's discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which will typically not be disclosed to all other investors in the same Fund. Fees differ from one Fund to another, as well as among investors in the same Fund. In certain cases, the rate of Management Fees payable by certain investors in a Fund will be lower than other investors if the size of their investment in the Fund is larger than such others, if such investor subscribed to a Fund prior to a designated date or for other reasons in KSL's discretion.

The rates and calculation methodologies of management fees for Individual Mandates are negotiated directly with such clients, but generally fall within a range similar to those paid by our Funds.

From time to time, we will, at our sole discretion, permit certain strategic investors (which can include existing Fund investors, consultants, lenders, or unaffiliated third parties) ("Co-Investors") to invest in a single portfolio company alongside a Fund through a co-investment vehicle ("Co-Investment Vehicle"). The governing documents of the Funds generally require that any Co-Investment Vehicles we advise will not pay us management fees that are more favorable to us than those paid by the Funds, and the Co-Investment Vehicles pay a management fee at a rate that is equal to or lower than the rate charged by the applicable Fund on the amount of capital contributions actually invested in the applicable portfolio company. For consummated Co-Investment Vehicles, Co-Investors will bear their allocable share of such expenses. However, as such expenses are incurred for specific transactions, Broken Deal Expenses (as defined below) typically are not allocated to Co-Investment Vehicles and such Broken Deal Expenses will typically be borne by the applicable Funds and, accordingly, the Funds may incur Broken Deal Expenses attributable to a portion of an investment that, if such investment had been made, would have been allocated to a Co-Investment Vehicle. 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. In all Co-Investment Vehicles, however, in the event that additional capital investment is required in the portfolio company after the Co-Investor's initial capital commitment to the Co-Investment Vehicle has been contributed (or is reserved for future use), Co-Investors have the right (but not the obligation) to invest additional capital through their Co-Investment Vehicle pro rata with the applicable Fund (or else be diluted), and the management fee paid would increase correspondingly. In the event a follow-on investment is not consummated, the Co-Investors may not bear their share of Broken Deal Expenses and, in such case, all such Broken Deal Expenses would be borne by the Fund.

To the extent that our principals and employees, and their respective family and friends, are Fund investors or Co-Investors, they will generally, at our sole discretion, pay reduced management fees or none at all. The existence of these arrangements is disclosed in the offering documents and limited partnership agreements of the relevant Funds and Co-Investment Vehicles. Management fees payable to KSL are generally reduced in whole or in part (depending on the Fund) by (i) placement agent fees or commissions paid by the applicable Fund or the investors to any placement agents in connection with the offer and sale of interests in such Fund; (ii) organizational expenses that exceed a limit as specified in such Fund's governing documents; and (iii) if applicable, by certain other fees received by

KSL, as discussed below in “Portfolio Company Remuneration” and with greater detail in each Fund’s governing documents.

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

Where one or more Funds to which an expense would otherwise be allocable are not permitted to receive an allocation based on the applicable governing documents, or in KSL’s sole discretion, the portion of the expense attributable to such Fund will be borne by KSL.

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

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

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

Portfolio Company Remuneration

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

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

The management fees received from a Fund or Co-Investment Vehicle are offset by a portion of any such transaction fees and monitoring fees we may receive from a portfolio company. The amount of this offset differs by Fund and Co-Investment Vehicle, but is typically 100%, net of any out-of-pocket

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

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

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

Fees for Operations Management

The companies held in the Funds' portfolios pay fees to affiliated service providers in connection with the day-to-day operation of their business (*e.g.*, fees to operate or develop a business, which are distinct from fees paid in connection with investment advisory services provided by us to the Fund) ("Operations Management"). These fees include, for example, fees paid to KSL Resorts, our affiliated hotel management company, or other portfolio companies (such as Davidson Hospitality Group, WellBiz Brands, Inc., Outrigger Hospitality Group, Mission Hill Hospitality, Southern Marinas or Heritage Golf Company), that provide services relating to management, construction, leasing, development, and other property management services and results in portfolio companies of one Fund paying a portfolio company of another Fund for these services. These fees are not incurred for investment management services; rather, they relate to Operations Management. Fees paid by Fund portfolio companies to other portfolio companies (regardless of whether it is a portfolio company of

the same Fund or a different Fund) or to our affiliated service providers for such services will not reduce or offset any management fees we receive.

Operating Partner Fees and Expenses

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

Third party professionals will, from time to time, receive payments, co-investment rights, equity allocations or other compensation with respect to portfolio companies and/or other entities, including a profits interest and options in a portfolio company or a percentage of the carried interest. Third party professionals are often appointed to sit on a KSL portfolio company board of directors and receive customary compensation from such portfolio company. In the event a third-party professional provides work for a portfolio company in addition to board service, any such fees are paid by the portfolio company and not offset against management fees. The determination of the appropriate form and amount of compensation for such services may take into account a variety of factors but will ultimately be at our discretion.

Third party professionals typically incur expenses while working with KSL portfolio companies, and such expenses are paid or reimbursed by KSL, the relevant portfolio company or the relevant Fund. Similarly, these third-party professionals receive reimbursement for the cost of their travel to and from such portfolio company board meetings and for other portfolio company business; such expenses are generally borne by the relevant portfolio company which the third-party professional is advising but can also be paid by the relevant Fund.

In such circumstances, all such fees, compensation, equity, reimbursements or other forms of compensation will not be deemed paid to or received by KSL Advisors and its Affiliates and such amounts will not be subject to the management fee offset provisions described above.

Additional Fees and Fund Expenses

From time to time, we make investments in publicly traded debt and equity securities on behalf of the Equity Funds and TacOpps Funds, in accordance with such Fund’s limited partnership agreements, which in the case of the Equity Funds generally limit us from making open market purchases on behalf of such Funds except for securities purchased in connection with a contemplated privately negotiated transaction or in an amount not to exceed 10% of aggregate capital commitments to such Fund. The

Credit Funds, subject to their respective investment mandates, purchase publicly traded debt and equity securities in accordance with their limited partnership agreements, which prohibit them from making investments in certain publicly traded securities collateralized by hospitality assets to the extent such investments exceed 25% of the aggregate capital commitments to such Credit Fund.

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

- Out-of-pocket fees, costs and expenses of tax advisors, legal counsel, auditors, consultants, investment and other bankers, third-party valuers and other professionals and service providers (including the cost of third-party fund administrators and administration and reporting software, if any);
- Out-of-pocket fees, costs and expenses, if any, incurred in developing, investigating, organizing, negotiating, structuring, financing, refinancing, bidding on, consummating, acquiring, owning, managing, monitoring, operating, holding, restructuring, taking public or private, valuing, marketing selling, winding up, liquidating or disposing of, as applicable, actual portfolio investments, including without limitation any financing, legal, accounting, advisory, consulting, commitment, transaction, third-party valuation or other fees and expenses in connection therewith (to the extent not subject to any reimbursement of such costs and expenses by entities in which the Funds invest or other third parties);
- Broken Deal Expenses (as defined below), to the extent not reimbursed by an entity in which the Funds or a Co-Investment Vehicle has invested or proposes to invest or by other third parties or capitalized as part of the acquisition of an investment;
- Brokerage commissions, issue and transfer taxes (to the extent payable by the Funds), custodial expenses and other investment costs actually incurred in connection with making, holding, settling, monitoring or disposing of actual portfolio investments;
- Interest on and fees and expenses related to, or arising out of, all indebtedness of the Funds, including, but not limited to, the arranging or attempted arranging thereof, defeasance costs or the out-of-pocket costs and expenses of outside counsel to investors incurred by such investors in connection with the negotiation and delivery of the investor consent and legal opinions of counsel requested by lenders to the Funds; provided that the foregoing fees and expenses will in certain cases instead be allocated to specific portfolio investments (in the general partner's sole discretion);
- The costs and expenses of any litigation or proceeding (including any actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including any judgment, award or settlement entered into in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the governing documents of the Funds) relating to the affairs of the Funds, the costs of any litigation, D&O liability, general partner liability, errors and omissions, cybersecurity, professional or other insurance and any indemnification or extraordinary expense or liability relating to the affairs of the Funds;
- Expenses of terminating, winding up and dissolving the Funds and liquidating the assets of the Funds;

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

- The costs and expenses of developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of the Funds and their investors;
- The costs and expenses of any activities with respect to protecting the confidential or non-public nature of any information or data of the Funds;
- The costs and expenses of compliance with the provisions in side letters entered into with investors that are not Affiliates of KSL, other than “most favored nations” provision;
- The costs and expenses of amendments to, and waivers, consents or approvals pursuant to, the governing documents of the Funds, their general partners and any AIVs, including the preparation, distribution and implementation thereof; and;
- Any other fees, costs, expenses, liabilities or obligations approved by the LPAC.

The expenses charged to each Co-Investment Vehicle and Individual Mandates are detailed in the respective governing documents and differ by entity. Please refer to Item 12 of this brochure for additional information regarding the factors we consider in selecting broker-dealers and other service providers for transactions, and in determining the reasonableness of their compensation.

Our employees, and possibly other third parties appointed by us, routinely participate in due diligence trips related to prospective investments. The expenses related to these trips are often paid for by the business in which the prospective investment would be made (typically capitalized at the time of acquisition), or will be paid for by us and reimbursed by the applicable Fund (typically in the event a transaction is not consummated). KSL maintains a private air travel policy which provides that, other than as 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 passenger. In limited circumstances, some flights will be charged entirely to the Funds but only in the event that the related transaction is consummated; for example, prior to a deal closing, if KSL is taking a due diligence trip to target properties in multiple locations and commercial air travel is not a viable option. After a deal closes or in the event a deal does not close, all private air travel that is paid by the Funds (or by the portfolio company) is charged at the equivalent of a business class ticket per employee passenger and KSL Advisors pays any remainder.

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

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

relevant, such as relative unpaid capital commitments, invested capital and capital under management and in accordance with KSL's policy regarding expense allocation. Where one or more Funds to which an expense would otherwise be allocable are not permitted to receive an allocation based on the applicable governing documents, the portion of the expense attributable to such Fund(s) will be borne by KSL.

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

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

Related Issues and Conflicts

Transaction Fees. We 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 Funds. The greater the proceeds of the sale of a portfolio holding, the greater the gains by the Fund, and the greater the transaction fee we would receive. Generally, 100% of any transaction fee would be used to offset future management fees we would otherwise receive.

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

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

independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio company.

Broken Deal Expenses. Each Fund will generally bear all out-of-pocket costs and expenses incurred in sourcing, developing, investigating, negotiating and structuring proposed investments or related co-investments that are not ultimately made, including (i) any legal, accounting, advisory, market research, consulting or other third-party expenses (including the costs of negotiating the terms of any vehicle formed for the purpose of making such co-investment) and any travel and accommodation expenses, (ii) all fees (including commitment fees), costs and expenses of lenders, investment banks, brokers and other financing sources in connection with arranging financing for such a proposed investment and (iii) any termination or “reverse breakup” fees and any deposits or down payments of cash or other property that are forfeited in connection with a proposed investment or related co-investment (“Broken Deal Expenses”). If a prospective counterparty in an unconsummated transaction reimburses such Fund or any of its Affiliates for any Broken Deal Expenses (such amount, the “Reimbursed Amount”), the general partner or its Affiliates can in their sole discretion agree to share any or all of such Reimbursed Amount with third-party investors that participate in co-investment opportunities or similar arrangements to the extent such third-party investors incurred costs and expenses in connection with such unconsummated deals. As a result of these sharing arrangements, it is possible that such Fund will not be reimbursed for 100% of its Broken Deal Expenses. Similarly, if a prospective counterparty pays such Fund or any of its Affiliates a break-up fee in connection with an investment that ultimately does not close, the general partner can in its sole discretion share any or all of such break-up fee with third-party investors that were to participate in such co-investment opportunity or similar arrangements. As a result, it is possible that such Fund will not receive 100% of such break-up fees.

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

The management fee is generally accrued and payable quarterly in advance and is payable without regard to the overall success or income earned by a Fund, Co-Investment Vehicle or Individual Mandate. Installments of the management fee payable for any period other than a full calendar quarter are adjusted on a pro rata basis according to the actual number of days in such period, and in the case of the last period in which the management fee is paid. The Funds typically invest on a long-term basis. Accordingly, management fees are expected to be paid, except as otherwise described in the limited partnership agreements, over the term of the Funds, Co-Investment Vehicles and Individual Mandates, and investors generally are not permitted to withdraw or redeem interests in such Funds or Co-Investment Vehicles; however, investors in Individual Mandates are permitted to withdraw, in accordance with the mandate’s governing documents.

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

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

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

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

As noted in Item 5 above, the Funds pay us certain performance-based fees in the form of carried interest. For the Equity Funds and the TacOpps Funds, this is typically 20% of the profits generated by (1) the net proceeds from the divestment of Fund portfolio holdings and (2) cash receipts from dividends, interest and other distributions of Fund portfolio holdings. For the Credit Funds, this is typically 15% of the profits generated by (1) the net proceeds from the divestment of Fund portfolio holdings and (2) cash receipts from dividends, interest and other distributions of Fund portfolio holdings. For the Co-Investment Vehicles, such percentage is generally 10% and will never be more favorable to KSL Advisors and the relevant Fund general partner with respect to a Co-Investment Vehicle than to the corresponding Fund. Performance-based fees for Individual Mandates will be negotiated on a case-by-case basis. Our receipt of performance-based fees (i) is subject to certain limitations set forth in the governing documents of each Fund, (ii) is calculated based on cumulative realized gains, and therefore is available solely as portfolio holdings are liquidated or otherwise monetized, (iii) is subject to a potential giveback if the respective general partner has received excess cumulative distributions and (iv) generally requires 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 the share of fees and expenses paid by the Funds that is attributable to such portfolio holdings. To the extent that our principals and employees and their respective family and friends are Fund investors, and subject to our sole discretion, such persons will generally pay reduced performance-based fees or none at all.

All performance-based fees are calculated and paid in accordance with Section 205(a)(1) of the Advisers Act and the exemptions set forth in Rule 205-3. KSL's performance-based fees and other compensation payable to us and our Funds' and Co-Investment Vehicles' general partners are established by KSL at the time of the formation of the relevant vehicle and are subject to negotiation at KSL's discretion, but once the relevant Fund or Co-Investment Vehicle has closed, are not subject to negotiation thereafter.

Our receipt of performance-based fees may motivate us to make more speculative investments on behalf of a Fund than we would otherwise make and we attempt to appropriately balance the risk and reward potential. However, we believe that the risk of KSL prioritizing its own interests is sufficiently mitigated by the fact that: (i) the applicable governing documents create limitations on the ability of KSL to establish new investment funds; (ii) Fund investors receive a return of invested capital plus a preferred return before performance-based fees are received; (iii) relatedly, any losses will need to be regained before performance-based fees are received; and (iv) a general partner often makes a substantial commitment to a Fund to invest its own capital alongside the investors.

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 will be in the "investment" phase, provided, however, it is possible that more than one Equity Fund will participate in a single portfolio investment in limited circumstances to the extent permitted by, and in accordance with, such Funds' respective governing documents.

The "investment" phase of the Credit Funds and TacOpps Funds will operate simultaneously during the investment cycle of the Equity Funds. It is important to note that the Equity Funds, the Credit Funds and the TacOpps Funds have investment mandates that are fundamentally distinct from one another. Whereas the Equity Funds make control investments through whole ownership, joint venture or participating debt or preferred equity investments, the Credit Funds pursue performing debt investments not intended to result in control of the underlying assets, or that have return profiles lower than those of the Equity Funds, that are below 75% loan-to-value. By contrast, the TacOpps Funds pursue equity and debt investments in assets we believe are mispriced or other tactical opportunities within the space between the other two mandates (*e.g.*, (i) equity investments that are not intended to result in control or have return profiles lower than those of the Equity Funds and (ii) debt investments at or above 75% loan-to-value or where we believe there is a path to a restructuring event, such as distressed debt, debt of reorganizing companies or debt of companies going through bankruptcy, foreclosure or other workout, etc.).

Additionally, while the "investment" phase of the Individual Mandates will overlap with that of other Funds, such overlap does not present material risk of management conflicts because the investments made by Individual Mandates generally do not meet the same criteria of KSL's other Funds, generally due to opportunity size, control nature of the underlying opportunity, anticipated investment returns, investment horizon of the opportunity or geographic focus of the target investments.

For a discussion of investment allocation between the Funds, see Item 8 below. Our Funds generally follow a cycle of (1) capital sourcing, (2) investment and (3) disposition of portfolio holdings. Typically, we do not begin investments for a new Fund until all other existing Funds with a similar investment mandate have substantially completed their investment phase. As such, we rarely face conflicts that would involve differing treatment of different Fund clients.

The investment approach, strategy and focus of each our Funds, Co-Investment Vehicles and Individual Mandates are defined in their respective governing documents, and we have developed allocation guidelines, subject to certain investment considerations, to handle potential conflicts in relation to investment overlaps. We seek to manage potential conflicts of interest in good faith, and subject to the provisions of the governing documents of the affected Funds, are guided by our

fiduciary duties to our clients on any matter involving a conflict of interest. Therefore, KSL's procedures are designed to ensure that all investment decisions are made without consideration of KSL's (or its Affiliates' or employees') pecuniary interest. KSL will not allocate investment opportunities based in whole or in part on (i) the relative fee structure or amount of fees paid by any Fund or Co-Investment Vehicle or (ii) the profitability of any Fund. See Item 8 for an additional discussion of our allocation guidelines.

Co-Investment Vehicles. As noted above in Items 4 and 5, we will from time to time permit Co-Investors to invest alongside a Fund through a Co-Investment Vehicle. KSL will, in its sole discretion, offer co-investment opportunities to some investors in its Funds while not offering them to other investors in its Funds, and, to the extent that co-investment opportunities are offered, it is possible that an investor will be offered a smaller amount of co-investment opportunities than originally requested or that the size of the investment opportunity otherwise available to KSL's participating Fund(s) will be less than it would otherwise have been without the inclusion of such Co-Investors. The governing documents of the Funds generally require that the Co-Investment Vehicles will not pay us performance-based fees that are more favorable to us than those paid by the Funds. The governing documents of the Funds further provide that such Fund's general partner is permitted to offer such co-investment opportunities to certain persons in its sole and absolute discretion. Additionally, certain of our Funds have entered into co-investment arrangements with certain of their investors whereby they are required to offer such investors the opportunity to co-invest in certain qualifying investments; the terms of these arrangements are set forth in the operating agreement or side letter agreements with such investors and, if applicable, described in detail in the relevant governing documents.

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

Parallel Funds. For each Equity Fund, Credit Fund and TacOpps Fund, as applicable, 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.

With the exception of employee and affiliate fund vehicles, the Funds, Individual Mandates 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 (the “Investment Company Act”), “qualified purchasers” or “knowledgeable employees” each as defined in the Investment Company Act. Investors in the Funds must generally meet certain suitability and net worth qualifications prior to making an investment in the Funds (again, with the exception of employee and affiliate fund vehicles). The Funds are not registered or required to be registered under the Investment Company Act; are not made available to the general public; their securities are not registered or required to be registered under the Securities Act of 1933; and Fund interests are privately placed to qualified investors in the United States and elsewhere. The Funds typically require capital commitments from each investor of at least \$10 million, although a Fund’s governing documents allow for exceptions under certain circumstances, and the Funds have previously, in certain instances, permitted investors to make capital contributions of less than \$10 million.

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

As also described in Item 5 and 6 above and Item 8 below, we offer co-investment opportunities to certain investors when additional capital is necessary for a Fund investment, taking into account the applicable Fund’s investment limitations, the size of the investment opportunity and the demand among potential Co-Investors. Subject to any restrictions contained in the governing documents of the relevant Fund or any side letter or other terms negotiated with respect to such Fund, investors generally do not have a right to participate in any co-investment opportunity. Opportunities to invest in a portfolio company are made available to select persons or entities, who may or may not be Fund investors, including, without limitation, members of our Affiliates, certain employees, strategic investors, lenders, deal sources (including finders and consultants), other sponsors (including other private equity or venture capital firms), Fund investors, service providers, third-party professionals, other persons or entities affiliated, associated or otherwise known to KSL or its personnel. Additionally, certain individuals may negotiate co-investment rights or co-investment priority rights as a component of their compensation or other arrangements with the relevant Fund(s).

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

As referenced above, in certain cases co-investments have been structured either as (i) a separate Fund (a Co-Investment Vehicle) or (ii) a direct investment by certain investors into a portfolio company or its holding or operating company. When structured as a Co-Investment Vehicle, KSL considers the investment to be a Fund client, identifies the Co-Investment Vehicle in its Form ADV Part 1, Schedule D, Section 7.B.(1), obtains an audit for the Co-Investment Vehicle, reserves the option to assess a management fee and carried interest on such Co-Investment Vehicle and includes the amount of assets of such Co-Investment Vehicle in the firm's regulatory assets under management. In the case of direct co-investments, KSL does not consider the investment to be a Fund, Co-Investment Vehicle or a client, does not act as the investment manager to the co-investment portion of the investment, does not charge management fees or carried interest to the investment, does not have custody of the investment or include the amount of assets of the co-investment in the firm's regulatory assets under management. In such direct co-investment opportunities, KSL will perform management, advisory and other services for the portfolio companies in which these Co-Investment Vehicles invest alongside the Funds, generally at no cost to such direct co-investors, except expenses.

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

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

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

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

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

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

With respect to the TacOpps Funds, we seek to identify mispriced travel and leisure assets or other tactical opportunities that exist between the mandates of the Equity Funds and the Credit Funds. The form of the TacOpps Funds' investments vary, but are generally more flexible than those of the Equity Funds and the Credit Funds, as the TacOpps Funds may make either equity or debt investments of

the kinds described above with respect to the Equity Funds and the Credit Funds, although the underlying characteristics of those investments likely do not meet the investment requirements of the Equity Funds or the Credit Funds.

Individual Mandates, depending on whether they have equity- or credit-focused mandates, will be subject to the same respective Methods of Analysis, Investment Strategies and Risk of Loss as identified for the Funds above.

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

After making an investment in our Equity Funds, we utilize an operationally intensive approach, focusing on fundamental business improvements to drive profitability and investment returns. We often 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. In some cases, we may share such control with other joint venture partners or take a minority position in a portfolio company (including companies that are publicly traded) that may or may not give the Equity Fund a board seat or other contractual governance or information rights.

The Credit Funds generally seek to invest in performing debt and debt-like instruments not intended to result in control of the underlying assets, or have return profiles lower than those of the Equity Funds, and below 75% loan-to-value, including (i) providing rescue or "gap" financing, (ii) acquisition financing and (iii) purchase of existing public and private debt instruments. In some cases, the underlying assets or business suffer from temporary or correctable inefficiencies in its operations, physical plan, capital structure or market position that the Credit Funds' capital and underwriting will address.

The TacOpps Funds generally seek mispriced travel and leisure assets or other tactical opportunities that do not clearly fit within the mandates of the Equity Funds or Credit Funds. These investments span the capital structure, including (i) equity securities (preferred or common) and equity-linked securities (such as options or warrants) that are not intended to result in control or have return profiles lower than those of the Equity Funds, (ii) debt investments at or above 75% loan-to-value and (iii) debt investments where we believe there is a path to a restructuring event, such as distressed debt, debt of reorganized companies, debt of companies going through a court or non-court proceeding (such as bankruptcy or foreclosure) or other workout, and debt securities of companies with a capital structure that requires a complex but potentially non-control solution.

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

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

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

Risk Factors

All investing involves risk of loss. Current and prospective KSL investors are cautioned that investments in the Funds, Co-Investment Vehicles and Individual Mandates involve risk, including the possibility of a complete loss of the amount invested, and that they should be prepared to bear those risks. There can be no assurance that any investment, investment program or portfolio company will achieve its stated objectives. Investors should also refer to a Fund's governing documents for a description of the risk factors specific to their Fund. Different or new risks not addressed below will likely arise in the future and, therefore, the following list is not intended to be exhaustive. Some of the primary risks (described more fully in each Fund's offering documents) involved in the investment strategy we employ for the Funds include:

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

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

A leveraged company will typically be subject to restrictive covenants imposed by lenders restricting its activity, or be limited in making strategic acquisitions or obtaining additional financing, and will have increased exposure to adverse economic conditions. Securities acquired by the Equity Funds and TacOpps Funds can be the most junior in a complex capital structure, and thus subject to the

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

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

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

The Credit Funds are also authorized to cross-collateralize financing for multiple investments and therefore subject such investments to a simultaneous risk of loss. As a result of cross-collateralization,

a Fund could also lose its interests in performing investments in the event such performing investments are cross-collateralized with poorly performing or non-performing investments.

Subscription Credit Facility. The Funds regularly 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. Typically, the Funds will draw on the subscription line of credit to fund a portfolio investment and call capital from limited partners at a later date (generally up to 13 months after the closing of the investment). The exercise by the lenders under such facility of their drawdown right would reduce the amount of capital otherwise available to such Fund for investments and therefore reduce the ability of the Fund to make further investments, which can negatively impact the Fund's investment objectives and returns. In connection with a subscription credit facility, investors will generally be required to execute an investor acknowledgement (in the governing documents or otherwise) for the benefit of the lenders under the subscription credit facility and acknowledge their obligations to pay their share of indebtedness up to their unfunded capital commitments.

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

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

In addition, the use of a subscription-based credit facility (or other Fund-level leverage) with respect to investments will result in a higher reported internal rate of return ("IRR") at the Fund level than if

such subscription facility (or other Fund-level leverage) had not been used and instead the investors' capital had been contributed at the inception of each such investment. This is due to the fact that calculations of IRR are based on the period of time between (i) the date of investors' contributions for a relevant investment (and not the date the investment was made) and (ii) the date of distribution from a Fund to investors. Since we typically draw down on the subscription facility to fund an investment and wait up to 13 months to call capital from our investors which capital is then used to repay such borrowings, this shortens the time between such contribution and distribution and consequently increases the IRR.

Bridge Financing. From time to time, a Fund may make short-term, unsecured loans to portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in a Fund's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by a Fund.

When a Fund has drawn on its line of credit to bridge financing to a portfolio company, the applicable portfolio company is not a guarantor on the line of credit although it did receive the benefit of the loan. The portfolio company repays the loan and all interest and fees on the loan, as applicable, and the relevant Fund does not incur any expenses associated with use of the Fund's line of credit.

Assumption of Contingent Liabilities. In connection with an investment, a Fund may assume, or acquire a portfolio company subject to, contingent liabilities. These liabilities can be material and may include liabilities associated with pending litigation, regulatory investigations, environmental actions or payment of indebtedness, among other things. To the extent these liabilities are realized, they can materially adversely affect the value of the portfolio company. In addition, if a Fund has assumed or guaranteed these liabilities, the obligation would be payable from the assets of such Fund, including the unfunded commitments of 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 cyclical, 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, susceptibility to public health emergencies, such as the COVID-19 pandemic, 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. 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. For example, the COVID-19 pandemic has significantly affected the global economy and strained the travel and leisure industry due to travel restrictions and stay-at-home directives that have resulted in the Funds' portfolio companies experiencing numerous cancellations across many segments of their

customer base and reduced travel around the world, as well as complete and partial suspensions of certain operations for an indeterminate duration.

Availability of Suitable Investment Opportunities; Highly Competitive Market for Investment Opportunities. The success of our strategy will depend on the ability of KSL to identify appropriate investment opportunities and to acquire these investments. The activity of identifying, completing and successfully disposing of portfolio companies is highly competitive and involves a high degree of uncertainty and risk. The Funds will encounter competition from other entities having similar investment objectives. The availability of investment opportunities generally will also be subject to market conditions. In particular, in light of changes in such conditions, including changes in the availability and cost of debt financing, certain types of investments will not always be available to a Fund on terms that are as attractive as the terms on which opportunities were available to other Funds. The Funds will be competing for investments with many other private equity and real estate investment vehicles, as well as individuals and companies, financial institutions (such as banks, pension funds and real estate investment trusts (“REITs”)), hedge funds and investment funds affiliated with other financial sponsors or institutional investors and private equity or debt investors. Furthermore, an ever-increasing number of private investment vehicles have been formed in recent years, including private equity and hedge funds, real estate funds and publicly traded REITs (and many such existing funds and REITs have consolidated or grown in size). These and additional funds and REITs that are formed in the future by other, unrelated parties or upon further consolidation could have investment objectives that overlap with the Funds, which may create competition for investment opportunities. Some competitors may have a lower cost of funds and access to funding sources that are not available to the Funds, and may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships. Some of these competitors will also have more relevant experience, greater financial resources and more personnel than the general partners, KSL Advisors and their Affiliates. It is possible that competition for appropriate investment opportunities will increase, thus reducing the number of opportunities available to the Funds and adversely affecting the terms upon which investments can be made. These competitive pressures could impair the Funds’ businesses, financial condition and results of operations. As a result of this competition, the Funds may not be able to take advantage of attractive investment opportunities. There can be no assurance that the Funds will be able to locate, complete and exit investments which satisfy the Funds’ rate of return objectives, or realize upon their values, or that the Funds will be able to invest fully their committed capital or realize upon the values of their investments. To the extent that the Funds encounter competition for investments, returns to investors can potentially decrease.

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

Illiquidity can result from the absence of an established market for such investments, as well as legal or contractual restrictions on their resale by a portfolio company or a Fund.

The value of investments and whether and to what extent such portfolio companies perform as expected will depend, in part, on the prevailing conditions in the market for real estate investment generally and, in particular, on the value of the portfolio companies. The real estate industry is cyclical in nature, and a deterioration of real estate fundamentals generally and, in the United States in particular, will have an adverse effect on the performance of a Fund's portfolio companies. The value of real estate assets and real estate related investments can fluctuate for various reasons. Real estate values can be seriously affected by interest rate fluctuations, changes in general and local economic conditions, acts of war or terrorism, changes in supply of and demand for competing properties in an area (as a result, for instance, of overbuilding), fluctuations in the average occupancy and room rates for hotel properties, energy and supply shortages, various uninsured or uninsurable risks, natural disasters, public health emergencies and pandemics, such as COVID-19, negative developments in the economy that depress travel activity, environmental liabilities, contingent liabilities on disposition of assets, bank liquidity, the availability of financing, changes in environmental, building and zoning laws, increased competition, changes in supply and demand fundamentals, an increase in property taxes, casualty or condemnation losses, bankruptcy or financial difficulty of a major tenant, regulatory limitations on rent, increased mortgage defaults and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable. Certain significant expenditures associated with real estate (such as real estate taxes, maintenance costs and, where applicable, mortgage payments) have no relationship with, and thus do not diminish in proportion to, a reduction in income from the property. If a Fund's portfolio companies do not generate sufficient revenues to meet their operating expenses, including debt service, the cash flow of the Fund and its ability to pay distributions to the investors will be adversely affected. Reductions in value or cash flow could impair such Fund's ability to make distributions to investors, adversely impact its ability to effectively achieve its investment objectives and reduce overall returns on investments.

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

or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time.

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

Risk of Investment in Lower Rated Securities. The TacOpps Funds may invest in preferred securities, distressed debt and other securities that are rated in the lower rating categories by the various credit rating agencies or comparable non rated securities. Securities in the lower rated categories and comparable non-rated securities are subject to greater risk of loss of principal and interest than higher rated and comparable non-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. Such issuers typically are highly leveraged, with significant burdens on cash flow and, therefore, involve a high degree of financial risk. During an economic downturn or recession, securities of financially troubled or operationally troubled issuers are more likely to go into default than securities of other issuers. Because investors generally perceive that there are greater risks associated with the lower rated and comparable non-rated securities, the yields and prices of such securities may be more volatile than those for higher rated and comparable non-rated securities. The market for lower rated and comparable non-rated securities is thinner, often less liquid and less active than that for higher rated or comparable non-rated securities and the market prices of such securities are subject to erratic and abrupt movements. The spread between bid and asked prices for such securities may be greater than normally expected. Such factors can adversely affect the prices at which these securities can be sold and may even make it difficult to sell such securities.

Non-U.S. Investments. The Funds have made investments outside of the United States. While we expect to benefit from our international investment experience and that of KSL Resorts and our portfolio company executives, there can be no assurance that the Funds will be successful in such investments. Non-U.S. investments involve certain factors not typically associated with investing in real estate-related investments in the U.S., including, but not limited to, risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Funds' non-U.S. investments may be denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between United States and foreign real estate markets, including differences in rules and regulations, potential price volatility in and relative illiquidity of some non-U.S. securities markets; (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and differences in government supervision and regulation; (iv) certain economic, social and political risks, including potential exchange-control regulations, potential restrictions on foreign investment and repatriation of capital, the risks associated with political, economic or social instability and the possibility of expropriation or confiscatory taxation; (v) the possible imposition of foreign taxes on income and gains recognized with respect to such investments; (vi) less developed corporate laws regarding fiduciary duties and the protection of investors; and (vii) the possible imposition of withholding or other taxes on income received from, or gains with respect to, such securities. No assurance can be given that a political or economic climate, or particular legal or regulatory risks, will

not adversely affect an investment by the Funds. In addition, certain of the aforementioned risks can be increased with respect to any investments by a Fund in developing and emerging markets.

Limitations on Remedies. The Funds make investments in loans and other real estate-related debt instruments, including in “loan-to-own” investments in the mortgages of hotel or resort properties. Although the Funds will have certain contractual remedies upon a default by borrowers under such investments, such as foreclosing on the underlying real estate or equity interests or collecting rents generated therefrom, certain legal requirements can limit the ability of a Fund to exercise such remedies effectively. The right of a lender to convert its loan position into an equity interest can be limited by certain common law or statutory prohibitions, which may operate to restrict a lender’s ability to exercise conversion rights from debt-to-equity interests. In addition, the laws with respect to the rights of creditors and other investors in non-U.S. jurisdictions are not always as comprehensive or as well developed as in the United States, and the procedures for the judicial or other enforcement of such rights may not be as effective as in the United States. In particular, in certain non-U.S. jurisdictions, the Funds could experience significant legal difficulties and impediments in taking possession of, or otherwise in enforcing its rights with respect to, certain kinds of collateral. These factors may materially adversely affect the value and collectability of the Funds’ investments in such non-U.S. jurisdictions.

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

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

in the past. Accordingly, mortgage-backed securities acquired by a Fund will, in some cases, have limited marketability.

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

Tax-Exempt Investors. Qualified pension, profit-sharing and stock bonus plans, educational institutions and other tax-exempt entities (including private foundations as discussed below) are subject to United States federal income tax on their UBTI. Subject to certain exceptions as described in the governing documents, UBTI is defined as the gross income derived by such a tax-exempt entity from an unrelated trade or business (including a trade or business conducted by a partnership of which the tax-exempt entity is a partner), less the deductions directly connected with that trade or business. Subject to the discussion of "acquisition indebtedness," UBTI generally does not include dividends, interest, certain types of rents from real property and gain or loss derived from the sale of property (other than gain or loss derived from the sale of inventory and property sold to customers in the ordinary course of a trade or business). UBTI does include operating income from certain asset categories (such as certain hotel or senior living assets) owned directly or through entities treated as transparent for United States federal income tax purposes rather than through REITs or entities treated as corporations for United States federal income tax purposes. In addition, fee income actually received or deemed to be received by the Funds or the investors (including any fee income that might be deemed to be received because, although paid to KSL Advisors, or its affiliates, such income results in a reduction in the Management Fee) may be treated as UBTI in certain circumstances. The Funds intend to take the position that investors do not share in fee income by virtue of such a reduction in Management Fee. Tax-exempt entities may be restricted in their ability to offset losses from one trade or business against the income of another trade or business (even if those trade or businesses are both conducted by a Fund).

Risks in Effecting Operating Improvements. Identifying and implementing potential operating improvements at portfolio companies is difficult and entails a high degree of uncertainty. There can be no assurance that the Funds will be able to successfully identify and implement such improvements or that such improvements, if made, will result in improved financial performance.

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

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

Certain investments can become subject to compromise and/or discharge under the U.S. Bankruptcy Code. Investments in entities, which later file for relief as debtors in proceedings under Chapter 11 of the U.S. Bankruptcy Code can, in certain circumstances, be subject to litigation, which could further impair the value of the investment. For example, under certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor will have their claims subordinated or disallowed or be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the Funds (which could include distributions by a Fund to investors) will be reclaimed in the course of bankruptcy proceedings if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment (or the equivalent under the laws of certain jurisdictions). Bankruptcy laws can delay the ability of the Funds to realize on collateral for loan positions or adversely affect the priority of such loans through doctrines such as equitable subordination. Bankruptcy laws can also result in a restructure of debt without a Fund's consent under the "cramdown" provisions of the bankruptcy laws and also result in a discharge of all or part of the debt without payment to the Funds. Non-U.S. jurisdictions will likely present analogous or different credit issues.

Market Conditions. The real estate industry generally and the success of a Fund's investment activities will both be affected by general economic and market conditions, as well as by changes in applicable laws, trade barriers, currency exchange controls, and national and international political and socioeconomic circumstances in respect of the countries in which a Fund invests. In particular, an economic downturn could adversely affect financial resources and the ability of sponsors like KSL to obtain favorable financing for investments. The inability of market participants to access capital restricts the ability to sell or liquidate investments and to refinance them. It is likely that a Fund's ability to generate attractive returns for its investors will be materially adversely affected in the event that such market and economic challenges arise during the anticipated hold periods of a Fund's investments.

A Fund's strategy in some investments will be based, in part, upon the premise that real estate or real estate-related businesses and assets will be available for purchase by a Fund at prices that the general partner considers favorable. Further, a Fund's strategy will, in some cases, rely, in part, upon more favorable market conditions developing prior to an investment's realization. No assurance can be given that real estate or real estate-related businesses and assets can be acquired or disposed of at favorable prices or that the market for such assets will either remain stable or, as applicable, recover or improve, since this will depend, in part, upon events and factors outside the control of the general partner. In addition, there can be no assurance that current market conditions will not deteriorate during the life of a Fund, which could have a material adverse effect on the assets of a Fund. Actual

or perceived trends in real estate markets do not guarantee, predict or forecast future events, which can differ significantly from those implied by such trends.

Labor Shortages. Labor shortages could restrict a Fund's ability to operate its portfolio companies or grow their businesses or result in increased labor costs that could adversely affect the Fund's investment results. The success of portfolio companies depends in large part on their ability to attract, retain, train, manage and engage employees. If portfolio companies are unable to attract, retain, train, manage and engage skilled individuals, their ability to staff and manage the travel and leisure assets and businesses in which a Fund has invested could be impaired, which could reduce customer satisfaction. Many of the Funds' portfolio companies may be in remote locations that make attracting qualified employees challenging. In addition, the inability of the Funds' portfolio companies to attract, retain, train, manage and engage skilled employees for hotels, resorts, clubs or similar travel and leisure assets they operate could adversely affect the reputation of their brands. Staffing shortages could hinder their ability to grow and expand their businesses. Because payroll costs are a major component of the operating expenses at hotels, resorts, clubs or similar travel and leisure assets, a shortage of skilled labor could also require higher wages that would increase labor costs, which could adversely affect the portfolio companies' results of operations and accordingly the results of the Funds. Additionally, an increase in minimum wage rates could increase costs and reduce profits the Funds' portfolio companies.

Supply Chain Disruptions. The success of the Funds' portfolio companies depends in part on their ability to ship and/or receive products (e.g., such a food and beverage or consumer goods sold to customers at Fund-owned hotels, resorts and clubs). portfolio companies could also be adversely affected if there are delays in product shipments to them due to pandemics (such as the recent supply chain disruption caused by COVID-19), freight difficulties, natural disasters, difficulties of our suppliers or contractors involving strikes or other difficulties at their principal transport providers or otherwise. In addition, a Fund's investment strategy with respect to a portfolio company may be dependent in part on ensuring the portfolio company's supply chain keep pace with anticipated growth and an increased number of customers and/or locations. The cost of these enhanced processes could be significant, and any failure to maintain, grow or improve them could materially adversely affect the portfolio company results of operations and the Funds' performance.

Risk of Tactical Opportunities and Distressed Investments Generally. The TacOpps Funds target investments in credit or debt-like instruments, and in equity securities and equity linked securities, of mispriced travel and leisure assets and businesses or other tactical opportunities. The TacOpps Funds consider a range of potential credit and equity investments, including, without limitation, in the case of credit instruments, investments in distressed debt, debt of reorganized companies, performing debt that KSL believes will likely lead to a restructuring event, debt of companies going through a court or non-court proceeding (such as bankruptcy or foreclosure) or other workout, debt securities of companies with a capital structure that requires a complex but potentially non-control solution, equity securities (preferred or common) and equity linked securities (such as options or warrants) and equity instruments that include other complex but potentially non-control solutions. Although such investments may result in significant returns to the TaccOpps Funds, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful investment in distressed assets is unusually high. There is no assurance that the TacOpps Funds will correctly evaluate the value of such assets or the prospects for a successful reorganization or similar action in respect of any such assets. In any reorganization or liquidation proceeding relating to a travel or leisure business in which a TacOpps Fund invests, such Fund may lose its entire investment, may

be required to accept cash or securities or assets with a value less than such Fund's original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from that investment may not compensate investors adequately for the risks assumed. In addition to those risks described above, investments in travel or leisure assets or businesses involved in bankruptcy, foreclosure or other proceedings involve a number of significant risks. Many of the events within such proceedings are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance, for example, that a bankruptcy court would not approve actions which may be contrary to the interests of the Fund (see also "*Reorganization Proceedings*" below).

Investments in Turnaround Situations. The Funds may make investments in portfolio companies that are experiencing or are expected to experience financial difficulties, including in companies that are producing net losses or negative operating EBITDA. The Funds will rely upon the Investment Committee's operating and management skills to restructure the companies' operations and restore profitability. There can be no assurance that the Investment Committee will be successful in implementing such changes or that the companies' financial difficulties will be overcome. In addition, such investments could subject the Funds and investors to certain additional potential liabilities. For example, under certain circumstances, payments to a Fund and distributions by such Fund to investors can be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payout.

Reorganization Proceedings. A Fund's investments can include companies involved in reorganization proceedings. Such investments typically entail a number of risks that do not normally apply to investments in other companies. If our evaluation of the anticipated outcome of a reorganization or the timing of such outcome should prove incorrect, a Fund's returns could suffer, and in some cases, the Fund could experience a loss of its capital. A wide variety of considerations make any evaluation of the outcome of an investment in such a company uncertain. Such considerations include, for example, inaccurate or outdated financial information, competing interests or litigation among the participants in a reorganization or liquidation proceeding, the requirement to obtain mandatory or discretionary consents from various governmental authorities or others, the determinations of a particular judge in a court of equity, the deterioration of an operating business during a traumatic episode in the company's operating history, and uncertainty regarding the amount of administrative costs that might be incurred in a reorganization proceeding. The uncertainties inherent in evaluating such investments can be increased by legal and practical considerations that limit our access to reliable and timely information concerning material developments affecting a company or that cause lengthy delays in the completion of a reorganization or liquidation proceeding.

Illiquid and Long-Term Investments. Most private equity investments made by the Equity Funds and TacOpps Funds are highly illiquid, and there can be no assurance that any such Fund will be able to realize on such investments in a timely manner or at all. Further, although certain investments by the Credit Funds are expected to generate some current income, the return of capital and the realization of gains, if any, from an investment by a Credit Fund will occur only upon maturity, sale or refinancing of such investment and there is unlikely to be any public market for the investments held by such Credit Fund at the time of their acquisition. Consequently, dispositions of investments will at times require a lengthy time period or result in distributions in-kind to investors. While an investment can be sold at any time, it is generally expected that this will not occur for a number of years after the investment in a portfolio company is made. The Equity Funds and TacOpps Funds will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the

Securities Act, or in a private placement or other transaction exempt from registration under the Securities Act. Likewise, a Credit Fund will not in some cases be able to sell its investments publicly unless their sale is registered under applicable securities laws (or an exemption from such registration is available). In some cases, the Funds will be contractually prohibited from selling certain securities for a period of time, and as a result will not be permitted to sell a portfolio investment at a time it might otherwise do so. Even where the Funds hold publicly traded securities, a Fund's position can potentially represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity in the event that we determine to pursue a different investment or we are unable to acquire control and wish to dispose of or reduce our position in such company by selling shares into the market.

Financial Market Fluctuations. General fluctuations in interest rates and the market prices of securities and other assets can adversely affect the value of the Funds' portfolio companies. Instability and volatility in interest rates and the securities markets can also increase the risks inherent in the Funds' investments, as portfolio companies may need to refinance their outstanding debt as it matures. The ability of portfolio companies to refinance debt securities will often depend on their ability to sell new securities in the debt or equity markets or to borrow from banks or other lenders, which may not be achievable on favorable terms or at all. Any deterioration of the global debt markets (particularly the U.S. debt markets), any possible future failures of certain U.S. financial services companies, or a significant rise in market perception of counterparty default risk are likely to significantly reduce investor demand and liquidity for investment grade, high-yield and senior bank debt, which in turn is likely to lead some investment banks and other lenders to be unwilling or significantly less willing to finance new investments or to only offer committed financing for investments on less favorable terms than had been prevailing in the recent past. The Funds' ability to generate attractive investment returns can be materially adversely affected to the extent a Fund is unable to obtain favorable financing terms for its investments. In the event that a Fund is unable to obtain committed debt financing for potential acquisitions or can only obtain debt at an increased interest rate or on unfavorable terms, such Fund may have difficulty completing otherwise profitable acquisitions or may generate profits that are lower than would otherwise be the case, either of which could lead to a decrease in the investment income earned.

Inflation. Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on the economies and financial markets, particularly in emerging economies. For example, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. In an attempt to stabilize inflation, countries may impose wage and price controls or otherwise intervene in the economy. Governmental efforts to curb inflation often have negative effects on the level of economic activity. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on the Funds and their investments.

Systematic Bank Risk. Recent bank closures in the U.S. banking sector have caused uncertainty for financial services companies, and fear of instability in the global financial system generally. In addition, other financial institutions – in particular smaller and/or regional banks – have experienced volatile stock prices and significant losses in their equity value, and there is concern that depositors at these institutions have withdrawn, or may withdraw in the future, significant sums from their accounts at these institutions. Notwithstanding intervention by U.S. governmental agencies to protect the uninsured depositors of banks that have recently closed, there is no guarantee that the uninsured depositors of a financial institution that closes, which depositors could include the Funds and/or its

portfolio companies, will be made whole or, even if made whole, that such deposits will become available for withdrawal in short order. As a consequence, for example, portfolio companies may be delayed or prevented from accessing money or making any required payments under their own debt or other contractual obligations, and limited partners may be impacted in their ability to honor capital calls and/or receive distributions. Any such events, in turn, may impact a Fund's operations. In addition, there could be a closure of a financial institution that provides credit facilities and/or other forms of financing to the Fund or its portfolio companies, and, in such event, there can be no assurance that their ability to honor these obligations will continue or be unaffected or, if affected, whether other financial institutions can provide replacement financing or capabilities and on similar terms. Certain of these institutions provide significant banking services to the private equity and real estate industries. There is a risk that other banking, or other financial institutions, may be similarly impacted, and it is uncertain what steps regulators may take in the event of further bank closures. Uncertainty caused by recent bank failures – and general concern regarding the financial health and outlook for other financial institutions – could have an overall negative effect on banking systems and financial markets generally. The recent developments may also have other implications for broader economic and monetary policy, including interest rate policy. For the foregoing reasons, there can be no assurances that conditions in the banking sector and in global financial markets will not worsen and/or adversely affect a Fund or one or more of its portfolio investments or its overall performance.

Market Dislocation. A prolonged disruption of the credit markets may prevent the Funds from advantageously relying on or disposing of its portfolio investments. Such disruption can have an adverse impact on the availability of credit to a Fund, and the assets, businesses and entities in which it invests and the terms on which such credit is available, and could lead to overall weakening of the U.S. and global economies. A sustained economic downturn in the U.S. or global economy (or any regional economy or any particular segment thereof) could adversely affect the financial resources of the Funds and their ability to make principal and interest payments on, or refinance, outstanding debt when due. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in the capital structure of entities or businesses in which a Fund invests and may also cause a decrease in the availability of financing, an increase in the interest cost and more stringent ratios, tests and requirements on the part of lenders to portfolio companies, which can impair a Fund's ability to consummate certain transactions or cause such Fund to enter into such transactions on less attractive terms. In addition, if spending on travel and leisure activities, particularly corporate spending, declines as a result of worsening market conditions, as it did during the last global recession, it would likely have a materially adverse impact on our portfolio companies. Such marketplace events may also restrict the ability of the Fund to sell or liquidate investments at favorable times or favorable prices.

Economic Disruptions Due to Pandemics. The spread of COVID-19 (the “coronavirus”) in certain countries, including the United States, has shown an ability to result in a broad-based economic decline and significant market volatility. The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and strained the travel and leisure industry due to travel restrictions and stay-at-home directives that have resulted in cancellations and reduced travel around the world, as well as complete and partial suspensions of certain operations for an indeterminate duration. Although there are several effective vaccines for COVID-19 that have been approved for use, the distribution, administration and acceptance of the vaccines varies widely. In addition, new strains of the virus appear to have increased transmissibility, which could complicate treatment and vaccination programs. The current and uncertain future impact of the COVID-19 pandemic, including

its effect on the ability or desire of people to travel and use our portfolio companies for lodging, recreation, food and beverage and other services, is uncertain and difficult to access.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could negatively impact the Funds and their portfolio companies and could meaningfully affect the Funds' ability to fulfill their investment objectives. As investors in the travel and leisure industry, it is beyond a doubt that COVID-19, or any other such public health emergency, will have a significant impact, both positive and negative, on the prospects for the Funds. The nature of that impact will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on demand for travel and leisure activities, consumer confidence and spending levels, and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. For this reason, the effects of a public health emergency may negatively impact the value and performance of the our portfolio companies and the Funds' ability to source, manage and divest their respective investments (including but not limited to circumstances where potential transactions are already signed but not closed), all of which could result in significant losses to the Funds. Any such disruptions may continue for an extended period of time. In addition, the operations of the Funds, the portfolio companies and KSL may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of KSL personnel.

In addition, any public health emergency's impact on the credit markets may also delay or restrict a Fund's ability to obtain a subscription line of credit or make the terms of any such line of credit less favorable than those in place for other Funds. The use of a subscription line is an important component of the Funds' investment strategy. Similarly, COVID-19's impact on the credit markets may similarly delay or restrict a portfolio company's ability to obtain a credit facility (or other form of debt financing) on favorable terms, which could materially impact its operations and accordingly result in losses with respect to a Fund's investment therein.

In addition, the any public health emergency can also have specific implications for the firm's operations and activities of its personnel, which can range from employees needing to work from home to more significant impacts such as illness, restrictions on non-essential travel, difficulty hosting meetings and absence from portfolio company board meetings. The firm expects to institute procedures, as it deems appropriate, to deal with operational impacts from a pandemic. Many of these procedures are expected to mirror procedures currently contained in the firm's Business Continuity Plan for dealing with other significant business disruption events. The firm may consider additional or modified safeguards in the event employees choose or are required to work from home for an extended period of time, such as if any changes are required to be instituted for remote login and/or to protect the privacy of firm, Fund and investor data.

The potential effects of the COVID-19 pandemic or another public health emergency also could intensify or otherwise affect many of our other risk factors described herein, including, but not limited to, risks inherent to the travel and leisure industry, macroeconomic factors beyond our control, competition for guests and management contracts, risks related to doing business with third-parties and risks related to indebtedness.

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

Litigation at the Property Level. The acquisition, ownership and disposition of real properties entail certain litigation risks. It is possible that litigation will be commenced with respect to a property acquired by a Fund or a portfolio company in relation to activities that took place prior to a Fund's acquisition of such property. In addition, there can be no guarantee that at the time of disposition for an individual property, a potential buyer will not claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made in the event that such buyer is passed over in favor of another as part of a Fund's efforts to maximize sale proceeds. Similarly, there is a risk that buyers of Fund or portfolio company assets will later sue such Fund or a portfolio company under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence.

Indemnification. The Funds' investment activities subject it to the risks of becoming involved in litigation by third parties. This risk is somewhat greater where a Fund exercises control of, or significant influence in, a company's direction. The Funds will be required to indemnify (i) a the general partner and its Affiliates (including KSL Advisors), (ii) each of their respective officers, directors, agents, stockholders, members, partners and employees, operating executives and any other person who serves at the request of the general partner on behalf of such Fund as an officer, director, partner, member, employee or agent of any other entity and (iii) any member of the LPAC or Board of Strategic Advisors for liabilities incurred in connection with the affairs of a Fund and otherwise as provided in the governing documents. Such liabilities may be material and have an adverse effect on the returns to investors. For example, in their capacity as managers or directors of portfolio companies, the principals, Affiliates and employees of KSL Advisors may be subject to derivative or other similar claims brought by members or shareholders of such companies. The indemnification obligation of the Funds, including defending against claims by third parties and paying any amounts pursuant to settlements or judgments, would, absent certain conduct by the relevant general partner or KSL Advisors, be payable from the assets of the relevant Fund, including the unfunded commitments of investors and unpaid capital. If the assets of a Fund are insufficient, we may recall distributions previously made to investors (subject to certain limitations set forth in the governing documents). Furthermore, as a result of provisions contained in the governing documents, our duties to the Funds and their investors (and their liability for breach thereof) may be more limited than they would be in the absence of such limitations. It should be noted that we typically purchase insurance for the Funds, the general partners, and their Affiliates, employees, agents and representatives.

Failure to Make Capital Contributions. If an investor fails to pay, or we believe that an investor will fail to pay, when due installments of its commitment to a Fund, non-defaulting investors may be required to make additional or increased capital contributions with respect to a particular investment. If the capital contributions made by non-defaulting investors and borrowings by a Fund are inadequate to cover the defaulted capital contribution, the Fund may be unable to pay its obligations when due. As a result, such Fund may be subjected to significant penalties that could limit opportunities for investment diversification and materially adversely affect the returns to investors (including non-defaulting investors). If an investor defaults, it will likely be subject to various remedies as provided in the governing documents, including, without limitation, forfeiture of a portion of its capital account balance and a forced sale of its interests in such Fund at a reduced value.

Investments Longer than Term. The Funds will likely make investments which cannot be advantageously disposed of prior to the date that a Fund is dissolved, either by expiration of the Fund term or otherwise. Although we expect that investments will either be disposed of prior to termination or be suitable for in-kind distribution at termination, a Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. In addition, although upon the dissolution of a Fund we (or the relevant liquidator) will be required to use our commercially reasonable efforts to reduce to cash and cash equivalents such assets of a Fund as we or such liquidator shall deem it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal consideration, there can be no assurances with respect to the timeframe in which the winding up and the final distribution of proceeds to investors will occur.

Recycling; Reinvestment. As provided in the governing documents, we may in our discretion reinvest any proceeds from investments (including, with respect to certain Funds, any proceeds received after the commitment period in connection with the recapitalization, exchange, substitution, or similar transaction with respect to such investment) or recall distributions to the investors, in each case, up to the portion thereof representing a return of capital. In addition, all or any portion of any contribution for a bridge financing that is recouped within 13 months may be reinvested. Capital contributions for management fees, partnership expenses and organizational expenses may also be recycled out of investment proceeds. Accordingly, due to the recycling of capital contributions, an investor may, in certain circumstances, be required to fund an aggregate amount in excess of its commitment during the term of a Fund, but at no time will an investor have aggregate capital at risk in excess of its commitment.

Legal, Tax and Regulatory Risks. The Funds must comply with various legal and regulatory requirements, including those imposed by securities laws, tax laws and pension laws. Should any of such laws or regulations change during the scheduled term of a Fund, the legal and/or regulatory requirements to which a Fund and the investors may be subject could differ materially from the current requirements and adversely affect the Fund, its investments or investors. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. In addition, assets underlying the Fund's investments are likely to be subject to interpretation and enforcement of laws, or changes in interpretation or enforcement, governing such matters as unclaimed property, minimum wage requirements, overtime and other working conditions and citizenship requirements. Changes in regulations may also impact such assets' operations. For example, changes in water regulations can negatively impact golf course operations through increased costs.

Limitations on Information-Sharing within KSL; Possession of Material Non-Public Information. KSL has adopted information-sharing policies and procedures which address the handling of confidential information. KSL has compliance functions to administer its information-sharing policies and procedures and monitor potential conflicts of interest. Although the Funds plan to leverage KSL's strategic teams to help source, diligence and create value for the Funds' portfolio companies, KSL's information-sharing policies and procedures referenced above, as well as certain legal and contractual constraints, could significantly limit the Funds' ability to do so. For example, from time to time, KSL's private equity professionals may be in possession of material non-public information with respect to a Fund's portfolio companies or potential investments and, as a result such professionals are restricted by the information-sharing policies, or by law or contract, from sharing such information with Investment Committee members, even where the disclosure of such information would be in the best interests of the Fund, and the disclosure of which would otherwise influence the decisions taken by such members with respect to such investment or potential investment. Accordingly, as a result of such restrictions, the investment activities of KSL's other businesses may differ from, or be inconsistent with, the interests of and activities which are undertaken for the account of a Fund, and there can be no assurance that the Fund will be able fully to leverage the resources and industry expertise of KSL's other businesses. Additionally, there may be circumstances in which one or more individuals associated with KSL will be precluded from providing services to the Funds because of certain confidential information available to those individuals or to other parts of KSL.

To the extent members of the Investment Committee receive material non-public information from time to time with respect to issuers of securities that are listed on public markets, trading by the Funds on the basis of such information, or improperly disclosing such information, may be restricted pursuant to applicable law and/or internal policies and procedures adopted by KSL to promote compliance with applicable law. Accordingly, the possession of such "inside information" with respect to such an issuer by the Investment Committee may significantly restrict the General Partner's ability to deal in the securities of that issuer on behalf of the Funds, which may adversely impact the Funds, including by preventing the execution of an otherwise advisable transaction in a particular security until such information ceases to be regarded as material non-public information. KSL may also from time to time be subject to contractual "stand-still" obligations and/or confidentiality obligations that may restrict its ability to trade in certain securities on behalf of the Funds.

Borrower Fraud; Breach of Covenant. Before making investments, the Funds will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each potential investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment, the costs of which will be borne by the Funds. Such involvement of third party advisors or consultants may present a number of risks primarily relating to the Funds' respective general partners and KSL Advisor's reduced control of the functions that are outsourced. The due diligence investigation that the general partners and KSL Advisor carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful. There can be no assurance that such attempts to provide downside protection with respect to its investments will achieve their desired effect and potential investors should regard an investment in a Fund as being speculative and having a high degree of risk. Of paramount concern in originating or acquiring the debt, preferred equity or similar instruments contemplated by a Fund is the possibility of material misrepresentation or

omission on the part of borrower or other credit support providers or breach of covenant by such parties. There can be no assurance that the Funds will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices of the obligor during the due diligence phase or during its efforts to monitor the investments on an ongoing basis or that any risk management procedures implemented by the Funds will be adequate. Such inaccuracy or incompleteness or breach of covenants may adversely affect the valuation of the collateral underlying the loans or the ability of the Funds to perfect or effectuate a lien on the collateral securing the loan or otherwise realize on the investment. The Funds will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness. In the event of fraud by any obligor of a loan originated or acquired by the Funds or any of their subsidiaries, the Funds may suffer a partial or total loss of its loan made to such obligor.

Russian Invasion of Ukraine. Commencing in 2021, Russian President Vladimir Putin ordered the Russian military to begin massing thousands of military personnel and equipment near its border with Ukraine and in Crimea, representing the largest mobilization since the illegal annexation of Crimea in 2014. President Putin has initiated troop movements into the eastern portion of Ukraine and continues to threaten an all-out invasion of Ukraine. On February 22, 2022, the United States and several European nations announced sanctions against Russia in response to Russia's actions. On February 24, 2022, President Putin commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine, which could have a negative impact on the economy and business activity globally (including in the countries in which the Funds invest), and therefore could adversely affect the performance of the Funds' investments. Furthermore, the conflict between the two nations and the varying involvement of the United States and other NATO countries could preclude prediction as to their ultimate adverse impact on global economic and market conditions, and, as a result, presents material uncertainty and risk with respect to the Funds and the performance of their borrowers or their operations, and the ability of the Funds to achieve their investment objectives. Additionally, to the extent that third parties, investors, or related customer bases have material operations or assets in Russia or Ukraine, they may have adverse consequences related to the ongoing conflict.

UK Relations with the European Union ("EU"). The UK formally left the EU on January 31, 2020. There followed an implementation period, during which EU law continued to apply in the UK and the UK maintained its EU single market access rights and EU customs union membership. The implementation period expired on December 31, 2020. Consequently, the UK has become a third country vis-à-vis the EU, without access to the single market or membership of the EU customs union.

On December 30, 2020, the UK and the EU signed a trade and cooperation agreement (the "TCA") to govern their on-going relationship. The TCA applied provisionally from January 1, 2021 and formally entered into force on May 1, 2021. Details of the relationship between the UK and the EU continue to be negotiated notwithstanding the entry into force of the TCA.

Over time, UK regulated firms and other UK businesses may be adversely affected by the terms of the TCA as compared with the position prior to the expiry of the implementation period on December 31, 2020. For example, the TCA introduces new customs checks, as well as new restrictions on the provision of cross-border services and on the free movement of employees. These changes have the potential to materially impair the profitability of a business, and to require it to adapt or even relocate.

Given the size and global significance of the UK's economy, the effect of its withdrawal from the EU, is also likely to be an ongoing source of instability for the EU (and countries outside the EU), produce significant currency fluctuations, and/or have other adverse effects on international markets, international trade agreements and/or other existing cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise). The consequences flowing from the withdrawal of the UK from the EU could therefore adversely affect the Funds and their portfolio companies. In addition, the withdrawal of the UK from the EU could have a further destabilizing effect if any other member states were to consider withdrawing from the EU, presenting similar and/or additional potential risks and consequences to the Funds and their portfolio companies.

Following the UK's withdrawal from the EU, over time there is likely to be increased divergence between the UK and the EU on legal, political and economic matters. It is possible that this may affect the eligibility of the Funds for certain UK investors if such investors become subject to restrictions on their ability to invest in vehicles established outside the UK and/or managed by a manager situated outside the UK. As a consequence, UK investors may be forced to sell or otherwise dispose of interests in the Funds. Furthermore, investment in the Funds may become less attractive for certain UK investors, in the event of increased capital charges or capital requirements or different quota allocations for investors.

Trade Policy Uncertainty. Political leaders in the U.S. and certain other nations have recently been elected on protectionist platforms, fueling doubts about the future of global free trade. The U.S. government has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries, and has made proposals and taken actions related thereto. In addition, the U.S. government has imposed tariffs on certain foreign goods, including steel and aluminum, and has indicated a willingness to impose tariffs on imports of other products. Some foreign governments, including China, have instituted retaliatory tariffs on certain U.S. goods and have indicated a willingness to impose additional tariffs on U.S. products. In April 2018, the U.S. government began imposing tariffs on Chinese imports. China, in turn, retaliated with its own tariffs on United States imports. The trade dispute is still developing, and the United States and China—although reaching a preliminary agreement on narrow aspects of trade relations—have yet to reach a compromise. While this dispute has already had negative economic consequences on the U.S. markets, to the extent that this trade dispute escalates into a “trade war” between the U.S. and China, there could be additional significant impacts on the industries in which the Fund participates and other adverse impacts on Fund investments. Moreover, the U.S. government has imposed limitations on whether and how U.S. companies and, under certain circumstances, non-U.S. companies may interact with certain Chinese companies that are potentially important suppliers to, or customers for, U.S. companies, and further such limitations are possible via the addition of such companies to U.S. restricted parties lists, the imposition of licensing requirements for certain emerging and foundational technologies, and changes to the export controls regulations to capture a greater number of items, which could have a materially adverse impact on the Funds portfolio companies. In addition, on June 3, 2021, President Biden issued an Executive Order on Addressing the Threat from Securities Investments that Finance Certain Companies of the People's Republic of China, which amends Executive Order 13959 issued by former President Trump and prohibits the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of identified Chinese companies.

CFIUS. The actions of the Committee on Foreign Investment in the United States (“CFIUS”), an inter-agency committee authorized to review transactions that could result in control of a U.S. business by a foreign person, may adversely impact the prospects of a portfolio company in the context of mergers with, or acquisitions by, a foreign person. CFIUS may recommend that the President block such transactions, or CFIUS may impose conditions on such transactions, certain of which may materially and adversely affect a Fund’s ability to execute its investment strategy. In addition, the CFIUS process will continue to evolve. In particular, a set of reform measures known as the Foreign Investment Risk Review Modernization Act (“FIRRMA”) was enacted into law, which broadens the jurisdiction of CFIUS with respect to certain investments. Such legislation could impact the ability of non-U.S. limited partners to participate in a Fund’s investments, which may impair a Fund’s ability to execute its investment strategy. FIRRMA expands the ability of CFIUS to review a Fund’s acquisition or disposition of certain investments including certain non-controlling investments by foreign persons over certain U.S. businesses involved in critical technologies or critical infrastructure or that collect and store sensitive personal data of U.S. citizens, as well as acquisitions of real estate and leaseholds near U.S. military or other sensitive government facilities. The reforms enacted by FIRRMA include (i) a requirement of mandatory disclosures to CFIUS of all transactions in which a foreign government owned or controlled entity proposes to acquire a substantial interest in a U.S. business active in critical infrastructure, critical technologies, or that has access to sensitive personal data of U.S. citizens, and (ii) jurisdiction for CFIUS to review any investment (other than truly passive investment) by a foreign person in the same types of companies regardless of the percentage ownership interest of the foreign person. CFIUS published final regulations on January 13, 2020 that will implement many of FIRRMA’s provisions. These final regulations became effective on February 13, 2020, and may potentially increase the number of transactions involving the Fund that would be subject to CFIUS review and investigation and the timing and substantive risks described above. The outcome of CFIUS’s process may be difficult to predict, and there is no guarantee that, if applicable to a portfolio company, the decisions of CFIUS would not adversely impact a Fund’s investment in such entity. The limited partnership agreements contain certain provisions that may require certain investors to be excluded from participating in an investment, for example where their participation is at risk of jeopardizing a Fund’s ability to successfully acquire, hold, operate, sell, transfer, exchange, pledge or dispose of a prospective portfolio investment in light of legal, regulatory or other similar considerations.

OFAC and FCPA Considerations. Economic sanction laws in the United States and other jurisdictions prohibit KSL, KSL’s professionals and the Funds from transacting with or in certain countries and with certain individuals and companies. In the United States, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities, and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers, and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at www.treas.gov/ofac. In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions may restrict the Funds’ investment activities.

In some countries, there is a greater acceptance than in the United States of government involvement in commercial activities, and of corruption. KSL, KSL's professionals and the Funds are committed to complying with the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, the Funds may be adversely affected because of their unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations may make it difficult in certain circumstances for the Funds to act successfully on investment opportunities and for borrowers to obtain or retain business.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In addition, the United Kingdom has significantly expanded the reach of its anti-bribery laws with the U.K. Bribery Act of 2010 (the "U.K. Bribery Act"), which in some ways is broader in scope than the FCPA and applies to private and public sector corruption and holds companies liable for failure to prevent bribery unless they have adequate procedures in place to prevent bribery. Similarly, other jurisdictions have significantly expanded the reach of and/or enforcement activity surrounding their anti-bribery laws. While KSL has developed and implemented policies and procedures designed to ensure strict compliance by KSL and its personnel with the FCPA, the U.K. Bribery Act and other anti-corruption legislation, such policies and procedures may not be effective in all instances to prevent violations. In addition, in spite of KSL's policies and procedures, it may not be possible for KSL to ensure borrowers, and their employees or affiliates ensure policies and procedures are adopted and complied with and the borrower may engage in activities that could result in FCPA, U.K. Bribery Act and/or other anti-corruption violations. In the event that there is a determination that KSL has violated the FCPA, U.K. Bribery Act or other applicable anti-corruption laws or anti-bribery laws could subject KSL and/or the Fund to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect KSL's business prospects and/or financial position, as well as the Fund's ability to achieve its investment objective and/or conduct its operations. In addition, where a borrower has engaged in corruption in order to obtain business, the business may no longer be as profitable, and indeed may be loss making, at such time as the company ceases to engage in corrupt behavior.

KSL makes reasonable efforts to ensure compliance with U.S. and foreign laws and regulations, including the FCPA and the U.K. Bribery Act, relating to hiring practices with regard to government officials and others. KSL endeavors to hire short-term or long-term personnel (or interns) that are qualified candidates, but there is no guarantee KSL will not inadvertently and/or unknowingly hire someone with connections to a government official or intentionally hire someone with such connections because they are for unrelated reasons a highly qualified candidate for the job.

Benchmark Reform and the Impact on LIBOR and other Interest Rate Benchmarks. The London Interbank Offered Rate (known as "LIBOR") has historically been a commonly used reference rate in global financial markets. A major shift is underway to transition from LIBOR to alternative near Risk-Free-Rates ("RFRs"). Similar reforms are taking place in the context of other interest rate benchmarks based on interbank lending (in addition to LIBOR, "IBORs").

From January 1, 2022, all sterling, euro, Swiss franc and Japanese yen LIBOR settings, and the 1-week and 2-month U.S. dollar LIBOR settings ceased to be available.

Six sterling and yen LIBOR settings (1-, 3-, and 6-month) will continue for the duration of 2022 but calculated in a way that does not rely on submissions from panel banks, and instead based on RFRs (“synthetic” LIBOR). There is a restriction on the new use of synthetic LIBOR which is intended for so-called ‘legacy’ contracts.

The remaining U.S. dollar LIBOR settings are expected to cease after June 30, 2023 but with restrictions on new use until then. It is not clear whether the continuing U.S. dollar LIBOR settings will operate on a synthetic basis for a period when the U.S. dollar LIBOR panel ends in June 2023.

It is not possible to predict with certainty the overall effect of LIBOR reform, but the discontinuance of LIBOR and the transition to RFRs continues to pose a number of risks.

Where it is not possible to amend an existing LIBOR exposure to the relevant RFR (a process known as “remediation”), by the time the relevant rate ceases to be published, is declared unrepresentative by the FCA, or where applicable, synthetic LIBOR is no longer published, that asset is unlikely to function or perform as originally intended, its price may be negatively impacted or value transferred, and it may become illiquid and hard to value. It may not be possible to remediate certain assets from LIBOR to the new RFRs, or to transition a hedge and its underlying position at the same time, causing a mismatch or “basis risk”. Remediation is likely to be particularly difficult for assets issued to multiple investors or with high consent thresholds to amend the rate. Delays or failures in obtaining investor or counterparty consent, or regulatory approval, may adversely impact transition.

Remediation from LIBOR to RFRs may lead to a Fund paying more or receiving less on an asset than if it had remained a LIBOR-referencing asset. Spread adjustments applied to RFRs to reflect the historical difference in performance with LIBOR are rough proxies and will not perfectly match the performance of the relevant LIBOR rate it replaces, meaning that some economic impact is inevitable. Borrowing costs under financing arrangements could be impacted where RFRs or other interest rates are used (directly or indirectly) instead of LIBOR. Interest on instruments which reference an RFR is only capable of being determined at the end of the relevant interest period and just prior to the relevant interest payment date. This may make it harder to reliably estimate the amount of interest that will be payable on such instruments.

Some of the RFRs are relatively new interest rate benchmarks compared to LIBOR and how these rates, and any adjustment spreads, will perform in stressed market conditions or over longer time periods is not well established. Industry and market solutions for transition from LIBOR to RFRs across different asset classes and currencies are not aligned and are have progressed at different rates. If remediation alters the legal, commercial, tax, accounting or other economic outcome of the relevant trade(s), including as between a trade and its hedge, there is a risk of detriment to the relevant Fund and consequently to its investors. For new investments, including where an existing LIBOR-referencing asset is sold and replaced with an RFR-referencing asset during transition, the market in the relevant RFR-referencing asset may lack liquidity and/or price transparency, particularly when compared with historical LIBOR volumes. Certain other IBORs are affected by global benchmark reforms. The timings for transition from such rates vary but the broad risks set out in this section apply generally to those affected interest rate benchmarks.

Changes in Legislative and Regulatory Environment. KSL’s and the Funds’ ability to achieve their investment objectives, as well as the ability of the Funds to conduct their operations, is based on laws and regulations which are subject to change through legislative, judicial or administrative action.

Future legislative, judicial or administrative action could adversely affect KSL and the Funds' ability to implement their investment programs, as well as the ability of KSL and the Funds to conduct their operations. Increased regulation could have a material adverse impact on the profit potential of KSL and the Funds as well as require increased transparency as to the identity of the investors.

There continue to be significant legislative and regulatory developments affecting the regulation of the private investment fund industry. On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was signed into law. A key feature of the Dodd-Frank Act is the extension of prudential regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve") to financial institutions that are not currently subject to such regulation but that potentially pose risk to the financial system. The Dodd-Frank Act defines a "nonbank financial company" as a company that is substantially engaged in activities that are financial in nature. The Financial Stability Oversight Council (the "FSOC"), an interagency body created to monitor and address systemic risk, has the authority to designate such a company to regulation by the Federal Reserve (including capital, leverage and liquidity requirements) if the FSOC determines that such company is systemically important. The Dodd-Frank Act does not contain any minimum size requirements for such a designation, and it is possible that it could be applied to private funds, particularly large, highly leveraged funds. On December 18, 2014, the FSOC released a notice seeking public comment on the potential risks posed by aspects of the asset management industry, including whether asset management products and activities may pose potential risks to the U.S. financial system in the areas of liquidity and redemptions, leverage, operational functions, and resolution, or in other areas. Similarly, in Europe, the Financial Stability Board has recommended strengthening oversight and regulation of the so-called "shadow banking" system, broadly described as credit intermediation involving entities and activities outside the regular banking system. While at this stage it is difficult to predict the scope of any new regulations, if during a Fund's term regulations were to extend the regulatory and supervisory requirements, such as capital and liquidity standards currently applicable to banks, or the Fund were considered to be engaged in "shadow banking," either in Europe, the United States or in any other jurisdiction in which the Fund engages in investment activities, the regulatory and operating costs associated therewith could adversely impact the implementation of the Fund's investment strategy and the Fund's returns.

The Dodd-Frank Act also imposes a number of restrictions on the relationship and activities of banking organizations with private equity funds and hedge funds and other provisions that will affect the private fund industry, either directly or indirectly. Included in the Dodd-Frank Act is the so-called "Volcker Rule", which takes the form of Section 13 of the Bank Holding Company Act of 1956. Among other things, the Volcker Rule prohibits any "banking entity" (generally defined as any insured depository institution, any company that controls such an institution, a non-U.S. bank that is treated as a bank holding company for purposes of U.S. banking law, and any affiliate or subsidiary of the foregoing entities), from sponsoring or acquiring or retaining an ownership interest in a private equity fund or hedge fund that is not subject to the provisions of the Investment Company Act in reliance upon either Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act, to avoid being treated as "investment companies" under the Investment Company Act. The Volcker Rule also authorizes the imposition of additional capital requirements and certain other quantitative limits on such activities engaged by certain nonbank financial companies that have been designated as systemically important by the FSOC and subject to supervision by the Federal Reserve (as discussed above), although such entities are not expressly prohibited from engaging in proprietary trading or sponsoring or investing in such funds. The Volcker Rule became effective as a matter of statute on July 21, 2012, but banking entities had a so-called "conformance period", which ran until July 21, 2015, to wind down, sell,

transfer or otherwise conform their investments and activities to the Volcker Rule, absent an extension by the Federal Reserve or an exemption for certain “permitted activities.” On December 10, 2013, the Federal Reserve and other federal regulatory agencies issued final rules implementing the principal components of the Volcker Rule. Prospective investors in the Funds that are banking entities should consult their bank regulatory counsel prior to making an investment. The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private equity and the hedge fund industry generally and/or on KSL, the Funds’ general partners, or the Funds, specifically. Therefore, there can be no assurance that any continued regulatory scrutiny or initiatives will not have an adverse impact on KSL or the Funds’ general partners or otherwise impede the Funds’ activities. The current regulatory environment in the United States may be impacted by future legislative developments, such as amendments to key provisions of the Dodd-Frank Act.

While the Advisor is registered under the Advisers Act, the enactment of these reforms or other similar legislation could nonetheless have an adverse effect on the private investment funds industry generally and on KSL, the Funds’ general partners or the Funds specifically, and may impede the Funds’ ability to effectively achieve their investment objectives.

As a registered investment adviser under the Advisers Act, KSL is required to comply with a variety of periodic reporting and compliance-related obligations under applicable federal and state securities laws. In light of the heightened regulatory environment in which KSL operates and the ever-increasing regulations applicable to private investment funds and their investment advisers, it has become increasingly expensive and time-consuming for KSL and its affiliates to comply with such regulatory reporting and compliance-related obligations. Any further increases in the regulations applicable to private investment funds generally or the Funds or the Funds’ general partners in particular may result in increased expenses associated with the Funds’ activities and additional resources of KSL being devoted to such regulatory reporting and compliance-related obligations, which may reduce overall returns for investors in the Funds or have an adverse effect on the ability of the Funds to effectively achieve their investment objectives.

In addition, as private equity firms and other alternative asset managers become more influential participants in the U.S. and global financial markets and economy generally, the private equity industry has recently been subject to criticism by some politicians, regulators, and market commentators. In Germany, for example, U.S. and U.K. private equity firms are perceived by some as being responsible for high levels of domestic unemployment. There have been similar concerns expressed in other European countries. Various federal, state and local agencies have been examining the role of placement agents, finders and other similar private equity service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information. As a related matter, KSL may be required to provide certain information regarding some of the investors in the Funds to regulatory agencies and bodies in order to comply with applicable laws and regulations, including the FCPA. Furthermore, elements of organized labor and other representatives of labor unions have embarked on a campaign targeting private equity firms on a variety of matters of interest to organized labor, including with respect to affording favorable treatment or significant deference to organized labor and labor unions in dealings with portfolio companies. There can be no assurance that the foregoing will not have an adverse impact on KSL or the Funds or otherwise impede the Funds’ activities.

This increased political and regulatory scrutiny of the private equity industry was particularly acute during the global financial crisis. For example, in addition to the U.S. legislative developments

described above, other jurisdictions, including many European jurisdictions, have proposed modernizing financial regulations and have called for, among other things, increased regulation of and disclosure with respect to, and possibly registration of, private equity funds and hedge funds. There is therefore a material risk that regulatory agencies in the United States, Europe, Asia or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private equity and hedge fund industry, or other changes that could adversely affect private equity firms, hedge fund firms and the funds they sponsor, including the Funds.

Finally, increased reporting, registration and compliance requirements may divert the attention of personnel and the management teams of KSL and the Funds' general partners, and may furthermore place the Funds at a competitive disadvantage to the extent that KSL, the Funds' general partners and/or the Funds are required to disclose sensitive business information.

As a result, there can be no assurance that any of the foregoing will not have an adverse impact on KSL or otherwise impede the Funds' ability to effectively achieve their investment objectives

Investors in the Funds should understand that KSL's business is dynamic and is expected to change over time. Therefore, the Funds and KSL may be subject to new or additional regulatory constraints in the future. The private placement memorandum of the applicable Fund cannot address or anticipate every possible current or future regulation that may affect the Fund's general partner and/or KSL, the Fund or their businesses. Such regulations may have a significant impact on the investors or the operations of the Funds and KSL, including, without limitation, restricting the types of investments the Funds may make, preventing the Funds from exercising their voting rights with regard to certain financial instruments, requiring the Funds to disclose the identity of their investors or otherwise. The Funds' general partners or KSL may, in their sole respective discretion, cause the Funds to be subject to such regulations if they believe that an investment or business activity is in the Funds' interests, even if such regulations may have a detrimental effect on one or more investors. Prospective investors are encouraged to consult their own advisors regarding an investment in a Fund.

FOIA. Some of the Interests in the Funds may be held by investors, such as public pension plans and listed investment vehicles, which are subject to public disclosure requirements. The amount of information about their investments that is required to be disclosed has increased in recent years, and that trend may continue. To the extent that a Fund's general partner determines in good faith that, as a result of the U.S. Freedom of Information Act ("FOIA"), any governmental public records access law, any state or other jurisdiction's laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement, an investor any of its affiliates may be required to disclose information relating to the Fund, its affiliates and/or any entity in which an investment is made (other than certain fund-level, aggregate performance information described in the Fund's limited partnership agreement), the Fund's general partner may, in order to prevent any such disclosure, withhold all or any part of the information to be provided to such investor, as described in the Fund's limited partnership agreement.

Other Related Procedures and Conflicts of Interest:

We manage different investment strategies which present the possibility of overlapping investments, and thus the potential for conflicts of interest. The material conflicts of interest that a Fund encounters include those discussed below and elsewhere in this brochure. The following summary is

not intended to be an exhaustive list of all conflicts or their potential consequences. Identifying potential conflicts of interest is complex and fact intensive and it is not possible to foresee every conflict of interest that will arise during a Fund's life.

If any matter arises that we determine in our good faith judgment constitutes an actual conflict of interest between Funds, we will take such actions as we deem necessary or appropriate to prevent or reduce the conflict, and in accordance with our fiduciary duty.

Valuation of Holdings. KSL utilizes the services of an independent, third-party valuation firm ("Valuation Firm") to assign value to Fund portfolio holdings quarterly, in accordance with each Fund's applicable partnership agreement and our internal valuation policies and procedures. The objective in the pricing of Fund portfolios is to ensure that prices are recorded at "fair value" on a consistent, transparent and reasonable basis. The Valuation Firm's process assumes 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, which can be challenging given Fund portfolio holdings are typically illiquid and have no standard "marketplace." The Valuation Firm considers 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).

The Valuation Firm attempts to use valuation techniques that, in our best judgment, are most appropriate under the circumstances, and for which sufficient data is available. All determinations of value made by the Valuation Firm are reviewed by KSL's Valuation Committee.

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, a third-party hotel management company, or another portfolio company (including a portfolio company of another Fund, such as Davidson Hospitality Group, WellBiz Brands, Inc., Outrigger Hospitality Group, Mission Hill Hospitality, Southern Marinas or Heritage Golf 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 Fees and Fund Expenses,” our employees routinely go on due diligence trips related to a prospective investment, and the expenses related to these trips are paid for by the applicable Fund (unless the prospective investment is subsequently consummated, in which case such expenses are paid for by the underlying business). To the extent we believe it appropriate, we will then invest Fund assets in these companies, which has the potential to present the appearance of or an actual conflict of interest.

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

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

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

Additionally, in some cases, certain of the third-party operators and Joint-Venture Partners with which we elect to co-invest a Fund’s capital will have existing investments with us. The terms of these existing investments will often differ from the terms upon which a Fund invests with such operators and Joint Venture Partners. To the extent a dispute arises between KSL and such operators and Joint Venture Partners, it is possible that a Fund’s investments relating thereto will be affected.

Minority Investments. The Funds will in certain instances invest in minority positions of companies for which such Fund has no right to exert significant influence. In such cases, the Funds will be significantly reliant on the existing management and board of directors of such companies, which

include representatives of other investors with whom the Funds are not affiliated and whose interests can conflict with the interests of the Funds. While the Funds generally expect that the appropriate minority shareholder rights will be obtained to protect their interests to the extent possible, there can be no assurance that such minority shareholder rights will be available or that such rights will provide sufficient protection of the Funds' interests.

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

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

Termination Fees. Certain fees (including monitoring fees) will from time to time be established upon the consummation of a portfolio investment by a Fund. The terms of such monitoring fee agreements sometimes provide for a periodic fee which can 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 of the portfolio company). 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 is likely to exist in the determination of any such fees and other related terms in the applicable agreement with such portfolio company. Except as set forth in a Fund's partnership agreement, which provides for a partial or complete offset to management fees for the amount of any portfolio company remuneration received from a Fund or Co-Investment Vehicle, the investors will not receive the benefit of certain fees received by the general partner and its Affiliates from portfolio companies in connection with the purchase, monitoring or disposition of investments or in connection with unconsummated transactions (*e.g.*, transaction, directors', consulting, management, investment banking, closing, topping, break-up and other similar fees).

Cybersecurity Risk and Identity Theft. 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 information and technology systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of KSL and its 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 investors. For example, these systems may be subject to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of such systems to disclose sensitive information in order to gain access to KSL's data or that of Fund investors.

To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company has the potential to be subject to substantial losses in the form of stolen, lost or corrupted: (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks could be the subject of civil litigation or regulatory or other action. Any of such circumstances has the potential to subject a portfolio company, or the Funds, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at KSL or one of its Affiliates or service providers holding its financial or investor data, KSL, its Affiliates or a Fund may also be at risk of loss.

Although KSL has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, KSL, the Funds and/or a service provider thereof may have to make a significant investment to fix or replace system components. The successful penetration or circumvention of the security of these systems, or a failure of these service provider's systems and/or of disaster recovery plans for any reason could cause significant interruptions in KSL's, the Funds' and/or a service provider's operations. This could result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors) and proprietary and/or confidential information relating to portfolio companies, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system and costs associated with system repairs. Such a failure could harm KSL's, the Funds' and/or a service provider's reputation, subject any such entity and their respective affiliates to legal claims, compliance costs and otherwise affect their business and financial performance. In addition, KSL may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation.

Side-by-Side Management/Co-Investment Opportunities. We will generally pursue all appropriate investment opportunities through our Funds, subject to certain limited exceptions. We will, from time to time, require additional capital in order to complete a portfolio company transaction and reach out to select investors for such additional capital. Subject to KSL Advisors' allocation policies and the applicable

Fund limited partnership agreement, in general, (i) decisions regarding whether and to whom else to offer co-investment opportunities are made in the sole discretion of KSL Advisors or other participants in the applicable transactions, (ii) co-investment opportunities will be offered to some and not other investors in the Funds, (iii) certain persons other than investors in the Funds will be offered co-investment opportunities, in the sole discretion of KSL Advisors, and (iv) Co-Investors will purchase their interests in a portfolio company at the same time as the Funds or may purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer).

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

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

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

Investment Allocations. KSL Advisors and/or its Affiliates currently manage, and will likely in the future manage, a number of Funds requiring it to address potential conflicts of interest involving potentially overlapping investments. While KSL Advisors will seek to manage such potential conflicts of interest

in good faith, it is possible that there will be situations in which the interests of one Fund with respect to a particular investment or other matter conflict with the interests of one or more other Funds, KSL Advisors or one more of their respective Affiliates. Subject to the provisions of the governing documents of the affected Funds, on any matter involving a potential conflict of interest, KSL Advisors will be guided by its fiduciary duties to its clients and will seek to resolve such conflict in good faith and has created an Allocation Committee responsible for evaluating and determining the most appropriate allocation of investment opportunity, given the circumstances at the time the decision is made..

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, it is possible that an investment that KSL Advisors determined was appropriate (or more appropriate) for one Fund will ultimately prove to have been more appropriate for another KSL Fund. Among the factors that KSL typically considers when determining whether a particular investment will lead to control of the underlying asset are (i) the current and historical performance of the asset or business and KSL's projections of future performance, (ii) the asset's overall capital structure as compared to KSL's view of its potential sale value or potential refinancing proceeds, (iii) KSL's view of the market where the asset is located, (iv) the financial strength and experience of the borrower/sponsor, (v) the terms of the debt instrument, including whether interest is to be paid currently, the amortization schedule of the principal and the contractual obligations of the borrower, (vi) if the debt is trading on the secondary market or available in the new issues market, (vii) the composition of the other lenders and investors in the debt capital structure, (viii) whether the instrument is performing or in default at the time of KSL's initial investment and (ix) a variety of other considerations deemed relevant by KSL. KSL Advisors often considers certain other factors, including, but not limited to, (i) whether the investment is intended to, in KSL Advisors' view as determined at the time of the investment, lead to the holder of such investment acquiring control over the underlying asset or which 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) the proximity of a Fund to the end of its specified term or end of its investment period, (vi) contractual limitations or restrictions in the governing agreements of the Funds, (vii) the anticipated returns and other valuation metrics, (ix) the risk profile of the investment and (viii) a variety of other considerations deemed relevant by KSL. Additionally, in certain cases, there is a potential for the Funds to invest in different securities or debt tranches in the same company's capital structure, or for a Fund to make an investment that may be managed or overseen by a platform company owned in whole or in part by another Fund. 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, in its sole discretion, will make a determination that such allocations are fair, reasonable and consistent with its fiduciary obligations to each of the Funds.

Transactions Among Portfolio Companies. Certain of the Funds' portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with other portfolio companies, with portfolio companies of other KSL funds. For example, KSL has historically used the management expertise contained in one platform for the mutual benefit of an investment in a different fund. Davidson Hospitality Group, a Fund III (KSL Capital Partners III, L.P. together with any of its parallel funds, alternative vehicles and co-investment vehicles) investment, manages hotels on behalf of Fund IV (KSL Capital Partners IV, L.P. together with any of its parallel funds, alternative vehicles and co-investment vehicles) and Fund V (KSL Capital Partners V, L.P. together with any of its parallel funds,

alternative vehicles and co-investment vehicles) and KSL anticipates will manage hotels on behalf of Fund VI (KSL Capital Partners VI, L.P. together with any of its parallel funds, alternative vehicles and co-investment vehicles). WellBiz Brands, Inc., a Fund III investment, manages two franchise concepts on behalf of Fund VI. KSL also expects that investments for the Fund VI in select service hotels and marinas will be overseen by Mission Hill Hospitality and Southern Marinas, each a Fund V investment, and other franchise opportunities to be managed by WellBiz Brands, Inc. Additional types of platforms are likely to be developed in Fund VI that may own assets that are managed by predecessor or successor funds or manage assets on behalf of such funds. Pursuant to the Fund's limited partnership agreement, any such transactions must be on an arm's length basis and on terms which are no less favorable to the portfolio company than would be obtained in a transaction with an unaffiliated party as determined in good faith by the Fund's general partner, and any transaction approved by the LPAC shall be deemed to be on an arm's length basis. In addition, employees of the portfolio company (or portfolio company of the other KSL fund) providing such services may receive fees or other compensation (including equity compensation) paid by the portfolio company receiving such services, on terms as set by KSL. In addition, the Fund's general partner shall report each such transaction and, as and when requested by the LPAC, any fees or other compensation paid by portfolio companies for such services to the LPAC.

KSL may have an incentive to recommend the services of the portfolio companies of other KSL funds to a Fund and its portfolio companies, even though such services may not necessarily be the best available to such Fund or its portfolio companies. KSL may have a conflict in making such recommendations, in that KSL has an incentive to maintain goodwill between it and existing and prospective portfolio companies.

In certain instances, a portfolio company may compete with, be a customer of, or be a service provider to, another KSL fund's portfolio company. In providing advice to a portfolio company's business, KSL is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by KSL to another KSL fund's portfolio company may have adverse consequences to the portfolio company owned by a Fund.

Investor Transfer of Interest. In certain cases, KSL will have an opportunity (but, subject to any applicable restrictions or procedures in the relevant governing documents, no obligation) to identify one or more secondary transferees of interest in a Fund. In the case of ordinary transfers, KSL will not receive compensation for identifying such transferees and will use its discretion to select such transferees based on eligibility and other factors, and unless required by the relevant governing documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Expense Allocations. Subject to any relevant restrictions or other limitations contained in the operating documents, we will allocate fees and expenses in a manner that we believe in good faith is fair and equitable to our Funds under the circumstances and considering such factors as we deem relevant, but in our sole discretion. In exercising such discretion, we are faced with a variety of potential conflicts of interest. As a general matter, expenses incurred on behalf of multiple advisory Funds and Co-Investment Vehicles will be allocated among such advisory clients. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by us and our Affiliates using our best judgment, considering such factors as we deem relevant, but in our sole discretion. Investors in a Fund are typically allocated (or otherwise bear) their pro rata share

of such fees and expenses, which can be calculated based on capital commitments, invested capital, available capital or other metrics as determined by KSL Advisors in its sole discretion. The allocations of such expenses will not always be proportional. The Funds have different expense reimbursement terms, including with respect to management fee offsets, which can result in the Funds bearing different levels of expenses with respect to the same investment. Additionally, none of KSL Advisors, its general partners nor Affiliates receive any favorable legal fee rates or discounts that are not also provided to the Funds.

KSL Advisors and its Affiliates will from time to time incur fees, costs and expenses, including in connection with transactions not consummated, on behalf of the Funds. To the extent such fees, costs and expenses are not charged to a portfolio company, they will be paid by each Fund that participated or was expected to participate in such investment. The Funds will typically bear a portion of any such fees, costs, and expenses in proportion to the size of its actual or proposed investment, or in such other manner as KSL Advisors considers, in good faith, to be fair and equitable.

There are occasions when one Fund (the “Payor Fund”) pays an expense common to multiple Funds (the “Allocated Funds”). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. There are also occasions where the firm or a Payor Fund pays an expense on behalf of a portfolio company. On such occasions, the portfolio company will reimburse the firm or Payor Fund for the expense, without interest, and such reimbursement will not be subject to the fee offset provision.

Some expenses may be incurred on behalf of one Fund which have the potential to benefit other Funds. For example, information KSL obtains in connection with a Fund’s research, due diligence and investment activities will be valuable to other Funds. Additionally, tools and resources developed at KSL’s expense will be the intellectual property of KSL and not 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 (including mezzanine and/or other lending arrangements) to the firm, our Funds and portfolio companies. The terms of these transactions are negotiated on an arm’s-length basis; however, we and our Affiliates are subject to a conflict of interest when determining such terms because it is possible that we will benefit from retaining such investors’ investment in our Funds.

In certain cases, affiliates of certain investors in a Fund seek to provide debt financing in connection with a portfolio company investment made on behalf of a Fund. KSL pursues debt financing on terms it believes are advantageous for a Fund when weighing all the factors relevant to the transaction, including the prevailing financing rates and any original issue discount, scope of positive and negative debt financing covenants, prior experience with the applicable counterparty, and such counterparty’s execution capability, reputation and expertise within the industry. Notwithstanding the foregoing, the participation of a Fund investor and its affiliates in multiple segments of a KSL portfolio company’s capital structure subject KSL to potential conflicts of interest when negotiating the terms of the applicable debt financing as the provision of financing on favorable terms can encourage the Fund investor and its affiliates to participate in future Funds managed by KSL.

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.

Business with and Among Portfolio Companies and Investors. As mentioned in Item 5 above and Item 10 below, we recommend the services of one Fund's portfolio companies to other Fund's portfolio companies in connection with providing Operations Management. We have a conflict of interest in making such recommendations, especially where the corresponding portfolio companies are in two different Funds, in that we have an incentive to maintain goodwill between us and our existing (and possibly prospective) portfolio companies. While we believe the rates at which our portfolio companies provide Operations Management are competitive with other similar third-party providers, it is possible that our portfolio companies are not necessarily the best or lowest cost option available and could result in higher expenses as well as an advantage for the Fund holding the service-providing portfolio company at the possible expense of the Fund holding the portfolio company to which services are being provided. The benefits received by a portfolio company providing a service can be greater than those received by the Fund(s) and its portfolio companies receiving the service.

KSL has instituted a program under which certain portfolio companies owned by the Funds are given the option to participate in a supply chain management solution. Program participants expect to receive discounts negotiated with various vendors and service providers on a group wide basis. KSL believes the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Funds). The amount of such discounts will not result in additional offsets to the Management Fee.

KSL and its Affiliates have in the past, and expect from time to time in the future, to hire part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with an investor, portfolio company, former portfolio company, prospective portfolio company or service provider. Although KSL uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee KSL can eliminate all such conflicts of interest and there may be a continuing, actual, or appearance of, a conflict of interest.

Complex Institutional Relationships. Throughout Item 10, and elsewhere in this brochure, we disclose conflicts of interest arising out of our and our Affiliates' relationships with counterparties and service providers. These conflicts are expected to 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 our business, the participation of our employees in the Funds will not interfere with the making or implementing of decisions that are in the best interest of investors. KSL Advisors' principals and employees share in the same deals as the investors of the Funds and receive distributions based on their pro rata commitment in the general partner.

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

Advisory Board. Each of our Funds has an LPAC, which is established under the respective Fund's offering and governing documents. Each Fund's LPAC is comprised of select investors of each Fund, as well as KSL principals. The LPAC has the ability to review and waive compliance with certain provisions of the relevant governing documents, including resolving potential conflicts of interest situations, and whose approval is required or can be requested in certain circumstances, including certain approvals or consents required by the Advisers Act. All investors are bound by the determinations of the relevant LPAC, regardless of whether an investor is directly represented by a member of such LPAC. The governing documents will provide that to the fullest extent permitted by applicable law, none of the LPAC members shall owe any fiduciary duties to the Funds or any other investor. Members of the LPAC can have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to the LPAC for consideration or review. Members of the LPAC often have various business and other relationships with KSL and its members, partners, managers, directors, officers, employees and Affiliates. These relationships have the potential to influence their decisions as members of the LPAC. A conflict of interest generally exists in that not all investors are asked to join a Fund's LPAC and therefore will not have the same access to information as members on such Fund's LPAC. Additionally, to the extent that an investor is not directly represented by a member of the LPAC, such investor will have no influence over matters submitted to the LPAC for review or approval. On any issue involving actual conflicts of interest, KSL will be guided by its good faith discretion.

In addition, members of one Fund's LPAC may also be a member of another Fund's LPAC. In such instances, a conflict of interest could be deemed to exist because LPACs could be requested to provide consent with respect to transactions which involve a conflict of interest between two or more Funds on which such LPAC members serve, and such members are unlikely to recuse themselves from any such vote.

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

Tax Considerations. Each Fund's investors and the Co-Investment Vehicles include persons or entities resident in various jurisdictions, including the United States and other countries, which can have

conflicting investment, tax and other interests with respect to their investments with KSL Advisors. The conflicting interests of individual investors typically 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, can result in different after-tax returns being realized by different investors. As a consequence, conflicts of interest often arise in connection with decisions made by KSL Advisors that can be more beneficial for one investor than another investor, especially with respect to investors' individual tax situations.

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

In particular, according to publicly released statements, a top legislative priority of President Biden's administration and of Democrats in the Senate and the House of Representatives is significant tax increases and various other changes to U.S. tax rules. Legislation has been proposed that includes, among other changes, increases in the corporate and capital gains rates, an overhaul of the international tax rules, modifications to the exemption for portfolio interest, and further changes to the taxation of carried interest. It is unclear whether any legislation will be enacted into law or, if enacted, what form it would take, and it is also unclear whether there could be regulatory or administrative action that could affect U.S. tax rules. The impact of any potential tax changes on the Funds and their investments is uncertain. It is possible that any changes to U.S. tax rules could enhance the conflicts of interest described above or create new conflicts between our interests and the interests of our Funds and their investors.

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

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

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

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

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

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

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

Foreign Currency and Exchange Rate Risks. Interests in the Funds are generally denominated in U.S. dollars. Changes in the value of exchange between U.S. dollars and local currencies can have an adverse effect on the value, price or income generated by a Fund’s investments. There are also foreign

exchange regulations applicable to investments in foreign currencies in certain jurisdictions. In addition, the Funds' assets generally will be denominated in the currency of the jurisdiction in which the assets are located. Consequently, the return realized on any investment by investors whose functional currency is not the currency of the jurisdiction in which the assets are located has the potential to be adversely affected by movements in currency exchange rates, costs of conversion and exchange control regulations, in addition to the performance of the investment itself. The Funds will generally also incur costs when converting one currency into another, which costs can be material.

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

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

Item 9 – Disciplinary Information

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

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

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

Item 10 – Other Financial Industry Activities and Affiliations

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

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

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

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

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

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

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

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

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

From time to time, KSL receives training, information, promotional material, meals, entertainment, gifts or other perquisites from vendors and others with whom it does business or to whom it makes

referrals. At no time will KSL accept any benefits, gifts, entertainment or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider. Similarly, KSL employees have in the past spoken, and expect to in the future, speak at or attend conferences and programs for potential investors interested in investing in private funds and other industry events that are sponsored by various investment bankers, broker-dealers or others. Through such capital introduction and other events, prospective investors have the opportunity to meet with KSL. Neither KSL nor any Fund compensates these investment bankers, broker-dealers or others for organizing such events or for investments ultimately made by prospective investors attending such events other than registration, sponsorship, membership or other similar fees paid to attend such events.

Fees Payable to Affiliated Service Providers. The companies held in the Funds' portfolios pay fees to affiliated service providers in connection with the operation of the portfolio company's business (e.g., fees to operate or develop a business, which are distinct from fees paid in connection with investment advisory services provided by us to the Fund). These fees include, for example, fees paid to KSL Resorts, our affiliated hotel management company, or other operating businesses in which we, an affiliated service provider or another Fund have an interest that provide services relating to management, construction, leasing, development and other property management services. Likewise, certain general partners utilize the services of our portfolio companies, such as Davidson Hospitality Group, WellBiz Brands, Inc., Outrigger Hospitality Group, Mission Hill Hospitality, Southern Marinas or Heritage Golf Company, to manage our Fund portfolio companies or to provide asset management services to properties owned by another portfolio company. These fees are not incurred for investment management services; rather, they relate to Operations Management.

Fees paid by Fund portfolio companies to KSL Resorts or our affiliated service providers for Operations Management will not reduce or offset any fees we receive. We have a conflict of interest in selecting (or influencing a portfolio company to select) any of our Affiliates to provide Operations Management. 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.

The terms of Operations Management to our Funds' portfolio investments by our Affiliates are determined at the time a Fund is created, and is 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. To the extent that the Operations Management provided to Fund portfolio companies would result in a profit for our principals, the Funds' governing documents require that such profit must be reinvested in our Affiliates' Operations Management business, which we believe helps to mitigate any potential conflict of interest arising from such profits.

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

Foreign Affiliate Sub-Advisers. 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 and KSL Capital Partners Asia PTE, Ltd. (the "Foreign Affiliate Sub-Advisers"), subsidiaries of KSL Advisors. The Foreign Affiliate Sub-Advisers identify, evaluate and monitor investment opportunities and investments outside of the United States solely to advise KSL on investment opportunities for a Fund. The Foreign Affiliate Sub-Advisers are authorized and regulated, respectively, by the Financial Conduct Authority ("FCA") in the United Kingdom and the Monetary Authority of Singapore ("MAS") in Asia. The U.K. Financial Services and Markets Act 2000, or "FSMA," and rules promulgated thereunder govern the provision of financial services in the United Kingdom, including sales, research and trading practices, provision of investment advice, use and safekeeping of client funds and securities, regulatory capital, record keeping, margin practices and procedures, approval standards for individuals, anti-money laundering, periodic reporting and settlement procedures. Pursuant to the FSMA, our Foreign Affiliate Sub-Adviser is subject to the rules and regulations promulgated and administered by the FCA. KSL Capital Partners Asia PTE, Ltd. is a capital markets services licensee permitted to engage in fund management, and therefore, its activities are generally governed by Singapore's Securities and Futures Act (Cap. 289). The Securities and Futures Act is a broad ranging act governing the provision of certain financial services in Singapore and which covers, among other things; creating a capital markets services license and implementing standards related to the business conduct of holders of such licenses, including, without limitation: advertisements; certain initial and ongoing disclosures to a licensee's customers (including with respect to the licensee's business, investment risks, fees and conflicts of interest); suitability and know-your-customer standards; client privacy obligations; restrictions on principal transactions; and otherwise making any regulations relating to the business conduct of licensees that the MAS determines to be necessary.

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 Individual Mandates.

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

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

We have adopted a Code of Ethics (the “Code of Ethics”) in accordance with the requirements of Rule 204A-1 of the Advisers Act. The policies and procedures set forth in the Code of Ethics recognize that as an investment adviser, KSL Advisors and its supervised persons have a duty to place the interests of the Funds ahead of our own and an obligation to address and mitigate conflicts of interest and the appearance of any conflicts of interest. The Code of Ethics sets out standards of business and personal conduct for each supervised person and our policies regarding personal trading and reporting of personal securities transactions, gifts and entertainment and outside business activities, among other topics.

In rare cases, we and our supervised persons 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 supervised persons must certify to their compliance with the terms of the Code of Ethics initially upon hire and thereafter annually.

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

- Perform their duties conscientiously, honestly and ethically;
- Comply with all applicable federal securities laws;
- Avoid potential conflicts of interest;
- Preserve the confidentiality of information they obtain in the course of KSL Advisors’ business and use such information properly and not in any way adverse to the interests of the Funds, subject to the legality of using such information; and
- Promptly and affirmatively report any violations of the Code of Ethics.

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

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

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

Participation or Interest in Client Transactions

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

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

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

- When we deem the transaction to be in the best interests of both Funds;
- If the transaction is permitted under the terms of the relevant governing documents;
- After proper disclosure is given to the relevant LPAC, general partner or investors, as appropriate;
- When, if necessary, consent is obtained from the appropriate parties; and
- Best execution is achieved for the transaction.

Conflicts of Interest

The offering documents for each Fund typically include a description of what we believe to be the most significant conflicts of interest associated with an investment in any Fund. Some of these conflicts are summarized in Item 8 above, 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 of each Fund prior to investing.

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, Individual Mandates or portfolio company investment, we will take such actions as we deem necessary or appropriate, within the context of such Fund’s, Co-Investment Vehicle’s or Individual Mandate’s limited partnership agreement, to ameliorate the conflict. These actions can include disposing of the asset giving rise to the conflict or bringing the matter before the relevant Fund’s LPAC (as applicable) or investors, as required by such Fund’s, Co-Investment Vehicle’s or Individual Mandate’s limited partnership agreement. There can be no assurance that all conflicts of interest will be successfully resolved.

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

Personal Trading

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

Our supervised persons often conduct investment activities for their own account and for family members, friends or others who do not invest in the Funds, and in connection therewith, can potentially give advice and recommend securities which differs from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives are the same or similar. In addition, supervised persons are permitted to buy securities in transactions offered to but rejected by the Funds or that are outside the investment mandate of the Funds.

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

Because of the private nature of Fund portfolio investments, we do not typically face a situation where a supervised person buys or sells a security for his or her own account at or about the same time that the firm is also buying or selling the same securities for the Funds, Co-Investment Vehicles and Individual Mandates. A supervised person wishing to purchase or sell an interest in a KSL portfolio company is required to seek pre-approval from the Chief Compliance Officer for such transaction.

Item 12 – Brokerage Practices

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

Based on the nature of the investment strategies we employ for the Funds we advise, we generally do not make use of securities broker-dealers in the traditional sense to buy and sell portfolio investments on behalf of the Funds; rather, most Fund investments are made through privately negotiated arrangements. In privately negotiated transactions, best execution is met by the consummation of the deal with the best possible terms for the client. Whether for private or public securities transactions, we select a broker-dealer with the overall aim of maximizing returns for the client. Nonetheless, in implementing transactions for a Fund, we take into account a range of relevant factors when hiring brokers or other intermediaries, including:

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

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

1. ***Research and Other Soft Dollar Benefits.*** If you receive research or other products or services other than execution from a broker-dealer or a third-party in connection with

client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.

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

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

KSL Advisors does not receive client referrals in connection with selecting or recommending broker-dealers for the Funds. Please refer to Item 14 below regarding our practices with respect to capital introduction and similar events sponsored by broker-dealers and other service providers.

- 3. *Directed Brokerage.***

KSL Advisors does not engage in directed brokerage.

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

Because we typically only make investments with the same investment objectives 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 Funds. However, to the extent that we enter into a transaction on behalf of a Fund, a Supplemental Fund, and/or one or more AIVs, the transaction is “aggregated” in that each entity participates in the transaction pro rata with its interest. Additionally, as discussed above in Item 5, the Funds will from time to time co-invest with third-party Co-Investors and such investments will involve risks not present in investments where a Co-Investor is not involved, including the possibility that a Co-Investor at any time has economic or business interests or goals which are inconsistent with those of the Funds, or is in a position to take action contrary to the Funds’ investment objectives. In addition, there may be a limited amount of securities available for investing. Thus, it is possible that the Funds will receive a limited offering due to the presence of Co-Investors investing with the Funds.

Item 13 – Review of Accounts

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

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

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

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

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

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

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

Item 14 – Client Referrals and Other Compensation

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

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

These types of fee arrangements present potential conflicts of interest and provide us with an incentive to recommend investments based on compensation received rather than the best interests of the Funds. To help mitigate this potential conflict of interest, the allocable portion of benefits we receive

are offset in whole or in part (depending on the Fund) against management fees payable by the Funds, to the extent described above in Item 5 and in each Fund's governing documents.

In addition, from time to time we attend meetings or events sponsored by broker-dealers or other Fund service providers, which potential Fund investors may also attend. These events may create the appearance of using the services of these sponsors in order to be invited to their capital introduction programs. While it is possible that we may place brokerage or other transactions with these firms, it is highly unlikely that we would be introduced to Fund investors at these events and by no means 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 (other than registration, sponsorship or other similar fees paid to attend such events) 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 may engage the services of a registered broker-dealer to serve as placement agent for Fund units. In such circumstances, 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, meals and entertainment expenses, typically are borne by the relevant Funds. All placement agents with whom we engage are registered broker-dealers.

Item 15 – Custody

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

We are deemed to have custody of the Funds', Co-Investment Vehicles' and Individual Mandates' assets because of our affiliation with each such entity's general partner and their ability to deduct fees from the respective entity's accounts. In order to comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), we have elected to undergo an annual GAAP financial audit by a Public Company Accounting Oversight Board registered and inspected independent public accountant for each of the Funds, Co-Investment Vehicles and Individual Mandates over which we are deemed to have custody. The Funds, Co-Investment Vehicles and Individual Mandates 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. In addition,

upon the final liquidation of a Fund, Co-Investment Vehicle or the Individual Mandates, we will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such vehicle to all underlying investors promptly upon completion of the audit.

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

Item 16 – Investment Discretion

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

We generally receive and exercise complete discretionary authority to manage investments on behalf of our Funds. Our Individual Mandates are currently structured as non-discretionary vehicles, per the relevant governing documents. We typically assume this discretionary authority through a power of attorney or contract provision granted or entered into by, or through the governing documents of, the applicable Fund or Co-Investment Vehicle (or the relevant general partner). To become an investor in a Fund or Co-Investment Vehicle, an investor must execute, among other documents, a subscription agreement and a limited partnership agreement with such Fund. Once an investor executes these documents, with limited exceptions, such as certain conflicts of interest as discussed elsewhere in this Brochure, we are not required to contact an investor prior to transacting any business.

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

Item 17 – Voting Client Securities

A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.

By virtue of the Fund governing documents, we have the authority to vote client proxy statements on behalf of the Funds. The majority of “proxies” we receive, however, are written shareholder consents or similar instruments for private companies owned by our Funds. As such, we have adopted proxy voting policies and procedures pursuant to Advisers Act Rule 206(4)-6. Our proxy voting policy seeks to ensure that we vote proxies in the best interest of the Funds, including where there are material conflicts of interest in voting proxies. Under our proxy policies, we commit to exercising proxy voting discretion consistent with our fiduciary duty to the Funds and with any revised procedures that are developed to address voting of proxies in the event that the Funds ever come to hold securities for which a proxy vote is required. Pursuant to our proxy voting policy, we will generally vote in accordance with management’s recommendations unless we determine that voting in such a manner is in conflict with the best interests of our investors. In these cases, we will evaluate and vote the proxies on a case-by-case basis.

Our principals and other third parties appointed by us often sit on the boards of portfolio companies to which we provide Operations Management and consulting services and, as such, exercise authority with respect to various issues faced by the portfolio companies. We do not consider service on portfolio company boards by such persons 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 8 above, to the extent that we face any real or perceived conflicts of interest in voting on these matters, we will bring the issue to the attention of the relevant Fund’s LPAC for its approval. In general, we are not required to honor investors’ requests that we vote in a particular way on any specific proposal.

Current and prospective investors can request a copy of our proxy voting policy and the proxy voting record relating to the Fund in which they are an investor by contacting us at the address or telephone number listed on the cover page of this brochure. Investors can also obtain information from us about how we voted any proxies on behalf of any Fund.

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

This Item is not currently applicable to KSL Advisors.

Item 18 – Financial Information

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

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

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

There exist no financial conditions that we are aware of that would be reasonably likely to impair our ability to meet our contractual commitments to clients.

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

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