

MSRESS III Manager, L.L.C.

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This Brochure provides information about the qualifications and business practices of MSRESS III Manager, L.L.C. (the “Adviser”). If you have any questions about the contents of this Brochure, please contact Morgan Stanley Real Estate Investor Services at 212-761-7160 or email msreinvestor@morganstanley.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

The Adviser is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you may find useful in deciding to hire or retain an Adviser (or investing in a fund or product advised by the Adviser).

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

We provide this Brochure to our clients as well as limited partners of the pooled investment vehicles that we advise (“Limited Partners”). The following summarizes the material changes in our Brochure.

Since the last annual update of this Brochure, dated March 30, 2012, there is an update to certain disciplinary information previously disclosed in Item 9; as well as new disclosure of disciplinary information, both of which are summarized below and further described in Item 9.

In connection with the SEC’s and United States Department of Justice’s (“DOJ”) investigation of a former Morgan Stanley employee who had appeared to have violated the Foreign Corrupt Practices Act, the DOJ announced on April 25, 2012 that the former employee had pled guilty to certain criminal charges, and the SEC announced that it had brought certain civil charges against him that were settled. On the same day, both the DOJ and SEC announced that they would not take any action against Morgan Stanley in connection with this matter.

Unrelated to the immediately preceding paragraph, in February 2009, the Italian financial and securities regulatory authority, known as Consob, made certain findings involving Mr. Olivier de Poulpiquet and others regarding certain disclosures included in documents relating to tender offers that took place in 2007. Based on their assessment of Mr. de Poulpiquet and the Consob findings, both Morgan Stanley International and the Adviser concluded and continue to believe that Mr. de Poulpiquet is fit for his role with the Adviser

We will provide clients and Limited Partners with a new Brochure as necessary based on material changes or new information, at any time, without charge upon request.

Our Brochure may be requested by contacting Morgan Stanley Real Estate Investor Services at (212) 761-7160 or email msreinvestor@morganstanley.com.

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Item 4 – Advisory Business

MSRESS III Manager, L.L.C. (the “Adviser”) was formed in 2005 and registered with the SEC under the Investments Advisers Act of 1940, as amended (the “Advisers Act”), in 2005.

The Adviser is a wholly owned indirect subsidiary of Morgan Stanley.

As of December 31, 2011, the Adviser had approximately \$4,575,200,000¹ of client assets under management, all of which are managed on a discretionary basis.

The Adviser, in its capacity as the managing member of Morgan Stanley Real Estate Special Situations III–GP, L.L.C., the general partner (the “General Partner”) of Morgan Stanley Real Estate Special Situations Fund III, L.P., (the “Fund”), provides discretionary investment advisory services to the Fund principally through investments in non-controlling interests in the securities of real estate and real estate related companies and portfolios in real estate and real estate related assets. The Adviser also from time to time establishes certain related co-investment vehicles (the “Co-Investment Funds”, and together with the Fund, the “Funds”) typically for the purpose of making a single investment. The Adviser also provides discretionary investment advisory services to the Co-Investment Funds. The Adviser’s investment objectives and restrictions are specified in the limited partnership agreement between the Adviser and the Fund or the Co-Investment Fund, as applicable, and described in the applicable offering memorandum or other disclosure document for the Fund or the applicable Co-Investment Fund. The Adviser does not otherwise tailor its advisory services.

The Fund’s current principal purpose is to invest in non-controlling interests in public and private equity securities as well as public and private fixed income instruments of real estate and real estate related companies. The Fund may also invest directly in real estate and real estate related assets or, to a limited extent, purchase controlling positions in real estate or real estate related companies either directly or in connection with the conversion of convertible securities that were non-controlling at the time of the original investment. In addition, the Fund may invest in derivative transactions, including, but not limited to, futures contracts, swaps, exchange-listed and over-the-counter put and call options on securities, indices, forward foreign currency contracts and various interest rate transactions. The Fund may also make temporary and follow-on investments.

¹ The Adviser’s assets under management for purposes of this disclosure is based on the Funds’ Net Asset Values (“NAV”), as reported externally to limited partners. NAV is also the basis on which fees are determined.

Item 5 – Fees and Compensation

Fee rates are subject to negotiation, and may be higher or lower than the fees charged to other clients.

Management Fees

An affiliate of the Adviser is paid a quarterly management fee in arrears (the “Management Fee”) ranging from 0.25% to 0.5% of the net asset value of the Fund in respect of each series of units of the Fund as of the end of each fiscal quarter (i.e., an annual rate ranging from 1% to 2%). In addition, an affiliate of the Adviser may be paid management fees based on the net asset value of each Co-Investment Fund as described more fully in the applicable Co-Investment Fund’s offering documents. The management fees paid by Co-Investment Funds vary based on the size of the applicable Co-Investment Fund, the nature and complexity of the underlying investments and other factors but generally range from 0% to 2% of the applicable Co-Investment Fund’s net asset value. The Management Fee and the management fees paid by Co-Investment Funds are generally paid directly by such entities to the General Partner.

Incentive Allocation

An affiliate of the Adviser is also entitled to receive an annual incentive allocation (the “Incentive Allocation”) equal to up to 25% of the increase in the net asset value of any series of units above its prior high net asset value (the “Prior High NAV”). The Prior High NAV of a series of units initially will be equal to the net asset value (“NAV”) of such series immediately following its issuance and will generally be “reset” to equal its current NAV immediately following the date as of which an Incentive Allocation has been made. In addition, the Fund includes a specific entity designed to admit only Morgan Stanley current and former employees (and certain other permissible related investors). With respect to this entity, absent certain circumstances relating to the termination of employment of a Limited Partner with Morgan Stanley, the Incentive Allocation is equal to 12.5%. The Incentive Allocation is currently paid in the form of units that may be redeemed after a two-year lock-up period, although the Incentive Allocation may be amended as further described in the Fund's Confidential Offering Memorandum.

In addition, an affiliate of the Adviser may receive an incentive allocation, carried interest or other performance-based compensation based on increases in NAV, distributions in excess of capital contributions or another measure of profitability of a Co-Investment Fund. Any such performance-based compensation paid to such affiliate in respect of a Co-Investment Fund will vary based on the size of the applicable Co-Investment Fund, the nature and complexity of the

underlying investments and other factors but generally range from 10% to 20% of the appropriate measure of the applicable Co-Investment Fund's performance as described more fully in the applicable Co-Investment Fund's offering documents.

The Adviser reserves the right, in its sole discretion, to reduce all or any portion of or modify in any way the Management Fee or Incentive Allocation applicable to any Limited Partner of the Fund as may be agreed to by the Adviser and such Limited Partner. The Adviser may likewise reduce or modify the management fees and such performance-based compensation applicable to any investor in a Co-Investment Fund.

Placement Fees

With respect to the Funds, broker-dealer affiliates of the Adviser act as placement agents in connection with the placement of the Fund's interests. To the extent these broker-dealers receive fees in connection with such placements, the placement fees are paid by the Adviser.

Expenses

The Fund may also bear certain out-of-pocket expenses incurred by the Adviser and/or its affiliates in connection with the services provided to the Fund. The payment of such expenses by the Fund does not represent a source of profit for the Adviser, but rather is a reimbursement of actual costs initially paid by the Adviser (or its affiliates) and subsequently passed through to the Fund. The most common expenses include (i) expenses incurred in connection with identifying, evaluating, structuring and negotiating any potential Fund investment (including reverse break-up, termination and other similar fees payable by the Fund, deposits and commitment fees) and the acquisition, holding, sale, proposed sale or valuation of any Fund investments (including brokerage, custody and other types of fees); and (ii) ordinary administrative expenses, including fees of auditors, attorneys, the Fund's valuation agent, the Fund's administrator, and other professionals, costs of annual meetings and reports to limited partners. In addition, Morgan Stanley may provide the Fund with certain data processing, legal or insurance purchasing or administrative services (but excluding accounting services) which would otherwise be performed for the Fund by third parties and, in such event, Morgan Stanley will be reimbursed by the Fund for these services.

The General Partner may retain Morgan Stanley to provide various investment banking or other advisory services for the Fund and its portfolio companies and cause the Fund and the portfolio companies to pay Morgan Stanley customary fees for these services.

The expenses to be borne by the Co-Investment Funds are described in the offering memoranda of these entities.

The Confidential Private Placement Memorandum for each of the Funds includes further details on fees and compensation and related matters.

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

As described in Item 5, the Adviser has entered into performance fee arrangements with qualified clients and such fees are subject to individualized negotiation with each such client. The Adviser will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Advisors Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. Performance-based fee arrangements may create an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. The Adviser has procedures designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Types of Clients

The Adviser provides portfolio management services to pooled investment vehicles. These pooled investment vehicles are not subject to regulation under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Generally, investors must commit to invest a minimum of \$5 million. The General Partner reserves the right to waive this requirement in its discretion.

In addition, subject to the remainder of this Item 7, Limited Partner interests in the Fund (“Interests”) may be purchased only by certain eligible investors who are “accredited investors” as defined in Regulation D of the Securities Act of 1933, as amended, and “qualified purchasers” for purposes of Section 3(c)(7) of the Investment Company Act. Additionally, certain vehicles that invest substantially all of their assets in the Fund have been formed as “employees’ securities companies” in accordance with the requirements of an exemptive order under the Investment Company Act received by Morgan Stanley from the SEC in April 2000. Interests in these vehicles have been offered and sold to investors who are “accredited investors” as defined in Regulation D of the Securities Act.

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

Investment Strategies

The Adviser currently intends to pursue the Fund’s investment objectives by executing a multi-asset class strategy that involves investing principally in non-controlling interests in public and private equity securities as well as public and private fixed income instruments of real estate and real estate related companies. Investments will include companies that are engaged in businesses which in significant part, as determined by the Adviser, are engaged in the ownership or operation of, or the provision of services relating to, real estate assets, and may also include other pooled investment vehicles. The Fund may also, as part of its investment strategy, invest in securities and real estate indices and in derivatives linked to such indices and to individual real estate related companies. The Fund may also invest directly in real estate and real estate related assets and, to a limited extent, purchase controlling positions in real estate or real estate related companies either directly or in connection with the conversion of convertible securities that were non-controlling at the time of the original investment. The Fund may also, as part of its investment program, make temporary and follow-on investments. From time to time the Adviser may cause the Fund to invest cash held by the Fund in temporary investments (“Temporary Investments”) on a short-term basis pending distribution to Fund investors, for payments of expenses or other obligations of the Fund, or for defensive purposes. Temporary Investments will principally take the form of securities, commercial paper and certificates of deposit.

The Adviser takes advantage of the significant resources of Morgan Stanley, an affiliate of the Adviser, to use macro and local market research capabilities to seek investment opportunities.

Methods of Analysis

Evaluation of Investment Opportunities; Investment Decisions

Once investment opportunities have been identified, the Adviser utilizes Morgan Stanley Real Estate Investing’s resources to conduct in-depth analysis and due diligence of the potential investment opportunities.

The Adviser reviews each prospective investment to ensure it meets a return profile that it determines is appropriate for the underlying risk and market and capital structure exposure. Regional investment teams are responsible for coordinating due diligence on the underlying investments. Such analysis will include underwriting the potential returns and risks for such investments (including legal, tax, accounting and environmental issues), as well as regularly monitoring the value of such investments. The regional investment teams assess the impact of various macro and microeconomic shifts on potential investments and make recommendations to the Adviser on strategies to maximize the value of investments.

In connection with making a proposed investment, the Adviser prepares analyses to project realizable cash flows and assess the ability of the real estate investment to support its obligations as well as its potential to appreciate in capital value. In its analysis, the Adviser, where appropriate, works with management, developers or other partners and consultants to enhance its understanding of the real estate investment and its prospects. Morgan Stanley Real Estate's professionals, through years of real estate industry experience, provide the Adviser with significant support in evaluating investment opportunities. In the aggregate, such professionals have knowledge of most of the major real estate markets globally. In addition, many of Morgan Stanley Real Estate's professionals are familiar with the real estate classes in which the Fund may consider making an investment. The Adviser believes that such in-house industry expertise will permit the Fund to respond to investment opportunities in an expedited manner. Where appropriate, the Adviser retains third-party consultants to assess business and market conditions, competition, physical and environmental concerns and other factors that it deems necessary to review with external advisers.

All investment decisions will be made by the Adviser in consultation with the Investment Committee, appointed by the General Partner. The Investment Committee will comprise senior professionals of Morgan Stanley, including individuals with a wide range of relevant real estate, investment banking, capital markets, private equity and business experience.

Management of Risk; Asset Management

After completing an acquisition, the Adviser considers further steps to manage the on-going risk, including among others the management of interest rate and foreign exchange rate exposure, the monitoring of debt duration and mix of maturities, and the timing and manner of any exit from investments. In order to manage these and other risks, the Adviser, in its sole discretion, but is not required to, employ, directly or indirectly, hedging with respect to the investment.

Risks of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. There can be no assurance that the Fund's or the Co-Investment Funds' return objectives will be realized or that there will be any return of capital. The material risks associated with the Adviser's investment strategies include:

- risks associated with real estate investments;
- fluctuations in the prices of the equity-related securities and instruments;
- competitive real estate investing environment;
- risks arising from the volatility of the real estate markets and private equity, private debt, public equity, public debt and other financial markets;
- risks associated with investment in derivatives;

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- failure of counterparties or brokers;
 - changes to the Fund's investment strategies;
 - risks of acquiring real estate loans, participations, mezzanine debt and fixed income securities;
 - financial risks of portfolio issuers and inability to influence a portfolio issuer's affairs;
 - third party partner investment risks for joint ventures and partnerships;
 - lack of diversification due to number, location and type of investments;
 - interest rate fluctuations;
 - lack of liquidity and long term nature of investments;
 - use of leverage;
 - risks of borrowing, including inability to obtain indebtedness on favorable terms;
 - commercial and business risks associated with portfolio companies;
 - failure to refinance bridge financing;
 - investments in non-performing, underperforming or other troubled assets;
 - risks associated with non-U.S. investments;
 - use of hedging techniques;
 - expedited transactions;
 - valuation risks;
 - limitations on investing due to possession of inside information; and
 - burdensome regulation by one or more governmental entities in specific industries.

Please see the applicable Confidential Offering Memorandum for the Fund or Co-Investment Fund for a more detailed discussion of the foregoing and other risks related to the Funds.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of the Adviser's management.

In February 2009, Morgan Stanley announced that it had uncovered actions initiated by an employee based in China in an overseas real estate subsidiary that appear to have violated the United States Foreign Corrupt Practices Act. Morgan Stanley terminated the employee, reported the activity to appropriate authorities and cooperated with investigations undertaken by the DOJ and the SEC. On April 25, 2012, the DOJ announced that the former employee had pled guilty to certain criminal charges, and the SEC announced that it had brought certain civil charges against the former employee, which were settled. On the same day, the DOJ and SEC announced that they would not take any action against Morgan Stanley in connection with this matter.

Unrelated to the immediately preceding paragraph, in February 2009, the Italian financial and securities regulatory authority, known as Consob, made findings involving Mr. Olivier de Poulpiquet and others as described below. The events at issue took place in 2007, when Mr. de Poulpiquet was a member of the Board of Directors and the Managing Director of the Investment & Asset Management Division of Pirelli & C. Real Estate S.p.A. ("Pirelli RE"), and involved tender offers made by a joint venture vehicle (the "JV") owned by Pirelli RE and Morgan Stanley Real Estate Special Situations Fund III, L.P. for the units of two Italian listed investment funds managed by Pirelli & C. Real Estate SGR S.p.A. ("Pirelli RE SGR"), an affiliate of Pirelli RE. The JV was advised by Morgan Stanley and Bonelli Erede Pappalardo in connection with the tender offer. The tender offers triggered competing bids from third parties, resulting in increases in the purchase prices for the investment funds' units from €90 to €90 per unit in the case of one investment fund and from €40 to €13 per unit in the case of the other investment fund. To the best of our knowledge, there were no complaints filed by any investor in either of the two listed investment funds with respect to the tender offers and their outcomes.

The Consob findings were issued in February 2009, pursuant to which Consob found Pirelli RE, Pirelli RE SGR, and directors and certain officers and employees of Pirelli RE and Pirelli RE SGR (in all, eight individuals including Mr. de Poulpiquet) to have violated Italian securities laws. Consob found that the tender offer documents relating to both tender offers did not adequately disclose information concerning the reasons for the tender offers and the future plans of the JV with respect to the investment fund units purchased by the JV for cash pursuant to the tender offers. Consob also found that the tender offer documents for one of the tender offers

failed to disclose that the purchase price offered in the tender offer was not supported by a certain financial analysis prepared for the JV. In addition, a third finding related to undue influence involving a conflict of interest by Pirelli RE and certain Pirelli RE representatives over certain actions taken by Pirelli RE SGR in connection with the tender offer. The Consob findings were appealed to an intermediate appeals court which overturned one finding but upheld the three described above, including administrative monetary sanctions aggregating €460,000 against Mr. de Poulpique. Mr. de Poulpique has contested the findings and both he and Consob have appealed various issues to the Italian Supreme Court.

At the time Mr. de Poulpique joined Morgan Stanley & Co. International plc (“Morgan Stanley International”) in 2010, Morgan Stanley International reviewed the Consob findings. Based on their assessment of Mr. de Poulpique and the Consob findings, Morgan Stanley International and the Adviser concluded and continues to believe that Mr. de Poulpique is fit for his role with the Adviser.

Item 10 – Other Financial Industry Activities and Affiliations

The Adviser expects to receive a variety of services from one or more of its affiliates, including Morgan Stanley & Co., LLC, a registered broker-dealer and a registered investment adviser, including, but not limited to, information regarding potential investment opportunities, financial advice and assistance in connection with the making, monitoring and disposing of investments, underwriting and capital markets services, lending and other financing services, and brokerage services in connection with the sale of investments. Any such services could involve conflicts of interest with respect to price and other terms applicable to the transactions. The Adviser will seek to deal with its affiliates providing such services on an arm's length basis, and to seek terms no less favorable than those available from unaffiliated persons.

The Adviser and/or certain related persons have and may continue to organize other partnerships and serve as the manager, general partner, or the managing member or general partner of the general partner, to these partnerships.

In addition, Morgan Stanley has relationships with a significant number of corporations, institutions and individuals other than the Adviser, the Funds and their portfolio companies. These include a broad range of investment banking activities, such as representing potential purchasers and sellers in real estate-related transactions, introducing to a fund a client that requires equity to complete an acquisition transaction or representing parties in corporate transactions.

The Adviser may from time to time compensate certain of its employees, its affiliates' employees or any other placement agents in return for referrals of Limited Partners. Any additional compensation paid specifically for such referrals will meet the requirements of Rule 206(4)-3 under the Advisers Act.

Finally, the Adviser and its affiliates face conflicts of interest resulting from the broad spectrum of activities in which Morgan Stanley engages, including those relating to:

- conflicts of interest between Morgan Stanley and investors in the Funds;
- conflicts of interest among Morgan Stanley's clients and investors in the Funds;
- financial incentives related to carried interest arrangements;
- the possession by Morgan Stanley of material, non-public information regarding existing and prospective portfolio companies;

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- Morgan Stanley's or its affiliates' pursuit of investments on a proprietary basis on its own behalf or on behalf of other funds it advises;
 - Morgan Stanley's advisory relationships with clients that may compete with, or otherwise have interests that are adverse to, the interests of the Funds;
 - fees paid by the Funds and their portfolio companies to Morgan Stanley for investment banking or other services, which will not be shared with the Funds;
 - investments by Morgan Stanley in competitors or other counterparties of portfolio companies;
 - Morgan Stanley acting as a broker for a Fund and another person on the other side of a transaction;
 - Morgan Stanley acting as financial advisor to financially troubled portfolio companies;
 - Morgan Stanley's interests as a lender or other counterparty that could be in conflict with those of a Fund and the interests of the Limited Partners;
 - the exercise by Morgan Stanley of its discretion to allocate investment opportunities, time and resources among its various businesses, clients and Morgan Stanley related persons;
 - Morgan Stanley's investment management, sales and trading, retail brokerage and other businesses;
 - purchases or sales of assets by the Funds from or to Morgan Stanley or companies in which Morgan Stanley has an interest and other counterparty transactions;
 - restrictions applicable to the Funds as a result of Morgan Stanley being subject to the Bank Holding Company Act of 1956, as amended, and the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act;
 - broker-dealers affiliated with Morgan Stanley acting as placement agents or distributors with respect to the Funds; and
 - short-term investments of excess cash in Morgan Stanley-managed money market funds or other cash management vehicles from which Morgan Stanley will receive customary fees.

A more detailed description of these conflicts, to the extent they apply to the Fund or the Co-Investment Funds, appears in the applicable Confidential Offering Memorandum that is provided to Limited Partners.

Conflict Identification and Mitigation

Morgan Stanley and the Adviser have established procedures intended to identify and mitigate conflicts of interest related to business activities on a worldwide basis. A conflict management officer for each business unit and/or region acts as a focal point to identify and address potential conflicts of interest in their business area. When appropriate, there is an escalation process to senior management within the business unit, and ultimately if necessary to firm management or the firm's franchise committees, for potentially significant conflicts that cannot be resolved by the conflict management officers or that otherwise require senior management review. In addition, the Adviser addresses conflicts through disclosure to its investors and should any transactions presenting a potential conflict of interest actually arise, the Adviser may in certain situations choose to seek the approval of the Advisory Committee with respect to conflicts of interest or approvals required under the Advisers Act, including Section 206(3) thereunder. The Adviser may also choose to seek the approval of Limited Partners of the applicable Funds with respect to certain conflict situations or matters under the Advisers Act.

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

Code of Ethics

The Adviser has adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Advisers Act, applicable to employees of the Adviser who are based in North America and Investment Committee members ("Access Persons"). Each Access Person is required to acknowledge the Code at the inception of his/her employment and annually thereafter. The Code is designed to make certain that all acts, practices and courses of business engaged in by Access Persons are conducted in accordance with the highest possible standards and to prevent abuse, or even the appearance of abuse, by Access Persons with respect to their personal trading and other business activities.

The Code addresses the personal trading and investment activities of Access Persons, as more fully described below. In addition, the Code addresses standards of business conduct and fiduciary duties expected of Access Persons, including confidentiality obligations and restrictions on outside business activities and other conflicts of interest.

Violations of the Code are subject to sanction, including reprimand, demotion, suspension or termination of employment.

Copies of the Code are available upon request from the Adviser.

Personal Trading and Investments

The Code refers to a number of policies governing the securities trading and investing activities of employees for their own accounts. Such policies require all Access Persons to pre-clear trades for covered securities, as defined under the policies, in a personal account. A pre-clearance request will be denied if such securities are under consideration for investment, or have been acquired by, a client of the Adviser, or if the Adviser is in receipt of material non-public information of the company or if another conflict exists. Such policies also impose holding periods and reporting requirements for covered securities. In addition, investments in private placements or an employee's participation in an outside business activity must be pre-approved by the employee's designated manager and the Chief Compliance Officer.

Participation or Interest in Client Transactions

We recommend that clients invest in funds for which we act as investment adviser. Prior to subscribing for interests in a fund advised by the Adviser, investors receive information relating to potential conflicts of interest between the activities of the fund and the business activities of the

Adviser, and its affiliates, or clients that may have a financial interest in the securities in which the Fund invests.

On rare occasions, a fund may sell a security or asset which another fund, or an affiliate of the Adviser, wants to own. On these occasions, after extensive Firm and legal and compliance review and documentation, a sale of the security or asset from one fund to another will be permitted.

The Adviser may purchase and sell public and private investments and co-invest the assets of the clients alongside other funds and accounts managed by the Adviser or its affiliates in compliance with the requirements and conditions of rules, regulations, orders, or interpretations of the SEC, or no-action letters of the SEC Staff, and in accordance with fund and client account governing documents. The Adviser has adopted an Allocation Policy and Procedures in order to ensure that each client is treated in a fair and equitable manner. The following factors will be considered, as appropriate, in connection with allocation decisions:

- Investment guidelines, goals or restrictions of the client
- Capacity of the client
- Existing allocation to similar strategies and the diversification objectives of the client
- Tax, legal or regulatory considerations
- Rights of first offer in favor of a client
- With respect to co-investment allocations, whether the co-investor can provide value add to the operations of the business or provide future opportunities to the business of the client
- Other relevant business considerations

Please refer to Item 10 for a description of other financial industry activities and affiliations of Morgan Stanley, and a discussion of the material conflicts relating thereto.

Item 12 – Brokerage Practices

When executing transactions on behalf of the Funds through a broker, dealer or underwriter, the Adviser's objective will be to obtain "best execution" (that is, the most favorable price and execution). The Adviser's effort to obtain best execution on any individual transaction depends substantially on its judgment, knowledge and experience in evaluating the counterparties', advisers' and service providers' ("Counterparties") reliability and capability based on previous and pending transactions effected by the broker-dealer for client accounts. Some of the factors considered by the Adviser in selecting a Counterparty include, among other things, execution quality and capabilities, including with regard to market making, commissions charged by and gross compensation paid to such Counterparty, and special knowledge of the Adviser's client's markets.

The Adviser will only consider engaging in a principal or cross transaction with Morgan Stanley or its affiliates on behalf of a fund or client to the extent permitted by applicable law. The Adviser has adopted policies and procedures to ensure compliance with Section 206(3) of the Advisers Act, where applicable.

A broker-dealer (including a Morgan Stanley affiliate) may act as agent for one or more clients in selling publicly traded securities simultaneously. In such a situation, transactions may, but are not required to, be bundled and clients will receive proceeds from sales based on average prices received, which may be lower than the price which could have been received had each client sold its securities separately from such broker-dealer's other clients.

Item 13 – Review of Accounts

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Adviser's portfolio management staff closely monitors companies and assets in which the Funds invest and generally maintains an ongoing oversight position in such companies and assets (including, where relevant, representation on the board of directors of such companies). Reviews occur on a quarterly, and in some cases, monthly basis.

In general, the General Partner's Investment Committee ("ICOMM") reviews and approves all significant proposed investment decisions. The members of the General Partner's investment committee are identified in the Supplements to the Adviser's Brochure in Form ADV Part 2B.

The Adviser provides written quarterly unaudited reports and annual audited reports to the Limited Partners of the Funds, which include, among other things, financial statements and descriptions of the investments. All reports shall be prepared on such basis as the General Partner determines in good faith will appropriately reflect the operations and assets of the Funds.

Item 14 – Client Referrals and Other Compensation

The Adviser may from time to time compensate certain of its affiliates' employees or any other placement agents in return for referrals of Limited Partners that have not previously invested in a fund managed by the Adviser. Any additional compensation paid specifically for such referrals will meet the requirements of Rule 206(4)-3 under the Advisers Act if applicable.

Item 15 – Custody

The Adviser is deemed to have custody of the Funds' cash and securities by virtue of its relationship with the General Partners of the Funds. Each Limited Partner of the Funds will receive the applicable Fund's audited financial statements prepared in accordance with generally accepted accounting principles within 120 days of the end of the Fund's fiscal year. The Limited Partners of the Co-Investment Funds will receive the applicable Co-Investment Fund's audited financial statements prepared in accordance with generally accepted accounting principles within 75 or 90 days (as applicable pursuant to each Co-Investment Fund's limited partnership agreement) of the end of each Co-Investment Funds' fiscal year.

Item 16 – Investment Discretion

As the investment adviser of the Fund and the Co-Investment Funds, the Adviser has discretion to determine, without consent of investors, the particular securities to be bought and sold. The Adviser provides discretionary investment advice to the Fund and the Co-Investment Funds.

The Fund and Co-Investment Fund governing agreements generally confer express authority on the adviser and its affiliates to make all decisions concerning the investigation, evaluation, selection, negotiations, structuring, commitment to, monitoring of and disposition of investments.

Item 17 – Voting Client Securities

Where the Adviser has accepted authority to vote proxies on behalf of a client, the Adviser will vote proxies in accordance with its policies and procedures in place for voting of proxies (the “Proxy Voting Policy”), which are designed to ensure compliance with Rule 206(4)-6 of the Advisers Act. Copies of the Proxy Voting Policy are available upon request from the Adviser. Under the Proxy Voting Policy the Adviser will vote proxies on behalf of the Clients based on a determination of the best interest of the Clients, consistent with the objective of maximizing long-term investment returns for the Clients.

In many situations, a client is a party to a stockholder or a similar agreement. These agreements are entered into in the best interests of the clients, and may require the Adviser to vote the other investors’ nominees to a board of directors or similar body, or require a vote in favor of a particular transaction. If this is the case, the Adviser will comply with the applicable clients’ contractual obligations.

Where no contract requires a client to vote for a specific outcome, the Proxy Voting Policy is designed to be responsive to the wide range of issues that may be subject to proxy vote, but is not exhaustive due to the variety of proxy voting issues that the Adviser may be required to consider.

The clients generally make a limited number of direct investments in portfolio companies that will become or are public. As a result, the advisers will generally cast proxy votes on behalf of the Clients with respect to a limited number of public portfolio companies.

The Adviser reserves the right to depart from the Proxy Voting Policy in order to avoid voting decisions that it believes may be contrary to the clients’ best interests. In addition, the Adviser may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that the client’s interests are better served by an abstention.

The Adviser may be subject to conflicts of interest in the voting of proxies. A potential conflict of interest may occur where an adviser or any of its affiliates or their respective employees has a direct or indirect economic stake in the outcome of a proxy vote that is different from a client’s stake. When such a potential conflict arises between an Adviser and any of its affiliates or their respective employees on the one hand and one or more of the clients on the other, the matter is evaluated to determine whether an actual conflict exists. Where an actual conflict exists, the Adviser will take necessary and appropriate steps to address the conflict.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosure about the Adviser's financial condition. The Adviser is not aware of any financial condition that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.