

Part 2A of Form ADV: Firm Brochure

Morgan Stanley Real Estate Advisor, Inc.

as Adviser to Prime Property Fund, LLC

1585 Broadway, 33rd Floor

New York, NY 10036

212-761-7160

<http://www.morganstanley.com/im/en-us/institutional-investor/strategies/real-assets/private-real-estate.html>

March 30, 2024

This Brochure provides information about the qualifications and business practices of Morgan Stanley Real Estate Advisor, Inc. (the “Adviser”). If you have any questions about the contents of this Brochure, please contact Morgan Stanley Real Estate Investing Investor Services at 212-761-7160 or email MSREInvestor@seic.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.

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 that you may find useful in deciding to hire or retain an adviser (or invest 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 liability company members of the pooled investment vehicles that we advise (“Limited Liability Members”).

There have been no material changes since the last annual update of this Brochure, which was dated March 30, 2023. However, Item 5 has expanded upon the description of fees and compensation, Item 8 has expanded upon the description of potential investment risk factors and Items 10 and 11 have expanded upon the description of financial industry affiliations and potential conflicts of interest.

We will provide clients and Limited Liability Members 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 Investing Investor Services at (212) 761-7160 or email MSREInvestor@seic.com.

Item 3 – Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	5
Item 6 – Performance-Based Fees and Side-By-Side Management	8
Item 7 – Types of Clients.....	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9 – Disciplinary Information	19
Item 10 – Other Financial Industry Activities and Affiliations	20
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	31
Item 12 – Brokerage Practices	35
Item 13 – Review of Accounts.....	36
Item 14 – Client Referrals and Other Compensation.....	37
Item 15 – Custody	38
Item 16 – Investment Discretion.....	39
Item 17 – Voting Client Securities.....	40
Item 18 – Financial Information	41

Item 4 – Advisory Business

The Adviser was formed in 2003 and registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in 2003.

The Adviser is a wholly-owned, direct subsidiary of Morgan Stanley (together with its affiliates, “Morgan Stanley”).

As of December 31, 2023, the Adviser had approximately \$41,537,592,989 in real estate assets under management, all of which are managed on a discretionary basis.¹

The Adviser and its affiliates provide real estate-related investment advisory services to Prime Property Fund, LLC (the “Fund”). These advisory services consist primarily of advising and making investment decisions with respect to the acquisition, development, asset management, financing and disposition of equity interests in real estate and real estate-related preferred equity and debt investments as well as various types of real estate-related securities (such as interests in real estate investment trusts and limited partnerships) and investment of short term securities and cash pending investment in equity real estate, or payments of indebtedness, or expenses or other obligations of its advisory clients.

In providing its services to each of its clients (which includes the Fund), the Adviser formulates such client’s investment objectives, directs and manages the investment and reinvestment of assets, and provides reports to investors. The Adviser manages the assets of each advisory client in accordance with the terms of the governing documents applicable to such client.

The Adviser’s affiliation with Morgan Stanley, including Morgan Stanley Real Estate Investing, the real estate investing business of Morgan Stanley, together with its subsidiaries and the supporting units dedicated to the real estate investing business (collectively, “MSREI”), provides it with access to valuable relationships, market knowledge, and financial and operating expertise. Morgan Stanley has been engaged in the real estate business since 1969 and the investing businesses employ professionals worldwide who have demonstrated a proven ability to source deals, structure complex transactions and identify multiple exit strategies which enhance the Fund’s ability to meet its return objectives. The activities of the Adviser described in this Brochure may be performed by the Adviser or by one of its affiliates that acts as a general partner, investment adviser or managing member of the Fund.

Any references herein to the "general partner" of the Fund should be deemed to be referring to the board of directors of the Fund or the Adviser, as applicable and as the context may require.

¹ Assets under management represents gross fair market value of the real estate assets managed by the Adviser on behalf of its clients, presented at direct ownership interest. Assets under management for certain minority interests represents the clients’ equity investment in the entity.

Item 5 - Fees and Compensation

Certain fees described herein are subject to negotiation with investors.

Under the current investment management fee arrangement as set forth in the Fund's Amended and Restated Limited Liability Company Agreement, as amended (the "Operating Agreement"), the Fund pays a management fee comprised of two separate components: (i) the Base Management Fee and (ii) the Incentive Management Fee. The Base Management Fee equals 84 basis points per annum of the net asset value ("NAV") of the Fund (as of the beginning of each calendar quarter) payable quarterly in arrears. The Incentive Management Fee is earned on the basis of the NAV of the Fund and growth of the net operating income of the investments held by the Fund and ranges between 0 and 35 basis points of the Fund's average monthly NAV over a calendar year. The Incentive Management Fee is payable at or promptly after the end of each calendar year and is equal to the aggregate amount of the Incentive Management Fee (including any negative amounts) accrued for each month of the calendar year.

The Adviser will bear its own costs of compensation of officers and employees and related overhead expenses, except that certain legal, accounting, insurance and other professional costs and expenses of the Adviser and its affiliates that would be normally provided by outside professionals may be reimbursed by the Fund.

Furthermore, 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. These expenses include but are not limited to (i) certain expenses (including travel, meals and accommodations), incurred by Morgan Stanley employees in connection with identifying, negotiating, executing, researching, financing, managing, developing, disposing or leasing potential or actual investment opportunities for the Fund, (ii) compensation paid to the independent board of directors, (iii) costs and expenses incurred in connection with board, the advisory committee or investor meetings; (iv) cost and expenses related to engagement of third-party consultants, advisers and service providers, (v) costs and expenses related to insurance policies, (vi) brokerage and other transactions costs including but not limited to custody fees, (vii) any costs and expenses related to indemnities, contributions, taxes or litigation imposed on or due by the Fund or its subsidiaries, (viii) costs and expenses related to leasing equity capital; and (ix) costs and expenses related to Fund administration, accounting and IT services.

In addition, the Adviser 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.

Fees and expenses may be deducted from the Fund's assets as set forth in the Operating Agreement.

The Adviser and its affiliates 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, the Adviser and its affiliates may be reimbursed by the Fund at the lesser of (i) the cost of providing such services (including reasonable employment costs and related overhead allocable thereto) and (ii) the amount that would be payable by the Fund if services of equal quality were provided by third parties on an arm's-length basis, except that such reimbursements will not be permitted with respect to appraisal or valuation services.

Placement Fees

With respect to the Fund, 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.

See also Item 12 relating to certain transaction fees and expenses which may arise from the brokerage practices of the Fund. Item 12 further describes the factors that the Adviser considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Referral Fees

On rare occasions, affiliates of the Adviser may refer or introduce a counterparty to the Fund in respect of certain transactions. Such affiliates may receive compensation (e.g., finder's fee) from the Fund not from the counterparty. To the extent any compensation is received, such compensation does not offset or reduce the management fees payable by the Fund and is not otherwise shared with the Fund unless required by the Governing Documents (as defined below).

Co-Investments

While the Adviser does not currently provide investment advisory services to co-investment clients, it retains the discretion to do so. The terms of a co-investment applicable to one co-investor may be different than the terms applicable to another co-investor, including that certain co-investors may be required to pay management fees while other co-investors (including affiliates of Morgan Stanley) may not be required to pay such amounts. The Adviser may or may not charge management fees, administration fees and/or one time funding fees in respect of co-investments, subject to the terms of any applicable agreements with investors. In addition, Morgan Stanley may, in certain circumstances, be incentivized to offer certain potential co-investors (including, by way of example, as a part of an overall strategic relationship with Morgan Stanley) priority to co-investment opportunities or to co-invest on more favorable terms than other potential co-investors due to the amount of performance-based compensation or management fees paid by the co-investor receiving the priority allocation or better terms (as well as any additional discounts or rebates avoided by allocating co-investments to such co-investor) or other aspects of such co-investor's relationship with Morgan Stanley. The allocation of any co-investment opportunities directly or indirectly benefits the Adviser as a result of, among other things, the receipt of any such fees,

capital commitments to the Fund and capital commitments to other Affiliated Investment Accounts (as hereinafter defined). Unless otherwise required by applicable law, co-investors in one or more specific investments will not necessarily be required to share in broken-deal expenses that are paid by the Fund, either with respect to a co-investment opportunity that is not consummated or with respect to other potential investments that may be offered to the Fund, which has the effect of increasing the portion of such expenses that are allocated to the Fund. See also “Allocation of Co-Investment Opportunities” in Item 11 below for additional information on the allocation of co-investment opportunities.

Disparate Fee Arrangements with Service Providers

Certain advisors and other service providers to the Fund (including accountants, administrators, lenders, bankers, brokers, agents, attorneys, consultants, and investment or commercial banking firms), and/or their affiliates also provide goods or services to or have business, personal, political, financial or other relationships with Morgan Stanley, the Adviser or their affiliates. Such advisors and other service providers may be investors in the Fund, sources of investment opportunities or co-investors or counterparties therewith. These other services and relationships may influence the Adviser in deciding whether to select or recommend such a service provider to perform services for the Fund (the cost of which generally will be borne by the Fund and, indirectly, the investors in the Fund). In certain circumstances, advisors and other service providers, or their affiliates charge different rates or have different arrangements for services provided to Morgan Stanley, the Adviser or their affiliates as compared to services provided to the Fund, which may result in more favorable rates or arrangements than those payable by the Fund. Item 10 further describes material relationships with Morgan Stanley and other affiliated entities.

The confidential offering memorandum, Operating Agreement, and other appropriate documentation for the Fund (collectively, the “Governing Documents”) include further details on fees, compensation, expenses, and related matters, which should be reviewed carefully by potential investors in the Fund.

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

As discussed in Item 5, the Adviser provides advisory services to the Fund and receives fees in consideration for such services. For such services to the Fund, the Adviser is entitled to performance-based compensation. The performance-based compensation is earned on the basis of the NAV of the Fund and growth of the net operating income of certain of the investments held by the Fund. For a discussion of the fees charged by the affiliates of the Adviser with respect to the Fund, please refer to Item 5. The Adviser will structure any performance-based compensation arrangement subject to Section 205(a)(1) of the Advisers Act in accordance with one or more of the available exemptions thereunder, including the exemption set forth in Rule 205-3. Performance-based compensation arrangements create an incentive for the Adviser and its personnel to select or recommend certain investments or the timing of exits to maximize or accelerate the receipt of such compensation, and to propose or make more speculative investments on behalf of the Fund than it would otherwise propose. Such fee arrangements also create an incentive to favor higher fee-paying accounts over other accounts, including in connection with the allocation of investment opportunities. The Adviser has implemented procedures designed to ensure that all clients are treated fairly and equitably, and to prevent this incentive from influencing the allocation of investment opportunities among clients.

Please see Item 5 for further information regarding performance-based fees charged by the Adviser.

Item 7 – Types of Clients

The Adviser provides portfolio management services to pooled investment vehicles. These pooled investment vehicles are not subject to registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Generally, the Fund investors are required to invest a minimum of \$10 million, unless otherwise approved by the Adviser.

Membership interests in the Fund can be purchased only by certain eligible investors who are “accredited investors” as defined in Regulation D under the Securities Act of 1933, as amended, and “qualified clients” for purposes of Rule 205-3(d)(1) under the Advisers Act, as amended.

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

Investment Strategies

The investments made by the Adviser on behalf of the Fund are typically in core real estate opportunities located within the United States, including, among other things, investments in direct wholly-owned real estate, publicly traded or privately held real estate operating companies, programmatic joint ventures, real estate and real estate loans (and, subject to certain limitations, non-real estate loans), multifamily and office developments and real estate-related debt instruments. The Adviser also causes the Fund to invest cash held by the Fund in temporary investments (“Temporary Investments”) on a short-term basis pending investment in long-term equity investments, or payments of indebtedness, or expenses or other obligations of the Fund. Temporary Investments will principally take the form of U.S. government and U.S. Agency obligations, bank and bank holding company deposits and certificates of deposits.

The Adviser’s main source of information and investment opportunities are contacts with employees of Morgan Stanley, a public company listed on the New York Stock Exchange (of which the Adviser is a wholly-owned subsidiary), contacts with employees of portfolio companies owned by the Fund, industry executives and established business relationships. Regional investment teams are responsible for performing due diligence on potential investments. Such analysis includes 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 the quality of the underlying real estate-related investments. Special attention is given to the capacity of said real estate to provide current rental income, and the ability of the real estate’s surrounding market to sustain growing property values. Investments recommended by the Adviser in the area of real estate (including real estate-related securities) will generally be for long-term purchase, with the majority of the returns derived from income production and an important part of the return on such investments attained through capital appreciation over the holding periods which may extend in some instances for several years.

Methods of Analysis

Evaluation of Investment Opportunities; Investment Decisions

Once investment opportunities have been identified, the Adviser utilizes the resources of MSREI, acting on behalf of the Adviser, to conduct in-depth analysis and due diligence of the potential investment opportunities. All investment decisions are made by the Adviser in consultation with the Fund’s investment committee (the “Investment Committee”). The Investment Committee is comprised of senior professionals of Morgan Stanley, including individuals with a wide range of relevant real estate, investment banking, capital markets, private equity, risk management or other business experience.

In connection with making a proposed investment, MSREI 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 value. Where appropriate in its analysis, MSREI works with management, developers or other partners and consultants to enhance MSREI's understanding of the real estate investment and its prospects.

MSREI's professionals, through years of real estate industry experience, provide the Fund with significant support in evaluating investment opportunities. In the aggregate, such professionals have knowledge of most of the major real estate markets in the United States and globally. In addition, many of MSREI's professionals are familiar with the real estate classes in which the Fund may consider making an investment. Such in-house industry expertise should 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 advisors.

Management of Risk

After completing an acquisition, the Adviser considers further steps to manage the on-going risk, including managing appropriate sector and geographic diversification, interest rate exposure, monitoring debt duration and mix of maturities, the sale of properties with limited upside potential, global insurance policies and appropriate economic incentives for property managers, joint venture partners and corporate executives.

Asset Management

The Adviser oversees all of the Fund's investments utilizing strict operational and accounting controls in conjunction with periodic site inspections, while corporate management teams, joint venture partners and other third-party property managers are responsible for the day-to-day operations of each investment. The entities responsible for the day-to-day operations of specific investments are compensated in a manner intended to ensure that the interests of these entities are aligned with those of the Fund.

In connection with its asset management program, the Adviser supervises and oversees the management of each investment, reviewing the operational discussions, joint venture decisions and third-party property managers with the objective of maximizing the overall performance of each investment. Reporting on the performance of each investment is integral to the Adviser's asset management program. Status reports on the Fund's investments are prepared by asset management or portfolio management teams, joint venture partners and third-party property managers for review by the Adviser. In addition, an operating budget for each property and investment is prepared for review and approval by the Adviser.

Portfolio management and asset management professionals review the operations of the Fund's investments and strategic operating decisions regarding a property or investment. These senior executives are also responsible for recommending disposition and recapitalization strategies based on the ongoing performance of specific investments and changing market conditions.

Risk Considerations Associated with Investing - In General

All investing involves a risk of total or partial loss, and the investment strategy offered by the Adviser could lose money over short or even long periods. A potential investor should not invest in the Fund or product advised by the Adviser unless the investor is able to withstand a total loss of its investment. The following is a non-exhaustive description of risks associated with investments generally and/or may apply to one or more types of investment technique.

- **General Economic and Market Risks.** The Fund's investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of security prices and liquidity of the account's investments. Unexpected volatility or lack of liquidity, such as the general market conditions that have prevailed recently, could impair the Fund's profitability or result in its suffering losses. Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions.
- **Cyber Security-Related Risks.** The Adviser is susceptible to cyber security risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems, compromises to networks or devices that the Adviser and its service providers, if applicable, use to service the Fund; or operational disruption or failures in the physical infrastructure or operating systems that support the Adviser or its service providers, if applicable.

Cyber-attacks against, or security breakdowns of, the Adviser or its service providers, if applicable, may adversely impact the Adviser and the Fund, potentially resulting in, among other things, financial losses; the Adviser's inability to transact business on behalf of the Fund; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs; and/or additional compliance costs. The Adviser may incur additional costs related to cyber security risk management and remediation. In addition, cyber security risks may also impact portfolio companies in which the Fund invests, which may cause the Fund's investment in such portfolio companies to lose value. There can be no assurance that the Adviser or its service providers, if applicable, will not suffer losses relating to cyber-attacks or other information security breaches in the future. While the Adviser has established business continuity and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems.

- **Epidemics and Pandemics.** Many countries have experienced outbreaks of infectious illnesses in recent decades, including swine flu, avian influenza, SARS and 2019-nCoV ("COVID-19"). In December 2019, an initial outbreak of COVID-19 was reported in Hubei, China. In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. The outbreak of COVID-19 resulted in numerous deaths,

adversely impacted global commercial activity, and contributed to significant volatility in certain equity, debt, derivatives and commodities markets.

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 Fund and its investments and could meaningfully affect the Fund's ability to fulfill its investment objectives. The extent of the impact of any public health emergency on the Fund's and its operational and financial performance will depend on many factors, including but not limited to the duration and scope of such public health emergency, the extent of any related travel advisories and voluntary or mandatory government restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and spending levels, the extent of government support 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, valuations in such an environment are subject to heightened uncertainty and subject to numerous subjective judgments, any or all of which could turn out to be incorrect with the benefit of hindsight. Furthermore, traditional valuation approaches that have been used historically may need to be modified in order to effectively capture fair value in the midst of significant volatility or market dislocation. In addition to these developments having adverse consequences for certain properties and operating companies in which the Fund may invest and the value of the Fund's investments therein, the Adviser's operations (including those relating to the Fund) could be adversely impacted including through quarantine measures and travel restrictions imposed on the Adviser's personnel or service providers, or any related health issues of such personnel or service providers. There is also a heightened risk of cyber and other security vulnerabilities during a public health emergency, which could result in adverse effects to the Fund or its investments in the form of economic harm, data loss or other negative outcomes. If one or more of the third parties to whom the Fund or its operating companies outsource certain critical business activities experience operational failures as a result of the impacts from a public health emergency, or claim that they cannot perform due to a force majeure event, it could cause a material adverse effect on the business, financial condition, results of operations, and cash flows of the Fund and its investments. Any of the foregoing events could materially and adversely affect the Fund's ability to source, manage and divest investments (including but not limited to circumstances where potential transactions are already signed but not closed) and its ability to fulfill its investment objectives, all of which could result in significant losses to the Fund.

The full impacts of a public health emergency, such as the COVID-19 pandemic, on markets, business activity and the U.S. and global economy, as well as potential changes in U.S. and foreign economic and fiscal policies that may be adopted to address the pandemic, price shocks and related externalities, may take a significant amount of time to be fully identified or understood. In implementing the Fund's investment strategy, the Adviser will make a number of assumptions, including as to the severity of the consequences of the public health emergency to the U.S. and global economies as well as prospective portfolio companies, and the likelihood of a similar future event and any

possible impacts thereof. There can be no assurances that such assumptions will be correct and unexpected events and developments, including the severity of this or any other pandemic on economies and specific portfolio companies, may be detrimental to the Fund and its investments.

In addition, the operations of the Fund, its investments and operating companies, and Morgan Stanley 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 the personnel of any such entity, including possibly key personnel of the Adviser, or the personnel of any such entity's key service providers. The impact to businesses in such circumstances has been and may continue to be substantial.

- **Legal and Regulatory Risks.** As a registered investment adviser under the Advisers Act, the Adviser is required to comply with a number of periodic reporting and compliance-related obligations under applicable U.S. and state securities laws.
- **Geopolitical Events and Risks.** Economies and financial markets worldwide are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions, including in ways that are difficult to predict or foresee. The impacts of these events can be exacerbated by failures of governments and societies to respond adequately to an emerging event or threat. For example, local or regional armed conflicts have led to significant sanctions against certain countries and persons and companies connected with certain countries by the United States, Europe and other countries. Such armed conflicts and sanctions and other local or regional developments can exacerbate global supply and pricing issues, particularly those related to oil and gas, and result in other adverse developments and circumstances, as well as increased general uncertainty, for markets, economies, issuers, businesses, and societies globally. For example, in 2023, the global economic and geopolitical environment was generally characterized by persistent inflation, rising interest rates, volatility in global financial markets (leading to, among other things, declines in equity prices), supply chain complications, recessionary fears, and geopolitical uncertainty regarding the war between Russia and Ukraine and armed conflicts occurring in the Middle East and their impact on the global markets, including the energy markets. Although these types of events have occurred and could also occur in the future, it is difficult to predict when similar events or conditions affecting the U.S. or global financial markets and economies may occur, the effects of such events or conditions, potential retaliations in response to sanctions or similar actions and the duration or ultimate impact of those events. Any such events or conditions could have a significant adverse impact on the value and risk profile of the Fund and its investments, with or without direct exposure to the specific geographies, markets, countries or persons involved in an armed conflict or subject to sanctions.
- **Recent Developments in the Banking Sector.** During 2023, bank closures in the United States caused uncertainty for financial services companies and fear of instability

in the global financial system generally. In addition, certain financial institutions – in particular smaller and/or regional banks – experienced volatile stock prices and significant losses in their equity value, and there was concern that depositors at these institutions withdrew, 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 closed during that period, there was no guarantee that the uninsured depositors of a financial institution that closes (which depositors could include the Fund and/or its portfolio companies) would be made whole or, even if made whole, that such deposits would become available for withdrawal in short order. There is a risk that other banks, or other financial institutions, may be similarly impacted, and it is uncertain what steps (if any) regulators may take in such circumstances. As a consequence, for example, in such circumstances, a Fund and/or its portfolio companies may be delayed or prevented from accessing money, making any required payments under their own debt or other contractual obligations or pursuing key strategic initiatives, and limited liability members may be impacted in their ability to honor capital calls and/or receive distributions. In addition, such bank failures or instability could affect, in certain circumstances, the ability of both affiliated and unaffiliated joint venture partners, co-lenders, syndicate lenders or other parties to undertake and/or execute transactions with the Fund, which in turn may result in fewer investment opportunities being made available to the Fund, result in shortfalls or defaults under existing investments, or impact the Fund’s ability to provide additional follow-on support to portfolio companies. In addition, in the event that a financial institution that provides credit facilities and/or other financing to the Fund or its portfolio companies closes or experiences distress, there can be no assurance that such bank will honor its obligations or that the Fund or such portfolio company will be able to secure replacement financing or capabilities at all or on similar terms. There can be no assurances that the Fund or its portfolio companies will establish banking relationships with multiple financial institutions, and the Fund and its portfolio companies are expected to be subject to contractual obligations to maintain all or a portion of their respective assets with a particular bank (including, without limitation, in connection with a credit facility or other financing transaction). Uncertainty caused by the bank failures of 2023 – 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. Such 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 the Fund, its portfolio companies or their respective financial performance.

Risks Related to the Adviser’s Investment Strategy

Investing in real estate and securities, including real estate-related securities involves risk of loss that investors should be prepared to bear. The Adviser cannot provide assurance that it will be able to generate any level of returns for investors. The Adviser’s investment strategy entails a high degree of risk and is suitable only for sophisticated investors who fully understand and are capable of bearing the risks of an investment in the Fund.

The following list of risk factors does not purport to be a complete list or explanation of the risks involved in an investment in the Fund. The risks summarized below are described in greater detail in the Confidential Offering Memorandum of the Fund. In addition, there are other risks (in addition to risks related to our investment strategy) associated with investing in the Fund, which are described in the Confidential Offering Memorandum. You may also request an updated explanation of risk factors by contacting Morgan Stanley Real Estate Investing Investor Services as described above.

- real estate risks generally;
- potential loss of invested capital;
- risks associated with real estate investments;
- competitive real estate investing environment;
- highly competitive and prevailing regulatory or political climates;
- adverse political, legal, tax, or regulatory developments and regulation in foreign countries and the U.S.;
- reliance on expertise of Morgan Stanley investment professionals;
- significant degree of financial and/or business risk;
- risks arising from the volatility of the real estate markets and private equity, private debt, public equity, public debt, global fixed income and other financial markets;
- failure of counterparties or brokers;
- changes to a client's investment strategies;
- risks of acquiring real estate loans and participations;
- third party partner investment risks for joint ventures and partnerships;
- environmental liabilities;
- economic and market volatility risks;
- risks of acquiring interests in joint ventures;
- lack of diversification due to location and type of investments;
- interest rate fluctuations;
- lack of liquidity and long-term nature of investments;
- limited current return;
- exculpation and indemnification;
- tax considerations;

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- valuation risks;
 - illiquidity risks;
 - limitations on transfers and withdrawals;
 - little or no current return on investments prior to their disposition;
 - risks associated with the realization and disposition of investments;
 - risks from research-guided strategies;
 - risk from tax strategies adopted by the Adviser for the Fund;
 - lack of investment limits;
 - lack of protection by financial covenants in debt investments;
 - risks associated with non-U.S. and minority investments;
 - potential inability to protect the value of minority equity investments;
 - use of leverage at the Fund and investment or portfolio company level;
 - use of hedging techniques;
 - inability to obtain indebtedness on favorable terms;
 - investments in developments and other value-add strategies;
 - risks of borrowing, including inability to obtain indebtedness on favorable terms;
 - commercial and business risks associated with portfolio companies;
 - expedited transactions;
 - competition for real estate assets;
 - reliance on the Adviser and its real estate professionals located within MSREI;
 - risks associated with non-U.S. and minority investments;
 - potential inability to protect the value of minority equity investments;
 - failure to refinance bridge financing;
 - investments in non-performing, underperforming or other troubled assets;
 - risks arising from providing managerial assistance;
 - risk from relying on affiliated and/or unaffiliated property managers and service providers;
 - reliance on the management of operating companies;

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- currency risks;
 - decision to use hedging techniques;
 - burdensome regulation by one or more governmental entities in specific industries and potential for increased regulation; and
 - limitations on investing due to possession of inside information;
 - catastrophic events, pandemics, and other force majeure events, and availability of insurance against certain catastrophic losses;
 - cybersecurity risks.;
 - misconduct of employees and/or third-party service providers;
 - risk of due diligence of properties and conduct at portfolio **entities**;
 - reliance on the general partner and the Adviser, and limited control by Fund investors; and
 - litigation risk.

Item 9 – Disciplinary Information

The Adviser has no reportable information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Introduction

As a diversified global financial services firm, Morgan Stanley engages in a broad spectrum of activities including financial advisory services, investment management activities, lending, commercial banking, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication and other activities. Investors should be aware that potential and actual conflicts of interest between Morgan Stanley or any Affiliated Investment Account (as defined below), on the one hand, and the Fund, on the other hand, may exist and others may arise in connection with the operation of the Fund. Morgan Stanley's employees may also have interests separate from those of Morgan Stanley and the Fund. The discussion below enumerates certain actual, apparent, and potential conflicts of interest, which should be carefully evaluated before making an investment in the Fund. The discussion below, however, does not purport to provide investors with a complete description of all conflicts of interest that could arise in connection with Morgan Stanley's investment advisory services to the Fund. Prospective investors in the Fund should carefully review the Governing Documents for a more tailored and detailed description of actual, apparent, and potential conflicts of interest that should be considered in connection with an investment in the Fund. Moreover, the Adviser can give no assurance that conflicts of interest will be resolved in favor of the Fund, and there will, in fact, be circumstances where they may not be.

Broker-Dealer Registration

Morgan Stanley & Co. LLC is a registered broker-dealer. Certain of the Adviser's management persons are registered representatives of Morgan Stanley & Co. LLC, where it is necessary or appropriate to perform their responsibilities.

Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration

To the extent required and/or permitted by applicable law, the Adviser, the Fund, their respective portfolio companies or entities and/or their respective affiliates may use the commodity pool operator, commodity trading advisor, or futures commission merchant registrations or exemptions of one or more of the following related persons: Morgan Stanley Asia Singapore Pte., Morgan Stanley India Infrastructure GP LP, Morgan Stanley Infrastructure GP LP, Morgan Stanley Infrastructure II GP LP, Morgan Stanley Infrastructure III GP L.P., Morgan Stanley Infrastructure III Investors GP SARL, Morgan Stanley Infrastructure IV GP L.P., Morgan Stanley Infrastructure IV Investors GP S.ar.l., Morgan Stanley Infrastructure Inc., Morgan Stanley Private Equity Asia, Inc., Morgan Stanley Private Equity Asia III, L.L.C., Morgan Stanley Private Equity Asia IV, L.L.C., Morgan Stanley Private Equity Asia IV, Inc., Morgan Stanley Private Equity Asia V GP ONT, L.P., Morgan Stanley Private Equity Asia, L.L.C., Morgan Stanley Real Estate Special Situations III-GP LLC, MS Capital Partners Adviser Inc., MS Capital Partners V GP L.P., MS Capital Partners V LP, MS Capital Partners VI GP LP, MS Capital Partners VII GP LP, MS Capital

Partners CV GP LLC, MS Credit Partners II GP Inc., MS Credit Partners II GP L.P., MS Credit Partners III GP L.P., MS Credit Partners III S.a.r.l., MS Credit Partners IV GP L.P., MS Credit Partners IV GP Inc., MS Energy Partners GP LP, MS Expansion Capital GP Inc., MS Expansion Capital GP LP, MS Expansion Equity GP LP, MS Expansion Equity IX GP LP, MS Expansion Credit GP L.P., MS Expansion Credit II GP, LP, MS Tactical Value Fund GP LP, MS Tactical Value Fund II GP LP, MS Tactical Value Fund II GP Inc., MS Tactical Value Fund II Co-Invest Excelsior GP LLC, MS Tactical Value Fund II Lux GP S.a.r.l., MS Thai Private Equity GP LLC, MSREF Real Estate Advisor Inc., MSREF VII Global-GP, L.P., MSREF VII Hedging GP Ltd., MSREF VIII Global-F, L.P., MSREF VIII Global-GP, L.P., MSREI IX Global-GP, L.P., MSREI X Global-GP, L.P., MS Senior Loan Partners GP L.P., NH Senior Loan Fund GP Ltd., Prime Property Fund Asia GP Pte. Limited, Prime Property Fund Europe GP S.a.r.l., Morgan Stanley Next Level Fund GP, LLC, SSF Hedging III GP, Ltd, Morgan Stanley AIP GP LP, Morgan Stanley Alternative Investment Partners LP, and Morgan Stanley Investment Management Inc.

Other Material Relationships with Affiliated Entities

- Broker-Dealer, Municipal Securities Dealer, Government Securities Dealer or Broker

To the extent required and/or permitted by applicable law, the Adviser, the Fund, their respective portfolio companies or entities and/or their respective affiliates could use the securities, futures execution, underwriting, or other services offered by Morgan Stanley & Co. LLC or its other affiliates. Please see Item 12 for more information about the Adviser's practices concerning the use of a Morgan Stanley affiliate as a broker.

- Participating Affiliates

Investment advice is provided to the Fund not only through the Adviser but also through certain of the employees of one or more of the following related persons:

- Morgan Stanley Investment Management Limited
- Morgan Stanley Asia (Singapore) PTE
- Morgan Stanley Capital K.K.

These related persons may or may not be registered with the SEC as investment advisers but are foreign affiliated advisers that may provide advice or research for the Adviser for use with the Fund (in such capacity, the "Participating Affiliates"). The Participating Affiliates also may provide non-advisory services to the Adviser and the Fund. The Adviser may delegate all or a portion of its advisory or other functions to any of its Participating Affiliates.

The Participating Affiliates will remain subject to the supervision of the Adviser in respect of their provision of services to the Adviser and its advisory clients.

- Other Advisory Affiliates

The Adviser is part of a group of investment advisers within the Morgan Stanley Investment Management business, including Morgan Stanley Investment Management Inc., Morgan Stanley Investment Management Limited, Morgan Stanley AIP GP LP, MS Capital Partners Adviser Inc., Morgan Stanley Infrastructure, Inc., Morgan Stanley Private Equity Asia, Inc., MSREF Real Estate Advisor, Inc., MSRESS III Manager, L.L.C., Mesa West Capital, LLC, Eaton Vance Management, Eaton Vance WaterOak Advisors, Calvert Research and Management, Parametric Portfolio Associates LLC, Atlanta Capital Management Company LLC, Boston Management and Research, Eaton Vance Advisers International Ltd., Eaton Vance Trust Company, Morgan Stanley Eaton Vance CLO Manager and Morgan Stanley Eaton Vance CLO CM LLC.

The Adviser, in its discretion, may delegate all or a portion of its advisory or other functions to any affiliates that is either registered with the SEC as an investment adviser or exempt from registration and may receive a variety of services from such affiliates, including gathering information about potential investment opportunities, financial advice and assistance in connection with the making, monitoring and disposing of investments and securities underwriting and brokerage services in connection with the sale of investments. The Adviser shares certain officers and, directors, and other employees with related investment advisers that also manage affiliated private equity funds.

To the extent that the Adviser delegates its advisory or other functions to an SEC-registered investment adviser, a copy of the brochure of each such affiliate is available on the SEC's website and will be provided to investors in the Fund upon request.

- Affiliates Acting as Fundraising Broker-Dealers

Broker-dealers that are affiliates of Morgan Stanley may act as placement agents (the "Placement Agents") to assist in the placement of interests to certain investors (the "Solicited Limited Liability Members"). The potential for the Placement Agents to receive compensation in connection with a Solicited Limited Liability Member's investment in the Fund presents a potential conflict of interest in recommending that such Solicited Limited Liability Member purchase interests.

The prospect of receiving, or the receipt of, additional compensation by the Placement Agents may provide such Placement Agents and their salespersons with an incentive to favor sales of interests in the Fund and interests in funds whose affiliates make similar compensation available over sales of interests in funds (or other fund investments) with respect to which the Placement Agent does not receive additional compensation or receives lower levels of additional compensation. Prospective investors should take such payment arrangements into account when considering and evaluating any recommendations related to the interests in the Fund. Morgan Stanley employees involved in the marketing and placement of the interests are not acting as tax, financial, legal or accounting advisors to potential investors in connection with the offering of the interests. Potential investors must independently evaluate the offering and make their own investment decisions.

The Adviser and the Fund may use registered representatives and/or employees of their affiliates to conduct solicitation activities in relation to new or incoming investors to the Fund or act as placement agents.

- Affiliates Acting as Investment Bankers

In the ordinary course of its business, Morgan Stanley performs full-service investment banking and financial services and therefore engages in activities where Morgan Stanley's interests or the interests of its clients may conflict with the interests of the investors, notwithstanding Morgan Stanley's direct or indirect participation in the investments of the Fund.

From time to time, Morgan Stanley's investment banking professionals may introduce to the Fund a client that requires equity to complete an acquisition transaction. If the Fund pursues the resulting investment, Morgan Stanley could have a conflict in its representation of the client over the price and terms of the Fund's investment.

In addition, Morgan Stanley could provide investment banking services to competitors of companies in which the Fund invests, in which case Morgan Stanley will take appropriate steps to safeguard the confidential information of each investment banking client. Morgan Stanley is under no obligation to share, and may, in fact, be prohibited by applicable law from sharing, information with the Fund or with the Adviser. Such activities would present Morgan Stanley with a conflict of interest vis-à-vis the Fund's portfolio company and could also result in a conflict with respect to the allocation of investment banking resources to portfolio companies. Alternatively, any material non-public information about a potential investment or portfolio company in which Morgan Stanley comes into possession will, under certain circumstances, preclude (or otherwise delay) the Fund from pursuing an investment or exit opportunity with respect to such portfolio company or investment.

Morgan Stanley may also be engaged to act as financial advisor to, or act in a similar capacity to, a financially troubled company in which the Adviser's advisory clients hold an investment. Morgan Stanley's compensation for such activities is generally based upon the successful completion of a restructuring which could include raising funds for the purchase, exchange, or restructuring of existing securities or loans or for an equity infusion. In such case, certain conflicts of interest would be inherent in the situation including in valuing the company.

- Fees for Services Provided by Affiliates

Morgan Stanley and its current or former affiliates (as well as entities in which Morgan Stanley businesses have an economic interest) perform certain services (including some of the services described herein) for, and receive customary compensation from, the Fund, companies and entities in or through which the Fund invests, or other parties in connection with transactions related to the Fund's investments. Such compensation could include (as applicable in light of investment strategy of the Fund): (i) fees relating to financing, hedging and currency exchange services, real estate and loan servicing management with respect to investments in which no joint venture operating partner participates with the Fund, and fees in connection with any entity used to acquire,

hold or dispose of the Fund investments; (ii) fees relating to Fund investments for services related to permissible brokerage, capital markets/credit origination, loan servicing, property, insurance, management consulting and other similar operational matters performed by the Adviser or its affiliates; (iii) fees for advisory services or investment banking services provided to entities (or with respect to assets) in which the Fund, directly or indirectly, has an interest; and (iv) fees for other services for the Fund or any entity used to acquire, hold or dispose of the Fund's investments. Such fees do not offset or reduce the management fees payable by the Fund and are not otherwise shared with the Fund or its investors, and may not be the result of arm's-length negotiations, unless otherwise required by the Fund's Governing Documents. However, the fees will be on an arm's length basis and/or at competitive rates to the extent so required by the Fund's Governing Documents. In general, the Adviser will have an incentive to recommend the use of affiliated service providers by the Fund, or a portfolio company or entity thereof.

- Morgan Stanley's Long-Term Relationships

Morgan Stanley has long-term relationships with a significant number of institutions and corporations and their advisors, certain limited partners of the Fund, counterparties in agreements, transactions, and other arrangements with the Fund, and their portfolio companies or entities (or affiliates thereof) (including joint venture partners and operating partners), and service providers to the Fund, and their portfolio companies or entities. In determining whether to pursue a particular transaction, or enter into an (or renew or otherwise continue an existing) arrangement with a service provider, on behalf of the Fund, or companies or entities in or through which the Fund invests, these relationships will be considered by Morgan Stanley and it can be expected that some of these potential transactions or arrangements will or will not be pursued or entered into (or, in the case of arrangements, will or will not be continued) on behalf of the Fund, or companies or entities in or through which the Fund invests in view of such relationships. Moreover, in circumstances where the Adviser is negotiating an agreement, transaction, or other arrangement between the Fund or its portfolio company or entity, and a party with which Morgan Stanley has such a long-term relationship, it can be expected that the Adviser will, in some cases, take the relationship into account in connection with the negotiation process.

- Other Investment Vehicles or Funds; Performance-Based Compensation

The Adviser and/or certain related persons organize partnerships (or other investment vehicles), serve as the manager, general partner, or the managing member or general partner of the general partner, to these partnerships (or other investment vehicles), and solicit investors to become limited partners in these partnerships (or other investment vehicles).

The general partner's performance-based compensation, earned by such general partner or an affiliate in respect of an advisory client, creates an incentive for such general partner to make more speculative investments for such client than it would otherwise make in the absence of such performance-based compensation. Furthermore, investments made with third parties in joint ventures or other entities often involve performance-based compensation payable to such third-

party partners, which also create an incentive for such parties to take risks with respect to such investments. In addition, the method of calculating the performance-based compensation in certain cases results in conflicts of interest between an advisory client's general partner, on the one hand, and the investors in the client, on the other hand, with respect to the management and disposition of investments. For example, each advisory client's general partner will value any securities being distributed in-kind to investors in order to calculate the performance-based compensation and, in doing so, will have an incentive to make valuation determinations that maximize or accelerate its receipt of performance-based compensation. If the valuations conducted by an advisory client's general partner are incorrect, the amount and timing of payment of performance-based compensation could be incorrect.

- Morgan Stanley Investments and Affiliated Investment Accounts

Morgan Stanley sponsors, organizes, manages and/or advises other alternative investment funds and investment programs, accounts and businesses (collectively, together with any new or successor funds, programs, accounts, or businesses, the "Affiliated Investment Accounts"). Some Affiliated Investment Accounts have, and others may in the future have, active investment programs that are substantially similar to, or that otherwise overlap with, those of the Fund. Morgan Stanley may also from time to time create new or successor Affiliated Investment Accounts that may compete with the Adviser's clients and present similar conflicts of interest. Certain members of the Adviser's investment team and the investment committee may make investment decisions on behalf of both the Fund and such Affiliated Investment Accounts, including Affiliated Investment Accounts with investment objectives that overlap with those of the Fund. In addition, certain Affiliated Investment Accounts from time to time make investments similar to those that may be made by the Adviser's Fund even if those Affiliated Investment Accounts are not solely focused (or even primarily focused) on such investments.

Related persons of the Adviser (including Morgan Stanley's trading and principal investing businesses) will generally have no obligation to offer to the Fund investment opportunities that are excluded from any otherwise existing contractual obligation. In such situations, a related person of the Adviser may pursue and make the investment for its own account. When deciding how to allocate such opportunities, those related persons will exercise their discretion and can be expected to consider their own financial interests or the interests of other clients or affiliates of Morgan Stanley ahead of those of the Fund.

The Adviser will, from time to time, recommend that the Fund pursue an investment opportunity in which Morgan Stanley, members of its personnel (or immediate family members thereof), the Fund, and/or one or more Affiliated Investment Accounts have pre-existing ownership interests or other financial interests. In some cases, the Fund will hold an investment in the same portfolio company or entity as one or more Affiliated Investment Accounts, in either the same or a different tier of the portfolio company's or entity's capital structure or in an affiliate of such portfolio company or entity. To the extent the parties hold different positions in the same portfolio company's or entity's capital structure (e.g., equity securities vs. debt securities; common shares

vs. preferred shares; senior debt vs. subordinated debt), or in two different entities that are affiliated with each other, the Adviser and Morgan Stanley can be expected to be presented with decisions in which the Fund's interests are in conflict with, Morgan Stanley, and/or one or more Affiliated Investment Accounts (as applicable). In that regard, actions could be taken for Morgan Stanley or such Affiliated Investment Account that are adverse to the Fund, or actions taken by the Fund due to Morgan Stanley's or such Affiliated Investment Account's, investment, which action or failure to act could be adverse to the Fund for which the action was or was not taken.

- Morgan Stanley's Investment Management Activities

Morgan Stanley conducts a variety of investment management activities, including sponsoring investment funds registered or regulated under the Investment Company Act subject to its rules and regulations. Such activities also include managing assets of pension funds that are subject to federal pension law and its regulations. Conflicts could arise in circumstances where the Fund or its portfolio company or entity pursues an investment in, purchases an investment from, enters into a business relationship with, or otherwise transacts with, Morgan Stanley's other investment advisory clients or investment companies or a company in which such parties have previously invested or are looking to invest.

- Conflicts With Portfolio Companies

Morgan Stanley may invest on behalf of itself and/or its Affiliated Investment Accounts in a portfolio company that is or becomes a competitor of a portfolio company of the Fund, or that is a service provider, supplier, customer or other counterparty with respect to a portfolio company of the Fund. Such investment could create a conflict between the Fund, on the one hand, and Morgan Stanley and/or the Affiliated Investment Account, on the other hand. In such a situation, Morgan Stanley may also have a conflict in the allocation of its own resources to the portfolio company. Portfolio companies of the Fund, Morgan Stanley, and/or the Affiliated Investment Accounts may be counterparties in agreements, transactions, and other arrangements with the Fund, Affiliated Investment Accounts, other portfolio companies of the foregoing, and Morgan Stanley (including its affiliates), for the provision of goods and services, purchase and sale of assets, loan transactions, capital markets transactions, and other matters. Fees paid portfolio company, pursuant to these agreements, transactions, and other arrangements, do not offset or reduce the management fees payable by the Fund and are not otherwise shared with the Fund or the investors therein unless otherwise required by the Governing Documents.

In addition, circumstances could arise where an advisory client of the Adviser competes over investment opportunities with a joint venture, platform company, or other portfolio company or entity in which another client of the Adviser or an Affiliated Investment Account has invested. In such circumstances, personnel of the Adviser could serve as directors of such portfolio companies or entities, in which case they could be required by applicable law to present investment opportunities to the portfolio company or entity, instead of to the advisory client. See also

“Management Persons” below for additional information about legal obligations that apply to Morgan Stanley personnel who serve as directors of portfolio companies.

- Portfolio Entity Service Providers

The Fund and its portfolio companies or entities could engage portfolio companies or entities of Affiliated Investment Accounts (“Portfolio Entity Service Providers”) to provide certain services with respect to one or more of the Fund’s actual or potential investments, which could include: (a) management services with respect to a property; (b) operational services with respect to a property; (c) transaction support services with respect to actual or potential investments; (d) corporate support services; and (e) loan servicing and management. Similarly, Affiliated Investment Accounts and their portfolio companies or entities may engage Portfolio Entity Service Providers of the Fund to provide some or all of these services. Some of the services performed by a Portfolio Entity Service Provider could also be performed by Morgan Stanley from time to time and vice versa. Fees paid by the Fund or its portfolio companies or entities to Portfolio Entity Service Providers do not offset or reduce the management fees payable by the Fund, and are not otherwise shared with the Fund or the investors therein unless otherwise required by the Governing Documents.

- Other Morgan Stanley Investment Management Activities

Morgan Stanley and its affiliates invest, on behalf of themselves, in securities and other instruments that would be appropriate for, are held by, or may fall within the investment guidelines of an advisory client. In connection with these activities, Morgan Stanley may also take actions for its own accounts that may differ from, conflict with, or be adverse to, advice given to or action by the Adviser taken for the Fund. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for the Fund.

Morgan Stanley, through its affiliates, invests in many of its private funds for its own account where Morgan Stanley affiliates act as an investment adviser and/or general partner. In addition, Morgan Stanley may receive performance-based compensation which is tied to the investment performance of such private funds. Morgan Stanley may engage in a variety of transactions, including entering into derivatives contracts, to limit its exposure to the risk of such investments. For example, under certain circumstances, Morgan Stanley may choose to hedge exposures (currency, interest rate, equities or commodities) arising from its investments in, or exposure to, such private funds (resulting from performance-based compensation). These hedging activities may be inconsistent with the investment or hedging activities undertaken by Morgan Stanley affiliates acting as general partner and/or adviser to such private funds.

As a result of and taking into account such hedging, the performance of investors in such private funds who do not engage in hedging on their own may differ materially from the performance of those investors (including Morgan Stanley) who do engage in such activities. In addition, such activities may diminish the alignment of interest between Morgan Stanley and a particular private fund’s limited partners.

- Management Persons

The members of the Adviser's investment team work on matters and projects for Morgan Stanley (including for the Affiliated Investment Accounts) that are unrelated to the Fund, and conflicts of interest arise in allocating management time, services, or functions among such affiliates. The involvement of these investment team members in such Morgan Stanley matters and projects diverts their time and attention away from the activities of the Fund, which could negatively impact the Fund and its investors. Furthermore, Morgan Stanley and its personnel derive financial benefit from these other activities, including fees and performance-based compensation. Although Morgan Stanley will generally seek to minimize the impact of any such conflicts, there can be no assurance they will be resolved favorably for the Fund.

Officers of and employees supporting the Adviser may also serve as directors of certain portfolio companies and, in that capacity, will be required to make decisions that they consider to be in the best interest of the portfolio company, which in certain circumstances may not be in the best interests of the Fund. Companies with which one or more members of the investment team or other employees of Morgan Stanley are involved may also engage in transactions that would be suitable for the Fund. Accordingly, in these situations, there may be conflicts of interests between such person's duties as an officer or employee of the Adviser and such person's duties as a director of the portfolio company. There can be no assurance that any such investment or transaction that is suitable for an advisory client will necessarily be allocated to that client.

Certain of the Adviser's management persons also hold or will hold positions with the affiliates listed above. In such positions, those management persons of the Adviser will, at times, have some responsibility with respect to the business of these affiliates, and the compensation of these management persons may be based, in part, upon the profitability of the affiliates. Additionally, these management persons could come into possession of confidential non-public information and may be recused from certain investment-related discussions, including Investment Committee meetings, so that such investment team members do not receive information that would limit their ability to perform functions of their employment with Morgan Stanley unrelated to the Fund. Consequently, in carrying out their roles with the Adviser or the Fund and the affiliates listed above, the management persons of the Adviser may be subject to the same or similar conflicts of interest that exist between the Adviser and these affiliates.

- Intangible and/or Other Benefits, Discounts and/or Perquisites

Morgan Stanley and its personnel have received, and can be expected to continue receiving, certain intangible and/or other benefits, discounts and/or perquisites arising or resulting from their activities on behalf of the Fund, which will not be shared with the Fund, its investors and/or its portfolio companies or entities.

- Senior Advisors and Operating Partners

Morgan Stanley may engage and retain consultants or advisory board members (collectively, "Consultants") who are not employees or affiliates of Morgan Stanley. Services performed by

Consultants could include providing the Adviser with industry-specific insights and feedback on investment themes, assisting in transaction due diligence, making introductions to and providing reference checks on management teams and could, in some cases, involve the Consultants taking on more extensive roles and contributing to the origination of new investment opportunities. In some instances, portfolio companies or entities retain and bear the fees of Consultants for their services, or operating executives may serve on the portfolio company's or entity's board of directors. Any such directors' fees or other remuneration received by Consultants may be retained by such persons. Certain such Consultants, including Consultants that serve as operating partners, will not be treated as affiliates of the Adviser or the Fund's general partner for purposes of the Fund's Governing Documents and, accordingly, no such payments to these Consultants will be offset against the Fund management fees or performance-based compensation distributions payable to the Adviser nor will such payments otherwise benefit the Fund or its investors.

- Valuation of Assets

The Adviser will determine the fair value of all investments in accordance with the Governing Documents. The valuation of investments will affect the amount of management fee payments to the Adviser. As such, the Adviser has an incentive to, for instance, refrain from or delay in determining that an investment has declined in value, is worthless or otherwise subject to a permanent write-off, and to select and/or apply valuation methodologies in a manner that maximizes the amount of fees and compensation the Adviser receives. As a result, the valuation of investments involves conflicts that will not necessarily be resolved in favor of the Fund. The Adviser has adopted policies and procedures to help address these conflicts, including through the use of third party valuations, review by the Valuation Committee and, in most instances, disclosure to the independently-controlled Board of Directors when valuations differ from those provided by third-party valuation consultants.

Conflict Identification and Management

Morgan Stanley and the Adviser have established procedures intended to identify and address 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 conflict and franchise committees, for potentially significant conflicts that cannot be resolved in the ordinary course or that otherwise require senior management review. In addition, the Adviser addresses conflicts through disclosure to its investors and should any transactions that present a potential conflict of interest actually arise, the Adviser may in certain situations choose to seek the approval of the investors, Limited Liability Members, and/or advisory committee for the Fund with respect to conflicts of interest or approvals required under the Advisers Act, including Section 206(3) thereof and/or the relevant Governing Documents.

The Governing Documents of the Fund are detailed agreements that establish complex arrangements among the Adviser, its affiliates, the Fund (as applicable) and the investors therein. Questions arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated and are not specifically addressed or could have been articulated more precisely at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, can be broad, general, ambiguous or conflicting, and could permit more than one reasonable interpretation, including in circumstances where one reasonable interpretation is most favorable to the Adviser and/or its affiliates while another reasonable interpretation is most favorable to the Fund (as applicable) and where the Adviser therefore has an incentive to prefer the former interpretation over the latter one. While the Adviser will construe the relevant agreements in good faith and in a manner consistent with its legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations the Adviser adopts will not necessarily be, and need not be, the interpretations that are the most favorable to the Fund or its investors and could be the interpretations that are most favorable to the Adviser and/or its affiliates.

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 persons who are supervised by the Adviser or support the Adviser in providing investment advice to the Fund or, who have access to non-public information regarding the purchase or sale of securities, or who make securities recommendations to the Fund, or who have access to such recommendations that are nonpublic ("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

Prior to subscribing for interests in the Fund, investors receive information relating to potential conflicts of interest between the activities of the advisory clients 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, an advisory client of the Adviser may sell a security or asset which another advisory client (of either the Adviser or an affiliate thereof), or an affiliate of the Adviser, wants to own, or vice versa. Any such cross transactions between clients can be expected to raise potential conflicts of interest, including with respect to transaction pricing. On these occasions, after extensive Firm and legal and compliance review and documentation, a sale of the security or asset from one advisory client to another may be permitted, subject to compliance with the relevant clients' Governing Documents.

The Adviser may purchase and sell public and private investments and co-invest the assets of its 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 client governing documents.

Allocation of Investment Opportunities

Potential conflicts of interest can be expected to arise in the context of allocating investment opportunities between the Fund and Affiliated Investment Accounts. This is in part due to different advisory clients being subject to different compensation terms and arrangements with the Adviser and/or Morgan Stanley.

To address such potential conflicts of interest and to attempt to allocate such investment opportunities in a fair and equitable manner, the Adviser has implemented an allocation policy (the "Allocation Policy"). The Allocation Policy is intended to give all clients of the Adviser fair access to new investment opportunities that fall within the investment objectives of such clients. Each client of the Adviser is assigned a portfolio manager by the Adviser's senior management. The portfolio managers or their designees regularly review current investment opportunities which have been identified by or made available to the Adviser. If more than one portfolio manager expresses continued interest in an investment, the allocation decision is escalated to an allocation committee comprised of senior management (the "Allocation Committee") for resolution. The Allocation Committee will consider various factors (described below) to allocate opportunities among clients. If, after considering these factors, the Allocation Committee does not unanimously determine that the investment should be allocated to a particular client of the Adviser, then the opportunity will generally be allocated pursuant to a rotation system.

Factors considered by the Allocation Committee in prioritizing and allocating investment opportunities include, but are not limited to:

- Investment guidelines, goals or restrictions of the client
- Capacity and execution capability of the client (i.e., availability of capital)
- Existing allocation to similar strategies and the diversification objectives of the client
- Tax, legal or regulatory considerations

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- With respect to co-investment allocations, whether the co-investor can add value to the operations of the business or provide future opportunities to the business of the client (see also “Allocation of Co-Investment Opportunities” below)
 - Rights of first offer in favor of one or more clients
 - Projected returns (as underwritten)
 - Issuer, industry and geographical concentrations
 - Client investment horizon
 - Liquidity requirements
 - Risk concentration limits (if any)
 - Contractual obligations entered into with the client or with an investor of the client
 - Leverage covenants or restrictions
 - Desired position sizes
 - Diversification requirements
 - Expected risk-return profile and yield of the investment compared to the target risk-return profile and yield required by the client
 - Other relevant business considerations

The Adviser is empowered to take into account other considerations it deems appropriate to ensure a fair and equitable allocation of opportunities. The Allocation Policy is subject to change in the sole discretion of the Adviser.

Allocation of Co-Investment Opportunities

The Adviser of the Fund may offer co-investment opportunities with respect to none, some, or all of the Fund’s investments. The terms of a co-investment applicable to one co-investor may be different than the terms applicable to another co-investor, among interested parties in its sole discretion including for example, on the basis of the size of investor commitments to the Fund and other Affiliated Investment Accounts as well as a broad range of other considerations, including, commercial considerations for the applicable portfolio investment, a Limited Liability Member’s stated desire to participate in co-investments, the Adviser’s determination of the appropriateness of offering a co-investment opportunity, an investor’s ability to execute such offer and the approval of transaction counterparties. There can be no assurance with respect to the amount of any co-investment opportunity that will be made available to a Limited Liability Member in the Fund in connection with the Fund, and there is no guarantee, prediction or projection of the availability to a Limited Liability Member of future co-investment opportunities. Additionally, the allocation of co-investment opportunities may involve a direct or indirect benefit to Morgan Stanley as a result

of, among other things, the receipt of fees or performance-based compensation from the co-investment opportunity, which will be calculated independently from the fees and performance-based compensation in respect of the capital commitments to the Fund and capital commitments to other Affiliated Investment Accounts.

Investing in the Fund does not entitle a Limited Liability Member to allocations of co-investment opportunities. Co-investment opportunities may, and typically will, be offered to some and not other investors, or to third parties (including affiliates of Morgan Stanley) who are not investors in the Fund. In addition, subject to the foregoing priority rights (if applicable), a Limited Liability Member may be offered fewer co-investment opportunities than investors with the same or smaller capital commitments in the Fund and other Affiliated Investment Accounts, and some Limited Liability Member may receive no such offers while other Limited Liability Member with capital commitments of the same or lower amount may receive substantial offers for such opportunities. Limited Liability Members of the Fund are not required to participate in co-investments offered by the Adviser. The actual number of co-investment opportunities made available to investors may be significantly higher or lower than those made available in connection with other Affiliated Investment Accounts.

The appropriate allocation of fees and expenses generated in connection with potential investments that are not consummated with an investment of the Fund's assets, including without limitation out-of-pocket fees associated with attorney fees and the fees of other professionals ("Broken Deal Expenses"), will be determined by the Adviser or the respective Fund's general partner in its good faith discretion. However, until such time as a co-investor or a strategic investor makes such commitment related to one or more specific investments, such investors will generally not be required to share in Broken Deal Expenses that are paid by the Fund, either with respect to a co-investment opportunity that is not consummated or with respect to other potential investments that may be offered to the Fund. Thus, where permitted by applicable law, the Fund will generally bear all of such Broken Deal Expenses.

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

Due to the nature of the investments the Fund makes, broker-dealers are not generally used for transactions. However, when executing transactions on behalf of the Fund 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 clients' markets.

The Adviser will only consider engaging in a principal or cross transaction with Morgan Stanley or its affiliates on behalf of the Fund to the extent permitted by applicable law.

To the extent permitted by the applicable regulatory authorities, Morgan Stanley will be authorized to engage in transactions in which it acts as a broker for the Fund and for another person on the other side of the transaction. The Adviser may, in its discretion, subject to its determination in its discretion that such transactions are on arm's-length terms, and subject to applicable law, choose to execute trades or enter into derivative or hedging transactions for portfolio entities with Morgan Stanley, with Morgan Stanley acting as agent and charging a commission or acting as principal and retaining all profits it may realize as a result of such transactions. If Morgan Stanley acts as agent in such a situation, Morgan Stanley may receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to such transactions.

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 Fund 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 or real estate investments. The Adviser has assigned a portfolio management team to closely monitor the Fund's investments and generally maintains an ongoing oversight position through its accounting and portfolio management staff as well as asset managers assigned to manage and monitor investments and third-party advisers engaged to provide tax, legal and accounting expertise to the portfolio management team. In addition, controllers review the income and expenses from interests in real estate-related investments held monthly.

Valuations: Valuations for each of the Fund's investments are generally conducted by third- party appraisers once a quarter.

Investment and Portfolio Review: In general, the Investment Committee reviews and approves all significant proposed transactions. In addition, on a regular basis, portfolio management provides a review of the performance, overall portfolio construction, Fund liquidity, risk management, legal, tax and compliance issues, investor relations issues and other similar issues and reports its findings to senior management of MSREI, including the members of the Investment Committee. The members of the Investment Committee are identified in the Supplements to the Adviser's Brochure in Form ADV Part 2B.

Reports: The Adviser provides audited financial statements of the Fund to its investors within 90 days after the end of its fiscal year. In addition, within 60 days after the end of each quarter, the Fund mails to each investor in the Fund a description of the Fund's financial position at the end of such quarter as well as any significant developments that occurred during the quarter.

Item 14 - Client Referrals and Other Compensation

The Adviser may from time to time compensate placement agents (which may include certain of its affiliates) in return for referrals of investors. Any additional compensation paid specifically for such referrals will meet the requirements of the Advisers Act, if applicable.

Item 15 – Custody

The Adviser is deemed to have custody of cash and securities of the Fund by virtue of its relationship as investment adviser of the Fund. Each investor will receive the Fund's audited financial statements prepared in accordance with generally accepted accounting principles within 90 days of the end of the Fund's fiscal year.

Item 16 – Investment Discretion

As the investment adviser to the Fund, the Adviser has discretion to determine, without consent of the Fund's investors, the particular securities and/or real estate to be bought and sold, the broker or dealer (including a Morgan Stanley affiliate) to be used (if any) and the commission rates to be paid by the Fund in cases where a broker or dealer is used. The Adviser will provide investment advice to the Fund, subject to certain investment limitations regarding leverage, geography and type of permitted investments as set forth in the Operating Agreement. With respect to the Fund, certain investment limitations may be disregarded with the consent of a majority of the Fund's Board of Directors, as set forth in the Operating Agreement.

When executing transactions on behalf of the Fund through a broker, dealer or underwriter, the Adviser's objective will be to obtain the most favorable commission and the best price available on each transaction in light of the quality of execution provided. Consequently, brokers, dealers and underwriters are selected primarily on the basis of their execution, capability and trading expertise.

Investment discretion is assumed pursuant to the Operating Agreement, which confer express authority to the Adviser and its affiliates to make all decisions concerning the investigation, evaluation, selection, negotiation, structuring, commitment to, monitoring of and disposition of investments.

Item 17 -Voting Client Securities

Given the nature of the Fund's investments, the Adviser seldom has the opportunity to vote proxies; however, 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 its 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 certain situations, a client is a party to a stockholder or 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 advisers may be required to consider.

The clients may make a limited number of direct investments in portfolio companies that are or will become public. As a result, the Adviser 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 the 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.