

Part 2A of Form ADV: Firm Brochure

MSRESS III Manager, L.L.C.

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March 28, 2024

This Brochure provides information about the qualifications and business practices of MSRESS III Manager, L.L.C. (the “Adviser”). If you have any questions about the contents of this Brochure, you should 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 partners of the pooled investment vehicles that we advise (“Limited Partners”).

There have been no material changes since the last update of this Brochure, which was dated March 31, 2023.

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

Our Brochure may be requested by contacting Morgan Stanley Real Estate 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	1
Item 5 – Fees and Compensation	3
Item 6 – Performance-Based Fees and Side-By-Side Management	7
Item 7 – Types of Clients.....	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9 – Disciplinary Information	20
Item 10 – Other Financial Industry Activities and Affiliations	21
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	28
Item 12 – Brokerage Practices	30
Item 13 – Review of Accounts.....	31
Item 14 – Client Referrals and Other Compensation.....	32
Item 15 – Custody	33
Item 16 – Investment Discretion.....	34
Item 17 – Voting Client Securities.....	35
Item 18 – Financial Information	36

Item 4 – Advisory Business

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

The Adviser is a wholly owned indirect subsidiary of Morgan Stanley (collectively with its affiliates, “Morgan Stanley”).

As of December 31, 2023, the Adviser had approximately \$42,946,440¹ of client assets under management, all of which are managed on a discretionary basis by the Adviser or Sub-Advisor, as described in further detail below.

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

Generally, the Fund is no longer making new investments, but its principal purpose was to invest in non-controlling interests in public and private equity securities as well as public and private fixed income instruments of real estate and real estate-related companies. The Fund may have also invested directly in real estate and real estate related assets or, to a limited extent, purchased controlling positions in real estate or real estate related companies either directly or in connection with the conversion of convertible securities that were non-controlling at the time of the original investment. In addition, the Fund may invest in derivative transactions, including, but not limited to, futures contracts, swaps, exchange-listed and over-the-counter put and call options on securities, indices, forward foreign currency contracts and various interest rate transactions.

The Fund converted from an open-ended to a closed-ended structure in 2013 and no longer makes new investments. In addition, the General Partner appointed Proprium Capital Partners, LLC (the “Sub-Advisor”) to provide certain portfolio and asset management services, reporting, analytical and administrative services to the Fund. The appointment gives the Sub-Advisor substantial discretionary management over certain investments (the “Sub-Advised Investments”) while the

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

General Partner retains management of the remaining investments (the “Retained Investments”). Several former Morgan Stanley professionals, including Tim Morris and Willem de Geus, are employed by the Sub-Advisor. In 2018, the Unaffiliated Limited Partners approved an extension of the Fund’s term to August 2021.

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 or managing member of the applicable Fund.

Item 5 – Fees and Compensation

Fee rates are subject to negotiation and may be higher or lower than the fees charged to other clients. The Adviser is not required to inform, or offer any similar arrangements to, any other client or investor, except as agreed with each such person or as required by applicable law.

Management Fees

An affiliate of the Adviser is paid a quarterly management fee in arrears (the “Management Fee”) ranging from 0.25% to 0.5% of the net asset value of the Fund in respect of each series of units of the Fund as of the end of each fiscal quarter (i.e., an annual rate ranging from 1% to 2%). In 2018, the Unaffiliated Limited Partners approved a reduction in Management Fees payable to the Adviser by 20%, generally. In addition, an affiliate of the Adviser may have been paid management fees based on the net asset value of each Co-Investment Fund as described more fully in the applicable Co-Investment Fund’s offering documents. The management fees paid by Co-Investment Funds varied based on the size of the applicable Co-Investment Fund, the nature and complexity of the underlying investments and other factors but generally ranged from 0% to 2% of the applicable Co-Investment Fund’s net asset value. The Management Fee and the management fees paid by the Co-Investment Funds were generally paid directly by such entities to the General Partner (see also “Co-Investments” below for additional information on the fees and expenses relating to co-investments). No management fees are paid with respect to the Co-Investment Funds as they have ceased operations. Notwithstanding the foregoing, as noted above in August 2021, the term of the Fund ended and the Fund entered into liquidation. The General Partner and the Sub-Advisor’s Management Fee ceased to be paid. The General Partner appointed the Sub-Advisor as liquidator of the Fund and agreed to cause the Fund to pay the Sub-Advisor a liquidator fee substantially equivalent to the Sub-Advisor’s portion of the Management Fee (the “Sub-Advisory Fee”) commencing with its term as liquidator, all pursuant to the Unaffiliated Limited Partner approvals obtained in 2018.

Incentive Allocation

An affiliate of the Adviser is also entitled to receive an annual incentive allocation (the “Incentive Allocation”) equal to up to 25% of the increase in the net asset value of any series of units above its prior high net asset value (the “Prior High NAV”). The Prior High NAV of a series of units initially will be equal to the net asset value (“NAV”) of such series immediately following its issuance and will generally be “reset” to equal its current NAV immediately following the date as of which an Incentive Allocation has been made. In addition, the Fund includes specific entities designed to admit only Morgan Stanley current and former employees (and certain other permissible related investors) (each, an “Employee Fund”). With respect to each Employee Fund, absent certain circumstances relating to the termination of employment of a Limited Partner with Morgan Stanley, the Incentive Allocation is equal to 12.5%. The Incentive Allocation was previously paid in the form of units that may be redeemed after a two-year lock-up period. Effective March 1, 2013, the Fund ceased issuing units to the Adviser’s affiliates in respect of any

Incentive Allocation. Since then, any Incentive Allocation has been paid in cash. No Incentive Allocation was due in 2023 nor is any expected for the remainder of the Fund.

In addition, an affiliate of the Adviser may have received an incentive allocation, carried interest or other performance-based compensation based on increases in NAV, distributions in excess of capital contributions or another measure of profitability of a Co-Investment Fund. Any such performance-based compensation paid to such affiliate in respect of a Co-Investment Fund may have varied based on the size of the applicable Co-Investment Fund, the nature and complexity of the underlying investments and other factors but generally ranged from 10% to 20% of the appropriate measure of the applicable Co-Investment Fund's performance as described more fully in the applicable Co-Investment Fund's offering documents. The Co-Investment Funds have ceased operations and no incentive allocation, carried interest or other performance-based compensation is paid with respect to the Co-Investment Funds.

The Adviser reserves the right, in its sole discretion, to reduce all or any portion of or, modify in any way, the Management Fee or Incentive Allocation applicable to any Limited Partner as may be agreed to by the Adviser and such Limited Partner

Placement Fees

Broker-dealer affiliates of the Adviser acted as placement agents in connection with the placement of the Fund's interests. To the extent these broker-dealers received fees in connection with such placements, the placement fees were paid by the Adviser.

Referral Fees

Affiliates of the Adviser may have referred or introduced a counterparty to the Fund in respect of certain transactions. Such affiliates may have received compensation (e.g., finder's fee) from the Fund as opposed to the counterparty.

Expenses

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

excluding accounting services) which would otherwise be performed for the Fund by third parties and, in such event, Morgan Stanley will be reimbursed by the Fund for these services.

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

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

Co-Investments

The terms of a co-investment applicable to one co-investor may have been different than the terms applicable to another co-investor, including that certain co-investors may have been required to pay an incentive allocation or carried interest and/or management fees while other co-investors (including affiliates of Morgan Stanley) may not. The Adviser or the General Partner may or may not have charged management fees, one time funding fees, administration fees and/or incentive allocation or carried interest in respect of co-investments, subject to the terms of any applicable agreements with investors. In addition, Morgan Stanley may have been, in certain circumstances, 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 may have directly or indirectly benefitted the Adviser or General Partner as a result of, among other things, the receipt of any such fees or incentive allocation or carried interest, capital commitments to the Fund and capital commitments to other Affiliated Investment Accounts (as hereinafter defined). Co-investors in one or more specific investments will not have necessarily been required to share in broken-deal expenses that were paid by any of the Funds, either with respect to a co-investment opportunity that was not consummated or with respect to other potential investments that may have been offered to the Funds. The performance of co-investments is not aggregated with that of the Funds, including for purposes of determining the General Partner's or the Adviser's management fees under the limited partnership agreement. 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 General Partner, the Adviser or their

affiliates. Such advisors and other service providers may be investors in any of the Funds, affiliates of the General Partner, sources of investment opportunities or co-investors or counterparties therewith. These other services and relationships may influence the General Partner and the Adviser in deciding whether to select or recommend such a service provider to perform services for any of the Funds (the cost of which generally will be borne by the relevant Fund and, indirectly, such Fund's Limited Partners). 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 General Partner, the Adviser or their affiliates as compared to services provided to any of the Funds, which may result in more favorable rates or arrangements than those payable by such Fund. Item 10 further describes material relationships with Morgan Stanley and other affiliated entities.

The Confidential Offering Memorandum for the Fund includes further details on fees and compensation and related matters. Further details on fees for Co-Investment Funds are described in the offering memoranda of these entities.

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

As described in Item 5, the Adviser entered into performance-based compensation arrangements with qualified clients and such fees are subject to individualized negotiation with each such client. The Adviser structured 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 recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. The Adviser has 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.

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, investors must have committed to invest a minimum of \$5 million, unless otherwise approved. In addition, with respect to the Employee Funds, investors in those funds must generally have invested a minimum of \$100,000, unless otherwise approved.

In addition, Limited Partner interests in the Fund were able to be purchased only by certain eligible investors who are “accredited investors” as defined in Regulation D under the Securities Act of 1933, as amended (the “Securities Act”), and “qualified purchasers” for purposes of Section 3(c)(7) of the Investment Company Act. In the case of the Employee Funds, interests were offered and sold to investors who are “accredited investors” as defined in Regulation D of the Securities Act and in accordance with the requirements of an exemptive order under the Investment Company Act received by Morgan Stanley from the SEC in April 2000.

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

The discussion in this Item 8 of the Adviser's strategies and analyses is in respect of the Fund and the Retained Investments. Readers are urged to review the Sub-Advisor's Form ADV Part 2A Brochure for a discussion of the Sub-Advisor's strategies and analyses in respect of the Sub-Advised Investments.

Investment Strategies

The investment period and the term of the Fund have ended.

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

The Adviser's main sources of information and investment opportunities were 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), industry executives and established business relationships, including the Sub-Advisor. Regional investment teams were responsible for performing due diligence on potential investments. Such analysis included 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 assessed the impact of various macro and microeconomic shifts on potential investments and made recommendations to Morgan Stanley Real Estate Investing ("MSREI") on strategies to maximize the value of investments.

Methods of Analysis

Evaluation of Investment Opportunities; Investment Decisions

All investment decisions regarding the Retained Investments are made by the Adviser in consultation with the investment committee, appointed by the General Partner. The investment committee is comprised of senior professionals of Morgan Stanley and the Sub-Advisor, including individuals with a wide range of relevant real estate, investment banking, capital markets, private equity, risk management and business experience.

In connection with making a proposed investment, Morgan Stanley prepared analyses to project realizable cash flows and assess the ability of the real estate investment to support its obligations as well as its potential to appreciate in capital value. Where appropriate in its analysis, Morgan Stanley worked with management, developers or other partners and consultants to enhance Morgan Stanley'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 had considered making an investment.

Where appropriate, Morgan Stanley retains third-party consultants to assess business and market conditions, competition, physical and environmental concerns and other factors that it deems necessary to review with external advisers.

Management of Risk

After completing an acquisition, Morgan Stanley managed the on-going risk, including managing interest rate and foreign exchange 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

Morgan Stanley continues to oversee the Fund's Retained 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 Funds. Generally, this is achieved through equity participation in the investment and compensation linked to the success of the investment.

In connection with the Funds' asset management program, the Adviser supervises and oversees the management of each Retained Investment, reviewing the operational discussions, joint venture decisions and third-party property managers with the objective of maximizing the overall performance of each such investment. Reporting on the performance of each Retained Investment

is integral to the Funds' asset management program. Status reports on the Funds' Retained Investments are prepared by the separate corporate 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.

A group of senior MSREI team executives comprised of investment and asset management professionals reviews the operations of the Fund's Retained Investments and approves or disapproves any strategic operating decisions regarding a property or investment. These senior executives recommend disposition and recapitalization strategies based on the ongoing performance of specific investments and changing market conditions.

Risk Considerations Associated with Investing - In General

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 Fund'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 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 Adviser invests on behalf of the Fund, 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 has 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 this 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 the current public health emergency and any future one, 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 the spread of COVID-19 or claim that they cannot perform due to a force majeure, 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 the pandemic on markets, business activity and the U.S. and global economy, as well as potential changes in U.S. economic and fiscal policies that may be adopted to address the pandemic, price shocks and related externalities, may not yet 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 COVID-19 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.** Section 619 of the Dodd-Frank Act, commonly known as the "Volcker Rule," and the final implementing regulations thereunder (the "Implementing Regulations") prohibit, among other things, "banking entities" from sponsoring and investing in "covered funds," except as permitted pursuant to certain available exemptions. In addition, a "banking entity" may not enter into certain so-called "covered transactions," as discussed further below, with any "covered fund" (or with any other covered fund controlled by such covered fund) that the banking entity sponsors, organizes and offers or for which the banking entity serves as investment manager, investment advisor or commodity trading advisor. The term "covered fund" includes private equity funds that rely on Sections 3(c)(1) or 3(c)(7) of the Investment Company Act to avoid being treated as "investment companies" under the Investment Company Act. Morgan Stanley is a "banking entity," and the Fund is a "covered fund" for purposes of the Volcker Rule. As the Federal Reserve's general conformance period for compliance with the Volcker Rule's restrictions has expired, Morgan Stanley and its affiliates are currently required to comply with the Volcker Rule.

The Volcker Rule and the Implementing Regulations impose a number of restrictions on Morgan Stanley and its affiliates that could affect the Fund, the General Partner, the Adviser and the Limited Partners. For example, to sponsor and invest in the Fund, Morgan Stanley intends to rely upon the Implementing Regulations' so-called "asset management" exemption to the Volcker Rule's general prohibition on sponsoring and investing in covered funds. Under this exemption, Morgan Stanley is permitted to acquire or retain an ownership interest in the Fund so long as, among other things, (i)

Morgan Stanley provides bona fide trust, fiduciary, or investment advisory services; (ii) the Fund is organized and offered only in connection with the provision of bona fide trust, fiduciary, investment advisory, or commodity trading advisory services and only to persons that are customers of such services of Morgan Stanley; (iii) any investment by Morgan Stanley in the Fund is generally limited to no more than 3% of the ownership interests of the Fund, measured by reference to both the number of ownership interests and the fair market value of such ownership interests (the “per-fund limit”), and Morgan Stanley’s aggregate permitted investments in all covered funds (aggregated with certain affiliate and employee investments) is limited to the maximum amount permitted by the final regulations, which amount cannot generally be more than 3% of the Tier 1 capital of Morgan Stanley (the “aggregate investment limit”); (iv) Morgan Stanley, as investment advisor, does not enter into a transaction that would be subject to Super 23A (as explained below); (v) Morgan Stanley does not, directly or indirectly, guarantee, assume, or otherwise insure the obligations or performance of the Fund or of any covered fund in which the Fund invests; (vi) the Fund does not share with Morgan Stanley the same name or variation of the same name and does not use the word “bank” in its name; (vii) no director or employee of Morgan Stanley takes or retains an ownership interest in the Fund, except for any director or employee of Morgan Stanley who is directly engaged in providing investment advisory or other qualifying services to the Fund at the time the director or employee takes such interest; (viii) a number of disclosures are clearly and conspicuously disclosed to actual and prospective investors in the Fund; and (ix) the Federal Reserve does not determine that Morgan Stanley’s acquisition or retention of an ownership interest in the Fund is inconsistent with the safe and sound operation and condition of Morgan Stanley.

With regard to the aggregate investment limit, a change in the Tier 1 capital of Morgan Stanley could mean that retention of some or all of the ownership interest in the Fund by Morgan Stanley or certain of its affiliates and employees would violate the aggregate investment limit. In addition, the withdrawal or default of an investor in the Fund could cause a violation of the per-fund limit by Morgan Stanley. To the extent that the retention of an interest in the Fund or further investment in the Fund by Morgan Stanley or certain of its affiliates and employees would result in a violation of either the per-fund limit or the aggregate investment limit, then Morgan Stanley and certain of its affiliates and employees could be required to dispose, transfer or otherwise reduce some or all of their interests in the Fund or may be prohibited, entirely or partially, from making further investments in the Fund.

With regard to the Volcker Rule’s so-called “Super 23A” provision, Morgan Stanley is prohibited from entering into “covered transactions,” as defined in Section 23A of the U.S. Federal Reserve Act, with or for the benefit of the Fund. For example, Morgan Stanley generally is prohibited from providing loans and hedging transactions with extensions of credit or other credit support to the Fund (or to any other covered fund controlled by the Fund), unless such “covered transactions” are permissible without limit under Section of the U.S. Federal Reserve Act. Certain other transactions between Morgan Stanley and the Fund are subject to the market terms requirements of Section 23B of the Federal Reserve Act.

Morgan Stanley's interest in determining what actions to take in complying with the Volcker Rule may conflict with the interests of the Fund, the General Partner, the Adviser and the Limited Partners, all of which may be adversely affected by such actions. In addition, further restrictions and limitations may emerge as additional regulatory guidance and interpretations are provided on the Volcker Rule. To this end, certain aspects of the Volcker Rule remain unclear and susceptible to alternative interpretations. The foregoing is, thus, not an exhaustive discussion of the potential risks the Volcker Rule poses. In addition, the Fund (and Morgan Stanley's relationship with the Fund) may be affected by rules recently issued or issued in the future by U.S. federal banking, securities and commodities regulators pursuant to the Volcker Rule and other provisions of the Dodd-Frank Act.

As a registered investment advisor 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. In particular, the SEC recently adopted the "Private Fund Adviser Rules" which, among other things, impose (i) significant disclosure and reporting obligations for registered investment advisers to private funds, as well as (ii) meaningful restrictions on certain activities of private fund advisers subject to consent-based and/or disclosure-based exceptions. The Adviser's compliance with the Private Fund Adviser Rules, in connection with the investment advisory services it provides to the Fund, is likely to be complex and will entail various legal and compliance costs and expenses, which will be allocated to the Fund. The SEC and other US regulators may adopt additional rules in the future that may have an impact on the client's portfolios.

- **United Kingdom Withdrawal from the European Union.** As part of the process of the United Kingdom (the "UK") leaving the European Union ("EU"), the EU and the UK agreed to an EU-UK Trade and Cooperation Agreement ("TCA") that governs the trading relationship between the UK and the member states of the EU from and after January 1, 2021. Broadly, the TCA provides for zero tariffs and zero quotas on all goods that comply with the appropriate rules of origin but is subject to both parties maintaining a level playing field in areas such as environmental protection, social and labor rights, investment, competition, state aid, and tax transparency.

The TCA does not provide for continued access by UK firms to the EU single market adversely affecting financial service firms established in the UK – although there is the possibility that in time, the UK may obtain a recognition of equivalence from the EU in certain financial sectors which would enable varying degrees of access to the EU market. Similarly, notwithstanding zero tariffs and zero quotas on goods, market access for those firms that conduct cross-border trade in goods will fall below what the single market previously allowed. Non-tariff barriers, customs declarations, customs checks, restrictions on movements of employees, withdrawal of recognition of previously recognized professional qualifications, changes in the status of the UK vis-à-vis the EU for tax and VAT purposes, and other sources of friction have the potential to impair the profitability of a business, require it to adapt, or even relocate to operate through an establishment in

the EU. Understanding and preparing for these new arrangements may result in increased operational and compliance burdens for the Fund.

It will take some time to observe the many and varied effects on UK and EEA businesses and assets as a consequence of the UK leaving the single market and customs union (taking into account the flow of goods and services in both directions). Given the size and global significance of the UK's economy, uncertainty, at least in the near term, about the effect of the TCA on the day-to-day operations of those businesses that engage in the cross-border trade of goods or services between member states of the EU and the UK may be a continued source of currency fluctuations or have other adverse effects on international markets, international trade and other cross-border cooperation arrangements. The present uncertainty could therefore adversely affect the Fund, the performance of their investments and their ability to fulfil their investment objectives (especially if their investments include, or expose it to, businesses that have historically relied on access to the single market for their custom or that have historically relied on sourcing goods, materials or labor from the single market).

- **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 characterized by persistent inflation, rising interest rates, volatility in global financial markets (leading to, among other things, a decline 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 is no guarantee that the uninsured depositors of a financial institution that closed (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, the 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 partners 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 in 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 recent developments may also have other implications for broader economic and monetary policy, including interest rate policy. For the foregoing reasons, there can be no assurances that conditions in the banking sector and in global financial markets will not worsen and/or adversely affect the Fund, its portfolio companies or their respective financial performance.

Risk of Loss – Certain Risks Related to Investment Strategy

Investing in securities involves risk of loss that clients 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 for the Fund or Co-Investment 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.

- potential loss of invested capital;
- risks associated with real estate investments;
- significant degree of financial and/or business risk;
- fluctuations in the prices of the equity-related securities and instruments;
- competitive real estate investing environment;
- risks arising from the volatility of the real estate markets and private equity, private debt, public equity, public debt, global fixed income and other financial markets;
- risks associated with investment in derivatives;
- lack of protection by financial covenants in debt investments;
- failure of service providers (including the Sub-Advisor), counterparties or brokers;
- risks of acquiring real estate loans, participations, mezzanine debt and fixed income securities;
- financial risks of portfolio issuers and inability to influence a portfolio issuer's affairs;
- third-party partner investment risks for joint ventures and partnerships;
- lack of diversification due to number, location and type of investments;
- interest rate fluctuations;
- lack of liquidity and long term nature of investments;
- 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;
- indemnification;
- tax considerations;
- use of leverage;
- risks of borrowing, including inability to obtain indebtedness on favorable terms;
- commercial and business risks associated with portfolio companies;

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- failure to refinance bridge financing;
 - investments in non-performing, underperforming or other troubled assets;
 - risks associated with non-U.S. and minority investments;
 - potential inability to protect the value of minority equity investments;
 - risks arising from providing managerial assistance;
 - reliance on the management of operating companies;
 - use of hedging techniques;
 - expedited transactions;
 - valuation risks;
 - currency risks;
 - catastrophic events, pandemics and other force majeure events and availability of insurance against certain catastrophic losses;
 - highly competitive and prevailing regulatory or political climates;
 - adverse political developments and regulation in foreign countries;
 - limitations on investing due to possession of inside information; and
 - burdensome regulation by one or more governmental entities in specific industries.

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, on the one hand, and each of the Funds, on the other hand, may exist and others may arise in connection with the operation of the Funds. Morgan Stanley's employees may also have interests separate from those of Morgan Stanley and the Funds. The discussion below enumerates certain actual, apparent and potential conflicts of interest. The Adviser can give no assurance that conflicts of interest will be resolved in favor of the Funds' investors, and, in fact, 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 and their respective affiliates may use the commodity pool operator, commodity trading advisor and 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 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 Private Equity Asia Inc., 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.ar.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.ar.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 permitted by applicable law, the Adviser, the Fund or their portfolio companies may use the securities, futures execution, underwriting or other services offered by Morgan Stanley & Co. LLC or other affiliates. Please see Item 12 for more information about the Adviser's practices concerning using a Morgan Stanley affiliate as a broker.

- Participating Affiliates

Investment advice is provided to the Fund and the General Partner not only through the Adviser (and, in respect of the Funds, the Sub-Advisor) but also through certain of the employees of one or more of the following related persons:

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

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 Funds (in such capacity, the "Participating Affiliates"). The Participating Affiliates also may provide non-advisory services to the Adviser and the Funds. 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 the Funds.

- 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, Morgan Stanley Real Estate Advisor, Inc., MS Capital Partners Adviser Inc., Morgan Stanley Infrastructure Inc., Morgan Stanley Private Equity Asia, Inc., MSREF Real Estate Advisor, Inc., 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 affiliate that is registered with the SEC as an investment adviser 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 with related investment advisers that also manage affiliated private equity funds.

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

- Affiliates Acting as Fundraising Broker-Dealers

Broker-dealers that are affiliates of Morgan Stanley may have acted as placement agents (the "Placement Agents") to assist in the placement of interests to certain Limited Partners (such Limited Partners, the "Solicited Partners"). The potential for the Placement Agents to receive compensation in connection with a Solicited Partner's investment in the Funds may have presented a potential conflict of interest in recommending that such Solicited Partner 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 the Fund's interests 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. 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 Fund's interests.

- 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 Funds.

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

Morgan Stanley has long-term relationships with a significant number of institutions and corporations and their advisors as well as with certain Limited Partners. In determining whether to pursue a particular transaction on behalf of a Fund, these relationships will be considered by Morgan Stanley and there may be certain potential transactions that will or will not be pursued on behalf of such Fund in view of such relationships.

In addition, Morgan Stanley could provide investment banking services to competitors of companies in which a Fund invests, in which case it will take appropriate steps to safeguard the confidential information of each investment banking client. Morgan Stanley is under no obligation to share and, in fact, may be prohibited by applicable law from sharing, any such confidential or material non-public information with the Funds or the Adviser. Such activities may present Morgan Stanley with a conflict of interest vis-à-vis a Fund's portfolio companies and may 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 may preclude a 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 financially troubled companies in which the Fund holds an investment. Morgan Stanley's compensation for such activities is generally based upon the successful completion of a restructuring which may 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 those involved in valuing the company.

- Other Limited Partnership Investment Vehicles or Funds

- General: Incentive Allocations/Carried Interests

The Adviser and/or certain related persons have and may continue to organize other partnerships and serve as the manager, general partner, or the managing member or general partner of the general partner, to these partnerships. In organizing these partnerships, the Adviser or a related person may be deemed to have been or to be soliciting investors.

The Adviser's affiliate's incentive allocation may have created an incentive for it to make more speculative investments for a Fund than it would otherwise make in the absence of such performance-based distributions. Furthermore, investments made with third parties in joint ventures or other entities may involve incentive allocations or carried interests and/or other fees payable to such third-party partners of co-investors, which could also create an incentive for such parties to take risks with respect to such investments. In addition, the

method of calculating the incentive allocation may result in conflicts of interest between the Adviser's affiliate, on the one hand, and the investors, on the other hand, with respect to the management and disposition of investments. For example, the Adviser's affiliate will value any securities being distributed in-kind to investors in order to calculate the incentive allocation. If the valuations conducted by the Adviser's affiliate are incorrect, the amount of payment of incentive allocation could be incorrect.

- Morgan Stanley Investments and Affiliated Investment Accounts

Morgan Stanley may advise clients and has sponsored, managed or advised 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") that have or will have active investment programs that are substantially similar to those of the Funds. Morgan Stanley may also from time to time create new or successor Affiliated Investment Accounts that may compete with the Funds and may present similar conflicts of interest. Certain members of the Fund's investment team and the investment committee may make investment decisions on behalf of both Morgan Stanley 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 may make investments similar to those that may be made by the Fund even if they are not solely focused on such investments.

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

In some cases, Morgan Stanley or an Affiliated Investment Account may have invited one or more of the Funds to co-invest with it or the General Partner may have invited Morgan Stanley or an Affiliated Investment Account to co-invest with one or more of the Funds, in either the same or different tiers of a portfolio company's capital structure or in an affiliate of such portfolio company. To the extent the relevant Fund holds investments in the same portfolio company or in an affiliate thereof that are different (including with respect to their relative seniority) than those held by Morgan Stanley or an Affiliated Investment Account, the Adviser and Morgan Stanley may be presented with decisions when the interests of the two co-investors are in conflict

- 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 a 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 taken for clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for, one or more clients and/or the Fund.

Morgan Stanley, through its affiliates, invests in many of the private investment 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 or benefit from a “carried interest” which is tied to the investment performance of such private investment 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, Morgan Stanley may choose to hedge exposures (currency, interest rate, equities or commodities) arising from its investments in, or exposure to, through performance-based fees or carried interest, such private investment funds. 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 investment funds.

As a result of, and taking into account, such hedging, the performance of investors in such private investment funds who do not engage in hedging on their own may differ materially from 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 investors.

- Management Persons

Officers 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 any of the Funds. 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 Funds, but in which the Funds might be unable to invest. 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.

Certain of the Adviser’s management persons may also hold positions with the affiliates listed above. In these positions, those management persons of the Adviser may 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 other affiliates. Additionally, these management persons may come into possession of confidential non-public information and may be recused from certain investment-related discussions, including investment committee meetings, so that such members do not receive

information that would limit their ability to perform functions of their employment with Morgan Stanley unrelated to the Funds. Consequently, in carrying out their roles with the Adviser or the Funds and these other entities, 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.

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 in certain situations, will choose to seek the approval of the investors, Limited Partners, and/or advisory committee for the Fund with respect to conflicts of interest or approvals required under the Advisers Act, including Section 206(3) and/or the relevant partnership agreement.

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 Funds or the General Partner or, and who have access to non-public information regarding the purchase or sale of securities, or who make securities recommendations to the Funds or the General Partner, or who have access to such recommendations that are non-public ("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 a Fund, investors received information relating to potential conflicts of interest between the activities of the Fund and the business activities of the Adviser, and its affiliates, or clients that may have a financial interest in the securities in which the Fund invests.

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

The Adviser may purchase and sell public and private investments and co-invest the assets of the clients alongside other funds and accounts managed by the Adviser or its affiliates in compliance with the requirements and conditions of rules, regulations, orders, or interpretations of the SEC, or no-action letters of the SEC Staff, and in accordance with fund and client account governing documents.

Allocation of Investment Opportunities

The Adviser has a governance process in place to ensure that each client is treated in a fair and equitable manner. The following factors will be considered, as appropriate, in connection with allocation decisions:

- Investment guidelines, goals or restrictions of the client
- Capacity of the client
- Existing allocation to similar strategies and the diversification objectives of the client
- Tax, legal or regulatory considerations
- Rights of first offer in favor of a client
- 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.

Item 12 – Brokerage Practices

Due to the nature of the investment the Funds make, broker-dealers are not generally used for transactions. However, when executing transactions on behalf of the Funds through a broker, dealer or underwriter, the Adviser's objective will be to obtain "best execution" (that is, the most favorable price and execution). The Adviser's effort to obtain best execution on any individual transaction depends substantially on its judgment, knowledge and experience in evaluating the counterparties', advisers' and service providers' ("Counterparties") reliability and capability based on previous and pending transactions effected by the broker-dealer for client accounts. Some of the factors considered by the Adviser in selecting a Counterparty include, among other things, execution quality and capabilities, including with regard to market making, commissions charged by and gross compensation paid to such Counterparty, and special knowledge of the Adviser's client's markets.

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

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

In general, the investment committee or a sub-committee thereof reviews all material proposed investment decisions that deviate from the business plan for such investment. The members of the investment committee are identified in the Supplements to the Adviser's Brochure in Form ADV Part 2B.

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. However, the portfolio management staff of the Adviser or the Sub-Advisor closely monitors companies and assets in which the Fund has invested and generally maintains an ongoing oversight position in such companies and assets (including, where relevant, representation on the board of directors of such companies). Reviews occur on a quarterly and (in some cases) monthly basis.

The Adviser provides written quarterly unaudited reports and annual audited reports to the Limited Partners of each of the Funds, which include, among other things, financial statements and descriptions of the investments. All reports shall be prepared on such basis as the General Partner determines in good faith will appropriately reflect the operations and assets of each of the Funds. In certain cases, the Adviser may provide additional or different information to different investors. Other than as required by agreement with an investor or by applicable law, the Adviser is not obligated to offer similar information to any investor by virtue of providing that information to other investors.

Item 14 – Client Referrals and Other Compensation

As noted above, the investment period for the Fund has ended and as such, the Adviser is not seeking investments from new investors nor is the Adviser compensating placement agents.

Item 15 – Custody

The Adviser is deemed to have custody of the Fund's cash and securities by virtue of its relationship with the General Partner. Each Limited Partner of the Fund receives the Fund's audited financial statements prepared in accordance with generally accepted accounting principles within 120 days of the end of the Fund's fiscal year.

Item 16 – Investment Discretion

As the manager of the General Partner, the Adviser (together with the General Partner of the Funds) has discretion to determine, without consent of the Limited Partners, the terms, conditions and timing of follow-on acquisitions and dispositions related to the Retained Investments, the broker or dealer (including a Morgan Stanley affiliate) to be used (if any) and the commission rates to be paid by the Funds in cases where a broker or dealer is used (subject to certain limitations).

The Adviser provides investment advice to the Funds, subject to certain investment limitations regarding the type of permitted investments as set forth in the relevant partnership agreements of the Fund. Such investment limitations may be disregarded with the consent of the Fund's Advisory Committee, as set forth in the relevant partnership agreement.

When executing transactions on behalf of a Fund through a broker, dealer or underwriter, the Adviser's objective is 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 relevant limited partnership agreement, which confers express authority to the General Partner and its affiliates (including the Adviser) to make all decisions concerning the investigation, evaluation, selection, negotiation, structuring, commitment to, monitoring of and disposition of the Retained Investments.

The General Partner appointed the Sub-Advisor to provide substantial discretionary management over the Sub-Advised Investments.

Item 17 – Voting Client Securities

The terms of the Sub-Advisor’s appointment grant authority to the Sub-Advisor to exercise the Fund’s right to vote proxies in respect of the Sub-Advised Investments. The Adviser retains the right to vote proxies in respect of the Retained Investments. Readers are urged to review the Sub-Advisor’s Form ADV Part 2A Brochure for a discussion of the Sub-Advisor’s policies and procedures regarding voting of client securities.

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

In many situations, a client is a party to a stockholder or similar agreement. These agreements are entered into in the best interests of the client 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 client’s contractual obligations.

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

The clients generally make a limited number of direct investments in portfolio companies that will become or are public. As a result, the 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 a client’s 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 the 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.