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Form ADV Part 2A

March 8, 2016

This brochure provides information about the qualifications and business practices of Morrison Street Capital. If you have any questions about the contents of this brochure, please contact us at 503-952-0700 or by email at info@morrisonstreetcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Morrison Street Capital also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Material Changes to this Brochure occurring during 2015 include the following:

- **Departure of Personnel** –Brett Hyland, Senior Vice President, Investor Relations left Morrison Street Capital effective December 31st, 2015, and has been removed from the investment committee of Morrison Street Fund V and the Morrison Street Debt Opportunities Fund.
- **Additional Location** – Morrison Street Capital opened an office in New York to provide the Funds better access to investment opportunities stemming from conduit lenders.
- **Corporate Reorganization** – Morrison Street Capital was reorganized along with its affiliate NBS Financial Services under a new entity; Norris, Beggs & Simpson Companies LLC, effective January, 2015. Rance Gregory is now the CEO of both Morrison Street Capital and Norris, Beggs & Simpson Companies LLC which owns Morrison Street Capital and Norris, Beggs & Simpson Financial Services LLC. The governance, control and oversight of the Morrison Street Funds remains unchanged.
- **Employee Ownership** - Simultaneous with the reorganization, four Morrison Street Capital senior employees became partners by acquiring shares in the company. These four new partners include Marcus Parker, Justin Dennett, David Dewey, and David Tindall.

In the future, a summary of any material changes to this and subsequent Brochures will be provided to you within 120 days of the close of our business' fiscal year. We may also provide you with additional updates or other disclosure information at other times during the year in the event of any material changes to our business.

You may request the most recent version of this brochure by contacting Marcus Parker, Chief Compliance Officer at 503-952-0747 or mparker@morrisonstreetcapital.com.

This Brochure has been compiled to satisfy a regulatory requirement and is not an attempt to advertise.

Item 3 – Table of Contents

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

Item 4 – Advisory Business

Morrison Street Capital, LLC (the "Adviser" or "We") provides investment advisory and other services to an affiliated group of private equity funds. The Adviser has been in business since 2002, and is now owned by Norris, Beggs & Simpson Companies LLC ("NBSC"), which is managed by Rance Gregory, Marcus Parker, Jan Robertson and Ken Griggs. Prior to changing its name on November 1st, 2011, the Adviser was formerly known as NBS Real Estate Capital, LLC.

The Adviser serves as the management company for certain U.S. collective investment vehicles. The Adviser currently acts as the investment manager of seven distinct privately placed closed-end investment vehicles (collectively, the "Funds"). The Funds are also collectively referred to herein as "Clients". Each of the Funds are structured as limited partnerships. The limited partners are the investors in each Fund. The general partner for each Fund is a unique entity owned by an affiliated group of individuals the majority of whom are employed by the Adviser or are principals of Norris, Beggs & Simpson Companies LLC. The general partner entities for each Fund make a co-investment alongside the limited partners, and receives pro-rata distributions in accordance with that investment. In addition, the general partners receive a share of the profit in excess of a stated preferred return paid to the limited partners (discussed in more detail in Item 6 – Performance-Based Fees and Side-By-Side Management). The general partners do not have employees and do not provide investment advisory services. Instead, each general partner engages the Adviser to provide those services for the Funds.

The Adviser only provides advisory and management services with respect to commercial real estate and commercial real estate related securities and only provides these services to the Funds. The limited partnership agreements of the Funds generally restrict investments to various forms of commercial real estate investments including: direct equity ownership, joint venture equity ownership, preferred equity, mezzanine debt, B-notes, whole loans, and commercial mortgage-backed securities. In addition to these limitations, each limited partnership agreement imposes investment guidelines that specify the types of investments that may and may not be purchased for the Fund. The guidelines specify: (1) the specific types of investments or product types that may or may not be purchased for the Fund's account; (2) the permitted geographic location of the investments; (3) concentration and leverage limits; (4) the maximum term of investments; and (5) the risk and return profile of individual instruments and the Fund as a whole. As of December 31st, 2015, the Adviser had \$372,451,886 in regulatory assets under management in the seven 3(c)1, 3(c)5, and 3(c)7 pooled investment vehicles it advises. We manage all these assets on a discretionary basis. We do not currently manage any separate accounts for third parties.

We do not currently negotiate specific terms of investment discretion or investment guidelines for any individual investor of a Fund that differs from the terms applicable to other investors in the same Fund. All investment decisions are made at the Fund level and are based on Fund-level investment guidelines, and we do not consider the investment objectives and strategies of a Fund's individual investors. Accordingly, the investors in each of the Funds are not considered to be clients of the Adviser.

Throughout this brochure, we disclose a number of conflicts of interest and provide summaries of a number of our policies and procedures designed to detect and address these and other conflicts. We encourage Fund investors, and prospective Fund investors, to review our policies and procedures and inquire directly with us about our conflicts. Our compliance policies and procedures are available for review in our offices. In addition, conflicts of interest and specific risks are identified in the offering materials of Funds that we manage. Please request a copy of the relevant Fund's most current offering materials for a description of other conflicts and risks that might exist.

Item 5 – Fees and Compensation

With respect to our Clients, the Adviser is compensated with a management fee (a percentage of equity commitments). Each general partner entity receives incentive income, amounting from 15% to 20% of the realized profit in excess of a preferred return paid to the Fund investors, subject to certain limitations and a clawback guaranty. In some cases this incentive income is paid as investments are realized, subject to a true up. In other cases the incentive income is paid only when the Fund is fully realized.

Funds

Typically, the Funds pay the Adviser a management fee that ranges from 1.25% to 2.00% annually based upon the total commitments of the Fund for the entirety of the two to four year investment period (depending on the terms of the specific Fund's limited partnership agreement). Thereafter, these fees are based on remaining invested equity. The management fee is accrued monthly and billed quarterly in advance. The management fee is paid from a Fund's available cash, through netting of a distribution, through a draw on a line of credit, or by way of a capital call to Fund investors in accordance with the Fund's limited partnership agreement.

Additional Expenses

Our fees are exclusive of out-of-pocket brokerage commissions, transaction fees, custodial fees, costs and expenses of the Adviser and the Funds incurred in connection with the pursuit, purchase and sale of investments, due diligence, deal marketing, conference sponsorship fees and advertising, travel, legal and compliance expenses, accounting and audit fees, insurance, litigation and indemnification expenses, taxes, fees or other charges, expenses of the investment committee and advisory committee, administrative expenses and reporting costs, and other related costs and expenses, all of which are incurred by the Client. The Funds bear responsibility for the costs of all transactions, including those evaluated but not consummated. The Adviser is responsible for ordinary expenses related to its business including compensation of its employees, rent, and other regular overhead and day-to-day expenses. Please refer to Item 12 for additional information regarding the factors we consider in selecting broker-dealers for Client transactions, and in determining the reasonableness of their compensation.

The fact that the incentive income received by the general partners is based on the performance of the Funds may create an incentive for the general partners to cause the Funds to make investments that are more speculative than would be the case in the absence of performance-based payments. However, this incentive may be tempered by the fact that losses will reduce the Fund's performance and thus reduce the incentive income, and by the fact that owners of the general partner entities make a commitment to each Fund, side-by-side with the Fund limited partners.

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

All performance-based income is calculated and paid in accordance with Section 205 and Rule 205-3 under the Investment Advisers Act of 1940.

Our side-by-side management issues are lessened because of the cycle our Funds generally follow—at any given time, only one Fund will be in the "investment" phase. Our Funds generally follow a cycle of 1) capital sourcing, 2) investment, and 3) disposition of portfolio holdings. Typically, we do not begin investments for a new Fund until all other existing Funds have substantially completed their investment phase, and as such, we infrequently face conflicts that would involve differing treatment of different Fund clients. In some cases, the investment phases of two distinct Funds may overlap. We maintain an investment allocation policy which considers general priority, specific risk and return characteristics of each Fund, overall investment type exposures, investment holding periods, geographic market exposure and liquidity of the Funds.

Because all Clients pay us roughly equivalent performance-based fees, we generally believe that we do not face conflicts related to the side-by-side management of accounts which do pay performance-based fees along with accounts that do not. However, we recognize that conflicts related to side-by-side management may exist for other reasons.

Item 7 – Types of Clients

As noted in Item 4 above, we provide portfolio management services to the Funds (which are organized as domestic limited partnerships). We do not advise Fund investors, or any other individuals or entities. Investors in the Funds must be "Accredited Investors" or "Qualified Purchasers" in accordance with sections 3(c)(1), 3(c)(5) or 3(c)(7) of the Investment Company Act of 1940 and Regulation D of the Securities Act of 1933. The minimum commitment from each investor generally ranges from \$250,000 to \$500,000, depending on the specific Fund.

The investment management contracts between the Funds and the Adviser may be terminated by the General Partner of each respective Fund at any time upon 90 days prior written notice [NTD: or immediately upon for cause events?].

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

We employ several commercial real estate focused investment strategies in managing Client assets, which include:

- Multi-strategy commercial real estate investment (including equity, preferred equity investments, mezzanine debt, B-Notes, and whole loans).
- Exclusive investment in commercial real estate secondary debt (including preferred equity investments and mezzanine debt).
- Exclusive investment in commercial mortgage backed securities (CMBS Bonds).

Multi-strategy commercial real estate investment / Exclusive investment in commercial real estate secondary debt

For multi-strategy commercial real estate investment and commercial real estate secondary debt, our investment methodology entails fundamental analysis of the underlying property, ownership (borrower or partner), the specific market, and the tenants. This includes analysis and review of public records, private financial information, leases, research reports and other property and market data. The diligence process includes property/site visits and market tours as well as interviews with tenants and other market participants. An underwriting model is developed that summarizes our best estimate of investment performance under various scenarios. Specific terms and conditions of investments are restricted by the investment guidelines set forth in the limited partnership agreement of each Fund. These guidelines set forth the primary investment targets with respect to geography, product type, investment type, property life cycle, risk, concentration, leverage, returns, holding periods, as well as other limits. Investments which fit the Funds' objectives and fall within the limits in the investment guidelines are ultimately proposed to an investment committee which is responsible for reviewing and approving Fund investments and dispositions.

Commercial Mortgaged Backed Securities (CMBS Bonds)

For Commercial Mortgage Backed Securities (CMBS Bonds), our investment methodology entails fundamental analysis of the underlying trust pool with respect to the largest loans. This analysis includes review of the underlying property, borrower, the specific market, and the largest tenants. This includes analysis and review of public records, data provided by the trustee through subscription-based CMBS analytic services (Trepp & Bloomberg), research reports and other property and market data. The diligence process includes the creation of a loss underwriting model and analysis of the performance of a specific tranche (bond) under several scenarios. Specific terms and conditions of investments are restricted by the investment guidelines set forth in the limited partnership agreement of each Fund. These guidelines set forth the primary investment targets with respect to bond type, geography, risk, concentration, leverage, returns, holding periods, as well as other limits. Investments which fit the Funds objectives and fall within the limits in the investment guidelines are ultimately proposed to an investment committee which is responsible for reviewing and approving Fund investments and dispositions.

Primary Risks

Investing in commercial real estate and/or commercial real estate related securities involves risk of loss that the Funds and the investors should be prepared to bear. The material risks associated with investing in a Fund are disclosed in the Fund's private placement memorandum and subscription materials.

General Real Estate Risks

An investment in a Fund requires a long-term commitment, with no certainty of return. There may be little or no cash flow. Most of a Fund's investments will be highly illiquid. Some of the investments will be relatively speculative. There can be no assurance whether or when a Fund will be able to realize a return on its investments. Consequently, investments may require a lengthy holding period. Certain Fund investments may be the most junior in a complex capital structure, and thus subject to the greatest risk of loss. Certain Fund investments may be in properties with high levels of debt. Leveraged investments are inherently more sensitive to declines in revenues and

to increases in expenses. Since a Fund may only make a limited number of investments, and since a Fund's investments generally will involve a high degree of risk, poor performance by a few investments could severely and adversely affect total returns. If a Fund makes an investment in a single transaction with the intent of refinancing or selling a portion of the investment, there is a risk that the Fund will be unable to successfully complete such a financing or sale. This could lead to increased risk as a result of an extended holding period and potentially a requirement to invest additional capital.

Cyclical Nature of Real Estate Markets

Real estate markets are highly cyclical. Factors affecting real estate markets include the supply and demand for real estate properties, tenant demand, interest rates and availability of financing, and general and local economic conditions. Our typical Fund targets investments with three- to seven-year investment holding periods, although some will fall on either side of that range. The ability of a Fund to sell its investments, obtain repayment of loans it makes and to meet its investment objectives will depend in large part on the strength of the commercial real estate markets during that time period. As such, there is no assurance that the United States commercial real estate markets will be strong enough to enable each Fund to meet its investment objectives.

Competitive Nature of the Fund's Business

The business of the Funds is highly competitive. Although the manager's principals have been successful in identifying suitable investments in the past, the Funds compete for quality investment opportunities against other groups, including private investors and developers, direct investment firms, private equity funds, tenant-in-common syndicators, merchant banks and REITs. Some of these investors have access to more capital, and sometimes lower-priced capital than the Funds, and may have investment objectives that allow the group to outbid the Funds for investments. The Funds may be unable to identify and close a sufficient number of attractive investment opportunities for the Funds to meet their investment objectives.

CMBS Bonds

CMBS bonds are complex securities involving credit, liquidity, prepayment and market pricing risks. CMBS bonds are backed by a pool of commercial real estate mortgage loans. Payments on the mortgage loans and CMBS bonds are not insured by the federal government or any other agency. CMBS bonds are subject to the risk of loss arising out of delinquent payments on the mortgage portfolios that are not absorbed by more junior classes of bonds. This means that the Fund is more likely to suffer risk if it purchases relatively junior bonds. If mortgage portfolio losses are severe enough, even investment grade bonds can suffer losses. CMBS bonds are also subject to the risk that periods of low prevailing interest rates are likely to result in increasing rates of prepayment on the mortgage loan portfolio. The accelerated payments to the Fund on the bonds could occur at a time when the Fund may be unable to reinvest the principal payments at the same or higher yield. CMBS bonds are also subject to risks related to the level of concentration of the underlying mortgage loans based on product type, geography and other factors. A deterioration in a specific real estate market or local economy or product type could have a disproportionately high adverse effect on the related CMBS bond. Most CMBS bonds are rated by one or more national rating agencies. Changes to ratings can affect the market price of bonds and may result in mark-to-market adjustments being made by the Fund. The mortgage portfolio securing a CMBS bond is administered by a servicer. Unlike most of the Fund's other investments, the General Partner and Manager will have no control or influence over the administration of the mortgage loans and no ability to take or influence actions with respect to distressed or defaulted mortgages. The servicers of bond mortgage loan portfolios may have discretion to grant extension and payment terms. These extensions may have the effect of delaying full payment and decreasing yield to maturity.

Mezzanine Loans / Preferred Equity

The Funds may make or invest in mezzanine loans that take the form of subordinated loans secured by a pledge of the ownership interests of either the entity owning the real property or the entity that owns the interest in the entity owning the real property. The Funds may also make or invest in preferred equity interests which are economically similar to mezzanine loans but which represent a preferential interest in the ownership entity. These types of investments involve a higher degree of risk than first-lien mortgage loans secured by income producing real property because the investment may become unsecured as a result of foreclosure by the senior lender. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security or which is the issuer of the preferred equity acquired by the Funds, the Funds may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy the mezzanine loan or preferred equity investment. If a borrower defaults on debt senior to the loan or interest owned by a Fund, or in the event of a borrower bankruptcy, that Fund's

mezzanine loan or preferred equity interest may be satisfied only after the senior debt. As a result, the Fund may not recover some or all of its investment. In addition, mezzanine loans and preferred equity investments may have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the real property and increasing the risk of loss of principal. Further, such investments may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such investments may not be protected by financial covenants or limitations upon additional indebtedness.

Additional Risks (these risks and certain others are discussed in each Fund's private placement memorandum in more detail)

- The transactions are unspecified. Even if the investments of the Funds are ultimately successful, they may not produce a realized return or any cash flow to the Partners for a period of several years.
- The Funds may invest in non-performing or other assets utilizing leveraged capital structures. By their nature, these investments involve a high degree of financial risk, and there can be no assurance that the Funds' rate of return objectives will be realized or that there will be any return of capital.
- In connection with the disposition of an investment, the Funds may be required to make representations typical of those made in connection with the sale of similar assets. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors.
- Most of the Funds' investments will be illiquid. The possibility of partial or total loss of capital will exist and investors should not subscribe unless they can readily bear the consequences of these losses.
- There is no assurance that the investment guidelines of the Funds will be appropriate in light of future, unanticipated changes to the real estate investing marketplace.
- While diversification is an objective of the Funds, there is no assurance as to the degree of diversification that will be achieved by geographic region, product type or investment type.
- The Funds may co-invest with third parties through funds, joint ventures, development projects or other entities. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a co-venturer or partner of the Funds may at any time have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take action contrary to the Funds' investment objectives. In addition, the Funds may be liable for actions of their co-venturers or partners.
- Under various federal, state and local laws and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in the property.
- There may be certain types of losses that are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, the Funds could lose both its invested capital as well as anticipated future revenue from the property, and would continue to be obligated on any mortgage indebtedness or other obligations related to the property.
- The limited partnership interests have not been registered under the Securities Act of 1933 or any state securities law. There is no public market for the limited partnership interests and none is expected to develop. Limited partners may not withdraw capital from the Funds.
- The success of the Funds depends substantially on the skill and expertise of the management team. There can be no assurance that these individuals will remain throughout the term of the Funds. The loss of key personnel, particularly Rance Gregory, could have a material adverse effect on the Funds.

- Loans originated or acquired by the Funds will be subject to certain risks relating to the legal aspects of mortgage loans. Depending upon the applicable state law governing mortgage loans (which laws may differ substantially), the Funds may be adversely affected by the operation of state law with respect to their ability to foreclose upon mortgage loans, the borrower's right of redemption, the enforceability of assignments of rents, due-on-sale and acceleration clauses in loan instruments, as well as other creditor's rights provided in such documents and the enforceability of personal guarantees.
- The Funds may be subject to liability as a lender with respect to negotiation, administration, collection and/or foreclosure upon mortgages.

Valuation of Holdings.

For valuation purposes, we generally use the fair value method of accounting. Equity investments are held at cost for the first year of ownership (unless management determines that an impairment of value exists in which case an adjustment is made), thereafter, equity investments are marked to market. Debt investments (mezzanine loans, preferred equity, B-Notes and whole loans) are marked to market quarterly beginning with the first quarter end following acquisition or origination. CMBS Bonds are valued in accordance with the CMBS Valuation Policy and Procedures. Valuations are completed quarterly based upon the best available information as of 30 days prior to the end of the quarter for which the investment valuation is published, unless a material change is warranted.

Equity investments

The valuation of Equity Investments requires use of discounted cash flow analysis as well as a comparable sales approach.

Preferred Equity and Mezzanine Loans

Preferred Equity and Mezzanine Loans are valued using a discounted cash flow analysis based upon a discount rate equal to the accrual interest rate at which we would originate the same investment at the date of the valuation.

CMBS bonds

CMBS bonds are valued using a discounted cash flow approach based upon a market discount rate for comparable bonds and estimates of value by custodians and trading relationships.

Management Fee Calculation

We charge management fees based upon commitments (investor equity). The fee is based upon total commitments during the investment period of each Fund, and thereafter on commitments remaining with respect to unrealized investments. As a result, our management fees are not impacted by our valuation policy.

Item 9 – Disciplinary Information

Form ADV Part 2 requires investment advisers to disclose legal or disciplinary events involving the firm or our partners, officers, or principals that are material to your evaluation of our advisory business or the integrity of our management. At this time, we have no information to report that is applicable to this item.

Item 10 – Other Financial Industry Activities and Affiliations

The Adviser has a number of material relationships with its affiliates. Each of MSC Funding II, MSC Funding III, MSC Debt Funding I, MSC Funding IV, MSC Debt Funding II, MSC Funding V, and MSDO Funding are affiliates of the Adviser. Each of these affiliates serves as a general partner to a specific Fund.

Norris, Beggs & Simpson Companies LLC is the sole owner of the Adviser. NBSC owns one additional affiliate entity: Norris, Beggs & Simpson Financial Services LLC which performs commercial real estate loan origination and loan administration (servicing) functions. Several principals of NBSC serve as investment committee members for the Funds and are individually members of the general partnership entities of each Fund.

Fees Payable to Service Providers Which are Affiliates. The Funds may pay fees to affiliates in connection with the investment and/or management of Fund assets (e.g., fees for loan brokerage or loan servicing which are distinct from fees paid in connection with investment advisory services provided by us to the Funds). These fees are not incurred for investment management services; rather, they relate to the day-to-day administration of certain portfolio holdings. The manager uses best practices to ensure that the decision to engage affiliates in these services is objective, and that the affiliate is the appropriate/best choice for the specific circumstance or engagement considering a number of factors. If an affiliate is engaged, the manager uses best practices to ensure that fees are negotiated at arm's length and do not exceed market rates offered by unaffiliated parties. Specific engagements include a master servicing agreement between NBS Financial Services and the Morrison Street Debt Opportunities Fund, for which the Fund pays 0.10% per annum of the aggregate loan balance for master servicing and loan closing functions, as further described in the Fund's offering materials.

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

Code of Ethics and Personal Trading.

We strive to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust, and we have adopted a Code of Ethics (the "**Code**") to help us meet these standards. The Code incorporates the following principles:

- Standards of Conduct
 - Confidentiality
 - Prioritization of Client interests.
- Compliance with Laws
 - Federal Securities Laws
 - Personal Trading Prohibitions and Monitoring

Fund investors, and prospective investors may review a copy of the Code by contacting us at the address or telephone number listed on the first page of this document.

Participation or Interest in Client Transactions.

The members of the General Partners, which include affiliates of the Adviser, participate in profits and losses associated with the Fund investments through the General Partners' interest in the Funds. Such persons do not have, and are prohibited from holding, other ownership interests in any of the Fund's portfolio investments.

Personal Trading. Subject to the Code, as described above, we and our partners, principals, employees, and other affiliates may engage in real estate investment activities for our own account or for family members and friends. These activities may involve the purchase and sale of real estate investments that are similar to those purchased or sold for Client accounts.

Gifts and Entertainment.

Brokers, counterparties, service providers and other third parties with whom we do business occasionally provide gifts and entertainment to our principals and employees. We and our affiliates may enter into business transactions and relationships on behalf of a Client with the donors of such gifts and entertainment. Such gifts and entertainment create a conflict of interest in our selection and retention of these donors as service providers for Clients. To address this conflict, we have adopted policies and procedures to: 1) monitor gifts and entertainment given and received by our principals and employees; and 2) limit the value of gifts and entertainment given and received. We also have policies and procedures in place to help us monitor, and limit, the political contributions that our principals and employees make to public officials and candidates for elected office in accordance with the requirements of Rule 206(4)-5 under the Investment Advisers Act of 1940.

Disclosure of Portfolio and Other Information.

We sometimes provide portfolio holdings information to entities that have been engaged by the Fund to enter into asset-level or Fund level financing arrangements. In addition, we sometimes provide portfolio holdings information to existing Fund lenders to allow them to fulfill their regulatory compliance. We make reasonable efforts to preserve the confidentiality of the information we provide, such as by entering into non-disclosure agreements, but we cannot ensure that the entities we provide information to will fulfill their confidentiality obligations.

Item 12 – Brokerage Practices

General Brokerage Practices

Multi-strategy commercial real estate investment / Exclusive investment in commercial real estate secondary debt

Based on the nature of commercial real estate investing, we generally do not make use of securities broker-dealers in the traditional sense for buying and selling portfolio investments on behalf of the Funds; rather, most Fund investments are made through privately negotiated arrangements or through mortgage or real estate investment brokers. Nonetheless, in implementing transactions for a Fund, we take into account the full range of applicable factors when hiring third party service providers or other intermediaries, including but not limited to:

- Specific Product and Market Expertise
- Borrower / Buyer / Seller contacts and database
- Prior successful dealings
- Current listings / workload
- Cost

On behalf of the Funds we may engage banks, lenders, real estate brokers, legal and tax experts, environmental experts, insurance professionals and other service providers. The Funds pay these service providers through commissions or other service fees. We believe that analysis of the value of the services rendered by these service providers involves a number of factors, and that price is not the ultimate factor that determines whether we achieve “best execution” in selecting service providers.

Commercial Mortgage Backed Securities (CMBS Bonds)

We allocate portfolio transactions for Client accounts to broker-dealers on the basis of best execution available—i.e., execution in a manner that the Client’s total cost or proceeds in each transaction is most favorable under the circumstances. We consider a variety of factors regarding broker-dealers in seeking best execution, including but not limited to:

- | | |
|--------------------------------------|-------------------------------------|
| • Buyer/Seller contacts and database | • Experience with specific security |
| • Past performance | • Security availability |

Clients should expect that their securities transactions will generate a substantial amount of brokerage commissions and other costs, all of which is borne by the Client, and not us. We have complete discretion to decide what broker-dealers or other counterparties will be used in executing transactions for Clients, and we negotiate the rates of compensation that Clients will pay.

In addition to using brokers as “agents” and paying resulting commissions, we sometimes cause Client accounts to buy or sell securities directly from or to dealers acting as principals at prices that include mark-ups or mark-downs, and may also cause Client accounts to buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

Research and Other Soft Dollar Benefits

Adviser does not pay for research or execution services with “soft” or commission dollars.

Trade Aggregation

When buying and selling CMBS Bonds for Clients, we may aggregate multiple transactions into one order so that eligible Clients may receive best available cost, efficiency and terms. Each Client that participates in an aggregated order participates at the average price. In assembling an aggregated order in specific securities (including privately offered investments and securities for which market quotations are not readily available) we consider the appropriateness of the investment for each Client based on their risk tolerances and objectives.

Other Brokerage Practices, Issues, and Conflicts:

Allocation of Our Time and Resources. Generally, we are not subject to specific obligations or requirements concerning the allocation of our time, efforts, resources, or investment opportunities to any particular Client. We are not obligated to devote any specific amount of time to the affairs of any Client and are generally not required (other than as specified in the limited partnership agreements of each Fund) to accord exclusivity or priority to any Client in the event of limited investment opportunities. Our personnel devote time to the affairs of our Clients as they, in their discretion, determine to be necessary for the conduct of our business.

Transactions between Funds and Fund investors. On one prior occasion, one of our Funds engaged in a transaction with a Fund investor. The terms of that transaction were negotiated on an arm’s-length basis. Any future transactions between the Fund and a Fund investor will also be negotiated on an arm’s-length basis. Nevertheless, we and our affiliates may be subject to a conflict of interest when determining such terms because of the participation by our affiliated general partner in the Fund’s profits.

Item 13 – Review of Accounts

We review Client accounts and portfolios on an ongoing basis. This review is carried out by our personnel and in certain cases our investment committee.

We provide Fund investors with a quarterly written statement regarding their account covering (1) funded and remaining commitment, (2) distributions broken out by return of capital and investment earnings, (3) net income and realized gain/loss for the quarter and inception-to-date, (4) unrealized gain/loss for the quarter and inception-to-date, (5) quarterly and inception-to-date returns and (6) remaining fair market value of the investors account at quarter end.

Item 14 – Client Referrals and Other Compensation

Adviser has entered into a letter agreement with Accord Capital Partners LLC (the "**Placement Agent**") as a placement agent for the Morrison Street Debt Opportunities Fund. The Placement Agent has agreed to advise the Adviser in connection with the offering and to market the limited partnership interests (the "**Interests**") of the Fund. Until the offering has terminated, the Adviser (and not the Fund) will pay the Placement Agent an agreed upon fee (the "**Placement Fee**"). The Placement Fee shall not be payable with respect to certain subscriptions including subscriptions by the General Partner, certain public pension funds and certain limited partners admitted prior to December 31, 2015. Any fees or expense reimbursements due to the Placement Agent pursuant to the Placement Agreement will be paid by the Adviser and not the Fund (other than reimbursement for certain organizational expenses incurred by the Placement Agent that are payable by the Fund pursuant to the Partnership Agreement, subject to limitations therein).

Item 15 – Custody

We provide Fund investors with each respective Fund's annual audited financial statements prepared by an independent public accountant within 90 days of the end of each calendar year. In addition to these financial statements, we provide custody/prime brokerage statements with respect to the CMBS securities in which the Funds invest. We urge investors to compare the statements received from the Funds custodians with the statements they receive from us. Statements that we provide may vary from the statements received from Fund custodians due to differences in the timing on posting transactions, accounting procedures, or due to the Adviser's reported values for those securities.

Manager-derived values (As noted in the Funds financial statements)

With respect to CMBS bonds, the Adviser employs an extensive valuation method which includes gathering price inputs from a number of external sources including multiple trading relationships, third party pricing services, the pricing and trading of comparable bonds, and the Fund's custodian. These multiple data points are evaluated in conjunction with an underwritten cash flow to create a value for a given bond. Given the relative lack of liquidity in the CMBS bond market, we believe this multi-source comparative approach produces a less biased (more accurate) value than by relying exclusively on a single source. The Funds' auditor was involved in the creation of the Funds' valuation policies and concurs with the process. From time to time there will be differences between the values we determine and those indicated by the Funds' custodian. In all cases, we will rely on the values produced by the current policy.

Item 16 – Investment Discretion

We generally receive and exercise discretionary authority to manage investments on behalf of Clients. As noted in Item 4 above, Clients impose limitations on this discretion through investment guidelines reflected in the Funds' limited partnership agreements.

We have established certain policies and procedures to govern our investment discretion. These policies address due diligence and investment level underwriting at the acquisition or origination of an investment, as well as the monitoring and management of held investments. In accordance with each Funds' partnership agreements, the board of each general partnership entity has appointed an investment committee which is responsible for the investment activities of the Funds. The investment committee shall 1) approve each investment, 2) approve each liquidity event (disposition), and 3) provide guidance on other matters brought before it by the general partner of each Fund. Investment committee approval generally requires a majority of its members.

Item 17 – Voting Client Securities

Adviser does not purchase, on behalf of any of its clients, any securities as to which the holder thereof has voting rights. If any such securities are acquired in the future, Adviser will vote in a manner that serves the best interests of the Client.

Item 18 – Financial Information

Form ADV Part 2 requires investment advisers such as Adviser to disclose any financial condition reasonably likely to impair the ability to meet contractual commitments to clients. At this time, we have no information to report that is applicable to this item.