



Piper Jaffray Investment Management LLC

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Form ADV Part 2 - Disclosure Brochure

Senior Living Investment Strategy

March 30, 2014

This Brochure provides information about the qualifications and business practices of Piper Jaffray Investment Management LLC ("PJIM"). If you have any questions about the contents of this Brochure, please contact us at 612-303-6000. 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.

PJIM is a registered investment adviser. Registration of an Investment Adviser does not imply any particular level of skill or training. Additional information about PJIM also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Item is intended to discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes since our last update of our brochure which was November 19, 2013. There have been no material changes.

A new Brochure will be provided and/or made available to you as necessary based on changes or new information, without charge.

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Item 4 – Advisory Business

This disclosure document deals solely with the Piper Jaffray Senior Living investment strategy (the “Senior Living Strategy”). This document provides information about Piper Jaffray Investment Management LLC (“PJIM”) and its Senior Living Strategy that should be considered before investing in the Senior Living Strategy.

General Information and Investment Advisory Services Relating to Senior Living Strategy

PJIM is a Delaware limited liability company that was organized in 2008. PJIM is an indirect wholly-owned subsidiary of Piper Jaffray Companies (together, with its affiliates, “Piper Jaffray”), a public company listed on the New York Stock Exchange (symbol: PJC). Piper Jaffray began offering its Senior Living Strategy to investors in 2013.

PJIM’s Senior Living Strategy is principally focused on providing investment advisory services to one or more pooled investment vehicles (“Funds”) that are offered via private placements and organized to make private investments in senior living facilities with a plan towards liquidity. The sole Fund employing the Senior Living Strategy that is currently being offered is Piper Jaffray Senior Living Fund I, L.P. (“Fund I”). Fund I seeks to generate returns by providing Phase II seed capital loans to U.S. senior living housing developments.

PJIM serves as investment adviser to each Fund. Piper Jaffray Senior Living LLC, an affiliate of PJIM, serves as the General Partner of Fund I (hereafter, the “General Partner”). References to PJIM in this Brochure include, as the context requires, affiliates through which PJIM provides investment advisory services or that act in any capacity referenced in the previous sentence.

PJIM tailors its advisory services to the specific investment objectives and restrictions of each Fund set forth in such Fund’s limited partnership agreement and investment management agreement. Investors and prospective investors of each Fund should refer to the confidential private placement memorandum, limited partnership agreement, subscription agreement, investment management agreement and/or other governing documents (collectively, the “Governing Documents”) of the applicable Fund for complete information on the investment objectives and investment restrictions with respect to such Fund. There is no assurance that any Fund’s investment objectives will be achieved.

The General Partner has delegated investment authority to PJIM, but retains day-to-day oversight functions with respect to the investment program of the Fund. The General Partner will receive a portion of distributions attributable to portfolio investments, which are referred to as carried interest distributions. Please refer to Item 6 below and the Governing Documents of Fund I for more complete information on the General Partner.

In accordance with common industry practice, one or more of the Funds and/or their general partners may enter into “side letters” or similar agreements with certain investors pursuant to which the general partner grants the investor specific rights, benefits, or privileges that are not made available to investors generally.

Assets Under Management

PJIM manages all client assets on a discretionary basis in accordance with the terms of each client’s governing documents. As of December 31, 2013, PJIM had \$824.9 million in discretionary assets under management across the various investment strategies employed by PJIM on behalf of its clients. This includes committed but uncalled capital of the investors.

Additional Information Relating to Piper Jaffray Investment Management LLC

In addition to managing the Senior Living Strategy, PJIM, together with its affiliate, Piper Jaffray & Co. (“PJ&Co.”, and collectively “Piper Jaffray”), also offers the Piper Jaffray Multi-Strategy Advisory Program, sub-advised by Sage Advisory Services, Ltd Co., SNW Asset Management, and Stone Ridge Investment Partners, LLC. PJIM also offers a Piper Jaffray Municipal Opportunities Strategy through the Piper Jaffray Municipal Opportunities Fund, LP. PJIM separate brochures regarding the Multi-Strategy Advisory Program and Municipal Opportunities Strategy are available upon request by contacting the Chief Compliance Officer at 612-303-6359.

PJ&Co. is a full-service brokerage and financial services firm and is registered as a broker-dealer with the Securities and Exchange Commission (“SEC”). PJ&Co. is also a member of FINRA, various exchanges, the Securities Investor Protection Corporation (“SIPC”) and other financial services related organizations.

PJ&Co.’s broker-dealer activities are its principal business and account for the vast majority of its time, energies and resources.

PJ&Co.’s corporate headquarters are located at 800 Nicollet Mall, Minneapolis, Minnesota 55402. PJ&Co. services its clients from numerous branch offices located throughout the United States.

PJ&Co. has affiliated investment advisory companies, PJIM, PJC Capital Partners LLC and Advisory Research, Inc. PJIM is an SEC-registered investment adviser providing investment advisory services for individuals, corporations, public entities, foundations, and endowments. PJC Capital Partners LLC is an SEC-registered investment adviser providing advisory services to private funds. Advisory Research, Inc. is an SEC-registered investment adviser providing services to institutional and high-net worth investors. PJ&Co. solicits clients for PJIM’s, PJC Capital Partners and Advisory Research Inc.’s

advisory services and may receive a referral fee as a result of those solicitations.

PJ&Co., PJC Capital Partners, Advisory Research, Inc. and PJIM are wholly owned subsidiaries of Piper Jaffray Companies, a financial holding company, publicly traded on the NYSE under the symbol PJC.

Item 5 – Fees and Compensation

All investors and prospective investors should review the Governing Documents of each Fund in conjunction with this Brochure for complete information on the fees and compensation payable in connection with a particular Fund. Different Funds may be subject to different management fees and performance-based compensation arrangements. Investors and prospective investors in each Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.

With respect to Fund I, as described in Fund I's Governing Documents, PJIM or an affiliate thereof receives an annual management fee equal to the sum of (i) 0.5% of unfunded Capital Commitments, and (2) 2.0% of Actively Invested Capital. A Fund I investor's share of "Actively Invested Capital" generally is based on the aggregate cost basis of all investments made by Fund I (excluding investments written off as worthless). In addition, after all investors have received aggregate distributions in an amount equal to their aggregate capital contributions, subject to certain adjustments, such investors will receive 80% of the net realized profits attributable to each Fund I portfolio investment and an affiliate of PJIM will receive 20% of the net realized profits so attributable.

Management Fees payable by investors in a Fund may, in certain circumstances, be negotiated. Some investors may pay higher or lower management fees with respect to their investment in a Fund depending on various considerations, including but not limited to:

- The size of the investor's capital commitment to such Fund;
- The amount of time the investor has invested in one or more strategies offered by PJIM;
- The total amount of the investor's assets under management with PJIM.

Deduction of Fees; Timing of Payments; Termination

As a general matter, PJIM will charge and deduct advisory fees directly from each Fund pursuant to the terms of the Fund's Governing Documents. Such advisory fees will take the form of, and be limited to, the management fee described above.

Payments of advisory fees are generally made quarterly in advance and in accordance with the terms of a Fund's Governing Documents. Please refer to the Governing Documents of each Fund for complete information on the timing of advisory fee payments.

Upon termination of an investment management agreement with respect to a Fund, any prepaid, unearned fees will be promptly refunded to the Fund (determined on a pro rata basis based on the number of days elapsed in the applicable payment period), and any earned, unpaid fees will be due and payable by the Fund.

Other Fees and Expenses

In addition to the fees payable to PJIM and its affiliated entities, each Fund (and therefore, indirectly, the limited partners of such Fund) may incur certain charges imposed by third parties and other expenses as set forth in the Governing Documents attributable to such Fund. Such expenses may include (but are not limited to): legal, auditing, accounting and custodian fees and expenses; expenses associated with the applicable Fund's financial statements, tax returns and Schedules K-1; expenses related to annual meetings of the Fund's investors; expenses of the Fund's advisory committee attributable to the Fund; consulting; insurance; other expenses associated with the sourcing, holding and disposition of Fund investments, including the costs of unconsummated investments and extraordinary expenses (such as litigation, if any); any taxes, fees or other governmental charges levied against the Fund and travel (to the extent related to the investigation of identified investments or potential investment transactions or monitoring of portfolio companies (to the extent not reimbursed)) and other similar fees and expenses.

The types of such other fees and expenses incurred may vary from Fund to Fund. All investors and prospective investors should review the Governing Documents of the applicable Fund in conjunction with this Brochure for complete information on the charges and expenses payable with respect to a particular Fund.

Item 12 of this Brochure describes the factors PJIM considers in selecting or recommending broker-dealers on behalf of the Funds and determining the reasonableness of their compensation.

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

All Funds are subject to performance-based compensation arrangements. The general partner of each Fund will typically receive certain allocations calculated and charged based on a share of appreciation of the assets of each such Fund, and this is true with respect to the General Partner of Fund I. Such "carried interest" allocation arrangements comply with Rule 205-3 under the Investment Advisers Act of 1940 (together with all rules and regulations promulgated thereunder, the "Advisers Act") to the

extent required by the Advisers Act. Any share of profits allocated or distributed to a general partner or affiliate of a Fund is separate and distinct from the advisory fees charged by PJIM to such Fund for investment advisory services.

Performance based fee arrangements may create an incentive for PJIM to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive, in the allocation of investment opportunities, to favor higher performance fee paying Funds over lower performance fee paying Funds following similar investment strategies. To mitigate such potential conflicts of interest, the allocation of commitments and investment decisions with respect to each Fund will be made by PJIM with respect to all Funds in accordance with PJIM's investment allocation policy, which will take into account multiple criteria, including: (i) differences with respect to available capital, Fund size, minimum investment size, liquidity requirements, and remaining investment period; (ii) differences with respect to investment objectives or current investment strategies, such as (a) objectives or strategies regarding current and total return requirements, (b) emphasis on or limitation with respect to the investment or type of investment in question, (c) diversification of exposure to asset class, geography, or industry type; (iii) differences in risk profile at the time the investment opportunity becomes available; (iv) differences in the costs to each Fund to receive such allocation; (v) potential conflicts of interest; and (vi) current and anticipated market conditions.

Please refer to the Governing Documents of each Fund for complete information on the specific performance-based fee arrangements of each Fund.

PJIM has adopted written allocation policies for the Senior Living Strategy.

Item 7 – Types of Clients

PJIM provides Senior Living Strategy-related investment advice solely to the Funds, which are pooled investment vehicles generally offered to accredited investors and/or qualified purchasers pursuant to Section 3(c)(1) or 3(c)(7) of the Company Act. As a result, the Funds are not required to register as investment companies under the Company Act in reliance upon the exemptions available to the Funds pursuant to Section 3(c)(1) or 3(c)(7) of the Company Act. Investors in the Funds may include high net worth individuals, corporations, funds of funds, financial institutions, endowments, foundations, trusts, estates and public and private pension and profit sharing plans.

PJIM and/or its affiliates may establish certain alternative investment vehicles, parallel funds and/or special purpose vehicles (collectively, "AIVs") for the purpose of addressing tax, regulatory and/or

structural issues, and/or facilitating certain investments by one or more Funds and/or investors. Prospective investors should refer to the Governing Documents of the applicable Fund for complete details on any AIV that may be established by such Fund and such Fund's ability to make investments through AIVs.

In general, the minimum investment commitment required of an investor to participate in a Fund is \$250,000. Notwithstanding the foregoing, PJIM and/or the general partner of each Fund has discretion to increase or reduce the minimum investment commitment. Investors are requested to refer to the Governing Documents of each Fund for complete information on minimum investment requirements for participation in a particular Fund.

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

Methods of Analysis

Fund I's Senior Living Strategy is to identify attractive investments in senior living facilities where Piper Jaffray has expertise.

The General Partner's investment process is centered around the depth of its investment team's experience in municipal finance and investing in real estate and senior living facilities. When identifying prospective Fund investments, investing and exiting investments, the General Partner will utilize the real estate and senior living facility knowledge of the Piper Jaffray public finance team and the Investment Committee.

The General Partner will conduct due diligence on potential investments utilizing both Piper Jaffray and the Investment Committee's resources and experience. Once the due diligence is completed and the General Partner determines it wants to proceed, it will submit a formal recommendation to the Investment Committee. The Fund will only make an investment if such investment is unanimously approved by voting members of the Investment Committee. Similarly, the Fund will dispose of an investment only if such disposition is unanimously approved by voting members of the Investment Committee. The Investment Committee will typically invest with the expectation of a 24 to 36 month investment horizon.

Investment Strategies

The Senior Living Strategy seeks to generate attractive returns by providing Phase II seed capital loans to U.S. senior living projects, including start-up Continuing Care Retirement Communities ("CCRCs") and substantial repositioning of existing CCRC campuses (collectively, "Portfolio Investments"). Phase II development processes involve a variety of development and marketing activities leading to the point where the financing market will advance construction financing, permanent financing and various operating reserves.

When identifying prospective Fund investments, PJIM expects to primarily leverage the various investment bankers that operate on the Piper Jaffray platform. The Funds will, however, not be limited to investing in senior living projects sourced from Piper Jaffray banking sources. PJIM may also utilize sources outside of the Piper Jaffray network.

As part of the due diligence and investment process for selecting investments for Fund I, PJIM's senior living team will work closely with the relevant Piper Jaffray investment bankers and research analysts with respect to investment opportunities. PJIM's senior living team conducts a due diligence investigation of the senior living projects' historical and projected performance, management capabilities and other industry and company specific factors in order to assess the senior living projects relative strengths and weaknesses. Also, time and resources are spent evaluating the sponsor of the CCRC. The General Partner intends to enter into a sourcing arrangement, on behalf of the Fund, with Piper Jaffray Lending, pursuant to which Piper Jaffray Lending, through its relationship with Piper Jaffray & Co., is expected to identify suitable debt transactions for the Fund in exchange for certain loan sourcing fees. Once due diligence is completed and PJIM determines that it wants to proceed with a Fund investment, it will present the opportunity to PJIM's Senior Living Investment Committee for its final review.

Material Risks Associated with the Senior Living Strategy

Risks Associated with the Fund's Investments

Risk of Borrower Default

The return of principal of the Fund's loans will depend in large part on the creditworthiness and financial strength of the borrowers of such loans. The General Partner intends to monitor on an ongoing basis the creditworthiness of borrowers of loans in which the Fund will invest. If there is a default by the borrower under any of the Fund's loans, the General Partner may under some circumstances have contractual remedies pursuant to the loan agreements, including possibly the sale of collateral. However, exercising such contractual rights may involve delays or costs, and any available collateral may prove to be unsaleable or saleable only at a price less than the loan amount, which could result in a loss to the Fund. A default by the borrower under any of the Fund's loans may result in the Fund being unable to liquidate such loans prior to the termination of the Fund, and such loans may end up being restructured on terms that might result in the Fund being unable to liquidate such loans prior to the termination of the Fund. As a result, upon the termination of the Fund, the Limited Partners may receive in-kind distributions in respect of such loans.

Risks of Investments in CCRCs

Investments in Phase II seed capital loans made to CCRCs are subject to general real estate investment risks, including adverse changes in national or international economic conditions, adverse local market conditions, the financial condition of residents, market demand, access to suitable debt financing, reliance on contract vendors to fulfill their obligations, changes in real estate tax rates and other operating expenses, reliance on actuarial assumptions affecting CCRCs that may change over the expected term of the Fund, rigorous regulatory and zoning requirements, existing environmental laws or regulations and adverse changes thereto, governmental rules and fiscal policies, energy and supply shortages, changes in the relative popularity of CCRC properties as an investment, risks and operating problems arising out of the presence of certain construction materials, as well as acts of God, uninsured losses and other factors that are beyond the control of the General Partner. There can be no assurance that the internal rates of return and cash returns projected by the Fund will be realized with respect to any particular investment.

Investments in Phase II seed capital loans made to CCRCs are also subject to risks particular to CCRCs including low pre-sale levels caused by economics shocks/project competition/local demand, dated campuses & facilities, delays in project development, failure to meet construction timeline, rising operating costs, competition from other facilities and changes to healthcare marketplace or regulation, refund provisions and accounting changes to refund provisions implemented by regulators, revenues constrained by market limitations, poor actuarial analysis in contract pricing, unproven or overleveraged operators, and capital markets not available at the time of construction take-out.

Because there is no assurance that actual events will correspond with the assumptions made, there cannot be any representation or guarantee that the financial forecast will correspond with the results actually achieved in the future. Actual operating results may be affected by many uncontrollable factors, including but not limited to, changes in employee relations, increased taxes, governmental legislation, changes in applicable governmental regulations and the U.S. Tax Code, changes in Medicare reimbursement programs, changes in demographic trends, living and health care industries, changes in general economic conditions, changes in the general housing market including interest rate cycles whereby pending CCRC residents are delayed in selling their homes or condominiums, changes in management and increased inflation, all of which could result in changes in, or failure to execute, management's forecasted plans and result in increased costs and/or lower than anticipated revenues.

Unexpected Regulatory Compliance Costs

The CCRC properties will be subject to various regulations from federal, state and local authorities. The health care industry is highly regulated by federal, state and local licensing requirements, facility inspections, reimbursement policies, regulations concerning capital and other expenditures, certification requirements and other laws, regulations and rules. Examples of regulatory changes that could cause unexpected compliance costs including construction and retrofit requirements to protect

against perceived safety and health hazards, or to permit use by defined segments of the public, zoning changes that limit the use of properties, or local impact fees and assessments, as well as the unintended consequences of laws intended to protect against predatory lending or new tax accounting rules. If the General Partner fails to comply with these regulations, it could result in a fine and the award of damages to private plaintiffs. If it took a significant amount of money to bring a property into compliance, the General Partner could be unable to recover the Fund's costs.

Regulation in the Healthcare Industry

The healthcare industry is highly regulated by federal, state and local laws, and is directly affected by federal conditions of participation, state licensing requirements, facility inspections, state and federal reimbursement policies, regulations concerning capital and other expenditures, certification requirements and other such laws, regulations and rules. In addition, transfers of operations of healthcare facilities are subject to regulatory approvals not required for transfers of other types of commercial operations and real estate. Sanctions for failure to comply with these regulations and laws include, but are not limited to, loss of licensure, fines and loss of certification to participate in Medicare programs, as well as potential criminal penalties. The failure of any of the CCRC properties to comply with such laws, requirements and regulations could affect its ability to continue its operation and could have a material adverse effect on the Fund's financial condition and results of operations and could negatively affect the General Partner's ability to make distributions to the Limited Partners.

Development and Redevelopment Projects

The Fund will primarily invest in loans associated with properties undergoing repositioning, development or redevelopment. To the extent that an underlying property engages in these activities, the Fund's investment will be subject to additional risks, including that (i) the property may be unable to obtain additional necessary financing, (ii) the development activities may not be completed on schedule or within budgeted amounts, (iii) the property may encounter delays or refusals in obtaining any necessary zoning, land use, building and other required governmental permits and authorizations, (iv) occupancy rates and lease income at a newly developed or redeveloped property may fluctuate depending on a number of factors, including market and economic conditions, any of which may result in the Fund's investment not being profitable, (v) the failure of the CCRC to enter into sufficient Residence and Care Agreements, (vi) escalation in the costs of building and operating CCRCs or other construction expenditures that may be undertaken, (vii) changes in demand for facilities similar to those provided by the Fund, (viii) fluctuations in public confidence both in a CCRC project and the services it will provide, (ix) changes in government licensing procedures, regulation and competition, and (x) changes in the rules and guidelines governing reimbursement for health care by third party payors.

State Certificate of Need Laws

Certain healthcare facilities in which the Fund invests may also be subject to state laws which require regulatory approval in the form of a certificate of need prior to initiation of certain projects, including, but not limited to, the establishment of new or replacement facilities, the addition of skilled nursing beds, the addition or expansion of services and certain capital expenditures. State certificate of need laws are not uniform throughout the United States and are subject to change. The General Partner cannot predict the impact of state certificate of need laws on the Fund's development of facilities or the operations of the CCRC properties. In addition, in limited circumstances, loss of state licensure or certification could result in loss of authority to operate a skilled nursing facility and require a new certificate of need authorization to re-institute operations.

Competition

The Fund's CCRC investments will face competition from similar facilities operating and under construction in or near its market area, from other residential facilities for older adults and from existing facilities offering custodial, intermediate and skilled nursing care. Additional competition may be faced in the future as a result of the construction of new, or the renovation or expansion of existing, housing and nursing care facilities for elderly persons in the area served, as well as in the area beyond the primary market of a CCRC.

Nature of the Fund's Investments, Business and Market Risk

A portion of the Fund's investments may be in investments that by their nature involve business, financial, market and/or legal risks. While such investments offer the opportunity for attractive investment gains, they also may result in substantial losses. There can be no assurance that the General Partner will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the investments may be volatile, and a variety of other factors and catastrophic events that are inherently difficult to predict, such as fires, hurricanes, earthquakes, adverse weather conditions, changes in law, eminent domain, epidemics and/or domestic or international economic and political developments may significantly affect the results of the Fund's activities, including the risk of war and the effects of terrorist attacks.

Competition for Suitable Investments

The activity of identifying, completing and realizing attractive investment opportunities in general is competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. The Fund may encounter competition from other similarly focused funds formed before or after the establishment of the Fund. Potential competitors also include other investment partnerships and corporations, investment and merchant banks, business development companies, strategic industry acquirers and other financial investors investing directly or through affiliates. Some of these competitors may have more relevant experience, greater financial resources and more personnel than the General Partner or its affiliates. It is possible that competition for appropriate investment opportunities may increase, which could negatively impact the Fund's ability to consummate investments and adversely affect the terms upon which investments can be made. There can be no assurance that the General Partner will be able to locate and consummate investments that satisfy the Fund's rate of return objectives or realize their values or that it will be able to invest fully its aggregate Capital Commitments. To the extent that the General Partner encounters competition for investments or cannot locate suitable opportunities, returns from the Fund to Limited Partners may decrease.

Portfolio Concentration

Although the Partnership Agreement may restrict the amount that the Fund may invest in any single portfolio investment, diversification is not an objective of the Fund. The Fund's portfolio may include a small number of large positions. Furthermore, to the extent that the capital raised for the Fund is less than the targeted amount, the Fund may invest in fewer portfolio investments and thus be less diversified. If the Fund's investments are concentrated in a few portfolio investments, any adverse change in one or more portfolio investments could have a material adverse effect on the Fund's investments. Therefore, while this portfolio concentration may enhance total returns to the Partners, if any large position has a material loss, returns to Partners may be lower than if they had invested in a more diversified portfolio.

Illiquidity of Fund Investments

The Fund's investment portfolio is expected to consist principally or entirely of loans to non-public and unrated entities. Little or no secondary market may exist for such loans, particularly in periods of

market stress. As a result, the Fund expects to hold its loans to maturity, with the exception of certain expected sales to co-investors and/or to other third parties.

Uncertainty of Financial Projections

Financial and other information concerning the Fund's investments and the assets underlying such investments may only be available, if at all, through certain sources, including the investments themselves and there may be no consistent means of confirming the accuracy of such information. It may also be impractical or undesirable to carry out comprehensive due diligence before an investment is acquired. The investments and the assets underlying such investments may have little or no previous credit histories. The inaccuracy of certain assumptions and general economic conditions, which are unpredictable, can have a materially adverse impact on the reliability of such projections. Therefore, there can be no assurance that the projected results regarding any particular investment will be obtained, and actual results may vary significantly from such projections. To the extent that projections prove to be incorrect, Fund revenues will suffer.

Reliance on Portfolio Investment Management

The Fund will generally hold non-controlling interests in its portfolio assets and generally will not have an active role in the day-to-day management of such assets or the real estate properties underlying such assets. The success or failure of the Fund's portfolio investments will depend to a significant extent on their management. There is no assurance that such management will produce favorable results or will remain with the portfolio assets or the real estate properties underlying such assets during the term of the Fund's investment.

General Risks of Investing in Debt Secured by Real Estate

A portion of the Fund's investments may be in debt secured, directly or indirectly, by real estate. Investments in debt secured, directly or indirectly, by real estate are subject to various risks, including without limitation: (i) the cyclical nature of the real estate market and changes in national or local economic or market conditions; (ii) the financial condition of tenants, buyers and sellers of properties; (iii) changes in supply of, or demand for, properties in an area; (iv) various forms of competition; (v) fluctuations in lease rates; (vi) changes in interest rates and in the availability, cost and terms of financing; (vii) promulgation and enforcement of governmental regulations, including rules relating to zoning, land use and environmental protection; (viii) changes in real estate tax rates, energy prices and other operating expenses; (ix) risks due to leverage and dependence on cash flow; (x) changes in applicable laws; (xi) various uninsured or uninsurable risks and losses; (xii) acts of God and natural disasters; and (xiii) civil unrest, acts of war or terrorism. The marketability and value of the Fund's investments, and the revenues generated by such investments, will depend on many of these factors, which are beyond the control of the Fund and the General Partner. In addition, real estate investments are relatively illiquid and may subject the owner to various liabilities typical of real estate generally. Dispositions of investments may also be subject to limitations on transfer or other restrictions that would interfere with the subsequent sale of such investments or adversely affect the terms that could be obtained upon disposition thereof.

Credit and Interest Rate Risk

The Fund will invest in debt instruments, which are subject to credit and interest rate risks. "Credit

risk” refers to the likelihood that an issuer will default in the payment of principal and/or interest on a debt instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument. “Interest rate risk” refers to the risks associated with market changes in interest rates. Interest rate changes may negatively affect the value of a debt instrument directly (especially in the case of instruments whose rates are adjustable) and indirectly (especially in the case of fixed rate securities). Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

Investments with Third Parties

The Fund is permitted to co-invest with third parties through joint ventures or other entities, including with private equity funds sponsored by others. The co-investment commitment to a portfolio investment may be substantial. Such investments may involve risks not present in investments where third parties are not involved, including the possibility that a co-venturer of the Fund may experience financial, legal or regulatory difficulties, may at any time have economic or business interests or goals which are inconsistent with those of the Fund, may take a different view from the General Partner’s as to the appropriate strategy for an investment or disposition of an investment, or may be in a position to take action contrary to the Fund’s investment objectives. In addition, the Fund may in certain circumstances be liable for the actions of its third party co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to the investment, including incentive compensation arrangements. Some of the third parties or joint venture partners with which the Fund may co-invest may have pre-existing investments with target portfolio investments, and the terms of such pre-existing investments may differ from the terms upon which the Fund invests in such portfolio investments.

Investments Longer than Term

The Fund may invest in investments that may not be advantageously disposed of prior to the date that the Fund will be wound-up and dissolved, either by expiration of the Fund’s term or otherwise. Although the General Partner generally expects that investments will be either disposed of prior to dissolution or suitable for in-kind distribution at dissolution, the Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution, particularly with respect to an early dissolution of the Fund in accordance with the Partnership Agreement.

Availability of Insurance Against Certain Catastrophic Losses

There are certain types and magnitudes of losses that are not generally insured because it is not economically feasible to insure against such losses, or other losses that may not be insured or may be insured only subject to certain limitations, including large deductibles or co-payments. Such losses could include, without limitation, those due to riots, acts of war or seismic activity. Additionally, the Fund may have little or no ability to provide that the assets underlying its investments are insured. Should an uninsured loss or a loss in excess of insured limits occur with respect to one or more of the Fund’s investments, the Fund could lose its invested capital as well as the anticipated future revenue

from such investments. Any such liability could adversely affect the financial condition, results of operations and the cash flow of the Fund.

Effect of Bankruptcy, Reorganizations and Restructurings

The Fund may make loans to CCRCs that become involved in bankruptcy proceedings or restructurings or that experience financial difficulties. A bankruptcy filing may adversely and permanently impact the value of a CCRC and can involve very high administrative costs that may impair the value of the entity.

There are many significant risks inherent in the bankruptcy process, including, for example, the potentially harmful effects of litigation between the creditors and the debtor, the duration of the bankruptcy proceeding, and the tangible and intangible costs to the debtor, including the potential adverse affects on personnel and business relationships and operations. The CCRC may lose its market position and key employees and otherwise become incapable of restructuring itself as a viable entity. If the bankruptcy proceeding is converted to a liquidation, the liquidation value of the company may not be equal to the liquidation value that was believed to exist at the time of the investment. The duration of bankruptcy proceedings is difficult to predict. A creditor's return on the investment can be adversely affected by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court and until it ultimately becomes effective. The administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors. If a proceeding involves protracted or difficult litigation, or turns into a liquidation, substantial assets may be devoted to administrative costs.

Risks Associated with Foreclosure on Secured Loans

It is possible that the General Partner may find it necessary or desirable to foreclose on collateral securing one or more loans purchased or originated by the Fund. The foreclosure process can be lengthy and expensive. A foreclosure action may be subject to delays and additional expenses if defenses or counterclaims are interposed, and may require several years to complete. Moreover, a non-collusive, regularly conducted foreclosure sale may be subject to various challenges under bankruptcy and other applicable law. Similarly, a suit against a borrower on a note may take several years and, generally, is a remedy alternative to foreclosure, so that the Fund may be precluded from pursuing both foreclosure and an action on a note simultaneously. Furthermore, foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property. In the event of a foreclosure, the Fund may assume direct ownership of the underlying asset. The liquidation proceeds received upon the sale of any such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss to the Fund. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.

Environmental Risks

No environmental study can guarantee that the Fund will be aware of all contamination at any particular property or the potential costs of removal, management or remediation, either because such conditions were latent or because of changes in laws and regulations. Such laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous

or toxic substances. The cost of investigation, remediation, removal or management of such substances may be substantial, and the presence of such substances or the failure to properly remediate the contamination on the property may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. In addition, some environmental laws can create liens on contaminated sites in favor of the government for damages and costs it incurs in connection with the contamination. Finally, the owner of a site may be subject to common law claims by third parties based on damages and costs resulting from the environmental contamination. The existence of any such material environmental liability could have a material adverse effect on the results of operations and cash flow of any such portfolio entity. As a result, the Fund's investment performance could suffer substantially.

Fraudulent Conveyance Considerations

Various federal and state laws enacted for the protection of creditors may apply to the Fund's investments. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of a borrower, such as a trustee in bankruptcy or the borrower as debtor-in-possession, were to find that (a) the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and granting any security interest or other lien securing such investment and (b) after giving effect to such indebtedness, the borrower either (i) was insolvent, (ii) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, then such court could invalidate, in whole or in part, such indebtedness and any security interests or other lien securing such investment as fraudulent conveyances, could subordinate such indebtedness to existing or future creditors of the borrower or could recover amounts previously paid by the borrowers (including to the Fund) in satisfaction of such indebtedness or amounts representing proceeds of such security interest or other liens previously applied in satisfaction of such indebtedness. In addition, upon any insolvency of a portfolio asset, payments made on the asset could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year) before such insolvency. There can be no assurance as to what standard a court would apply in order to determine whether a borrower was insolvent after giving effect to the particular indebtedness or that, regardless of the method of evaluation, a court would not determine that the borrower was "insolvent" upon giving effect to such indebtedness.

In general, if payments on an investment are voidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient (such as the Fund) or from subsequent transferees of such payments, including the Limited Partners. Accordingly, there can be no assurance as to the timing or amount of return of capital, if any, to Limited Partners in the Fund.

Risks Associated with an Investment in the Fund

Illiquidity of Investments

An investment in the Fund requires a long-term commitment with no certainty of return. It is unlikely there will be near-term cash flow available to the Limited Partners. Many of the Fund's investments may be illiquid. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by the Fund. Dispositions of investments

may be subject to contractual and other limitations on transfer or other restrictions. There can be no assurance that the Fund will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the Partners. There can be no assurance that private purchasers can be found for the Fund's investments.

Lack of Operating History; Investment Performance

The Fund has not commenced operations and therefore has no operating history upon which prospective investors may evaluate its performance. The Fund and the General Partner are newly-formed entities with no operating history and there can be no assurance that they will be able to successfully implement the investing objectives of the Fund. Although the investment team has prior experience relating to the acquisition and financing of investments similar to those to be made by the Fund, there can be no assurance that the Fund's investments will perform as well as the past investments of the Investment Team and their respective principals, officers or employees or that the Fund will be able to avoid losses.

No Assurance of Investment Return

The General Partner cannot provide assurance that it will be able to choose, make and/or realize investments in any particular investment or portfolio of investments. The Fund's primary focus in making investments differs from those of other private funds that have been managed by Piper Jaffray. Investors in the Fund are not acquiring an interest in Piper Jaffray or other funds managed by Piper Jaffray. The General Partner cannot assure investors that it will replicate any historical performance of any other funds, and the Fund's investment returns could be substantially lower than the returns achieved by other funds managed by Piper Jaffray. There is no assurance that the Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the types of investments and transactions described herein. The marketability and value of any such investment will depend upon many factors beyond the control of the Fund. The expenses of the Fund may exceed its income. The Fund will bear the expenses of transactions that are not consummated. As a result, the Fund could incur a substantial cost with no opportunity for a return. A Limited Partner could lose the entire amount of its contributed capital, and therefore an investor should only invest in the Fund if the investor can withstand a total loss of its investment.

Dependence on Key Personnel

The Fund is highly dependent on the diligence, skill and network of business contacts of the members of the Investment Committee, officers and employees of Piper Jaffray and King Capital and their respective affiliates and the information and deal flow generated by such professionals in the course of their investment and portfolio management activities. The Fund's future success will depend on the continued service of these investment professionals. The departure of one or more of the members of the Investment Committee could have a material adverse effect on the Fund's ability to achieve its investment objectives. There can be no assurance that these professionals will continue to be associated with the General Partner or any of its affiliates throughout the life of the Fund. Moreover, the expertise of these professionals is not a predictor as to whether they will be able to successfully implement the Fund's investment strategy.

The members of the Investment Committee may spend a substantial portion of their time on matters other than or only tangentially related to the Fund, including, without limitation, matters related to prior and/or successor investment vehicles and their underlying investments. As a result, the performance by these individuals of their obligations to such other entities could conflict with their responsibilities to the Fund.

Inability to Derive Expected Benefits of Piper Jaffray Platform

The success of the Fund may be in part dependent upon the synergies that are expected to exist between the experience and capabilities of the Investment Committee and the effective utilization of the resources, relationships and activities inherent in Piper Jaffray's global investment platform. There is no guarantee that such synergies will exist, be maximized or continue undiminished throughout the entire life of the Fund. In addition, there can be no guarantee that Piper Jaffray investment professionals will be properly incentivized to generate investment opportunities for, or otherwise assist, the Fund to the extent anticipated.

Limitations on Limited Liability of Limited Partners

The Fund will be established as a limited partnership. Accordingly, subject to compliance with applicable law in respect of the relevant limited liability protections afforded by such applicable law to limited partners, a Limited Partner will not be personally liable for the debts of the Fund except that the Limited Partners may, under applicable law, be obligated to repay amounts previously received by them to the extent such amounts are deemed to have been wrongfully distributed to them or distributed to them in circumstances which, by operation of applicable law, cause them to be repayable. In addition, Limited Partners may be obligated, pursuant to the provisions of the Partnership Agreement, to repay certain amounts previously received by them from the Fund.

Failure to Fund Commitments; Consequences of Default

The Fund's investments in portfolio investments will require capital calls of Limited Partners over an extended period of time. If Limited Partners fail to fund their Capital Commitment obligations when due, the Fund's ability to complete its investment program or otherwise to continue operations may be substantially impaired. A default by a substantial number of Limited Partners or by one or more Limited Partners who have made substantial Capital Commitments would limit opportunities for investment diversification and likely would reduce returns to the Fund. In addition, if the capital contributions made by non-defaulting Limited Partners and borrowings by the Fund are inadequate to cover the defaulted capital contribution, the Fund may be unable to pay its obligations when due. As a result, the Fund may be subjected to significant penalties including break-up fees for unconsummated transactions. In the event that a Limited Partner defaults, such Limited Partner may be subject to various penalties, including forfeiture of a portion of its Interest, as provided in the Partnership Agreement. Non-defaulting Limited Partners may be required to make additional contributions of capital if a Limited Partner defaults and the General Partner is unable to identify another investor.

Restrictions on Transfer; No Market for Limited Partner Interests

Interests will not be registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any other jurisdiction, and, therefore, cannot be sold unless such Interests are subsequently registered under the Securities Act and other applicable securities laws or an exemption

from registration is available. The Fund has no plans, and is under no obligation, to register the Interests in the Fund under the Securities Act or other securities laws. No market exists for the Interests, and none is expected to develop. A Limited Partner may not sell, assign or transfer any of its interests, rights or obligations with respect to its Interest to a third party without the prior written consent of the General Partner, which the General Partner may generally grant or withhold in its sole and absolute discretion. Further, a Limited Partner may not withdraw any amount from the Fund except under certain limited circumstances to comply with certain laws or regulations applicable to a Limited Partner. Consequently, a Limited Partner may not be able to liquidate its investment in the Fund and must be prepared to bear the risks of owning an Interest for an extended period of time.

No Right to Control the Fund's Operations

Limited Partners will have no opportunity to control the day-to-day operations of the Fund, including investment and disposition decisions. In order to safeguard their limited liability from the liabilities and obligations of the Fund, Limited Partners must rely entirely on the General Partner to conduct and manage the affairs of the Fund.

Voting Rights

Piper Jaffray will have at least a \$10 million Capital Commitment, which is expected to constitute 20% of all Capital Commitments. As a result, other Limited Partners will have a limited ability to influence the actions of the Fund through the voting provisions contained in the Partnership Agreement.

Misconduct of Employees and Third-Party Service Providers

Misconduct or misrepresentations by employees of Piper Jaffray or King Capital or by third-party service providers could cause significant losses to the Fund. Employee misconduct may include binding the Fund to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities, concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses) or making misrepresentations regarding any of the foregoing. Losses could also result from actions by third-party service providers, including, without limitation, failing to recognize transactions and misappropriating assets. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Fund's business prospects or future marketing activities. Despite the General Partner's due diligence efforts, misconduct and intentional misrepresentations may be undetected or not fully comprehended, thereby potentially undermining such due diligence efforts. As a result, no assurances can be given that the due diligence performed by the General Partner will identify or prevent any such misconduct.

Subsequent Closings

Limited Partners subscribing for Interests at Discretionary Subsequent Closings will participate in existing investments of the Fund, diluting the interest of existing Limited Partners therein. Although such Limited Partners will contribute their pro rata share of previously made Fund drawdowns (plus an additional amount thereon), there can be no assurance that such payment will reflect the fair value of the Fund's existing Portfolio Investments at the time such additional Limited Partners subscribe for Interests, as such Portfolio Investments may have appreciated or depreciated.

Contingent Liability on Disposition of Investments

In connection with the disposition of the Fund's investments, the Fund may be required to make representations about such investments typical of those made in connection with the sale of such assets. The Fund also may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate or with respect to certain potential liabilities. The obligations of the Fund would be payable from the assets of the Fund, including the unused Commitments of the Partners. If the assets of the Fund are insufficient to pay such obligations, the Limited Partners may be required to return distributions previously made to them in order to satisfy such obligations.

Exculpation and Indemnification

The Partnership Agreement will limit the circumstances under which the General Partner and others can be held liable to the Fund or the Limited Partners. As a result, Limited Partners may have a more limited right of action in certain cases than they would in the absence of such a limitation. In addition, the Fund will be required to indemnify Covered Persons for liabilities incurred in connection with the affairs of the Fund. See Section V - "*Summary of Principal Terms – Exculpation and Indemnification.*" Such liabilities may be material. The indemnification obligations of the Fund would be payable from the assets of the Fund, including the unused Capital Commitments of the Partners, and the Limited Partners may be required to return distributions previously made to them in order to satisfy such obligations.

Confidential Information

The Partnership Agreement will contain confidentiality provisions intended to protect proprietary and other information relating to the Fund and its portfolio investments. To the extent that such information is publicly disclosed, competitors of the Fund and/or its portfolio investments may benefit from such information, thereby adversely affecting the Fund, its portfolio investments, the General Partner and the economic interests of the Limited Partners. The Limited Partners may include entities that are subject to state public records or similar laws that may compel public disclosure of confidential information regarding the Fund, its investments and its Limited Partners. There can be no assurance that such information will not be disclosed either publicly or to regulators, or otherwise. To the extent that the General Partner determines that, as a result of such public records or similar laws, a Limited Partner or any of its affiliates or agents may be required to disclose information relating to the Fund, its affiliates and/or any portfolio investment (other than information that the General Partner has previously consented in writing that the Limited Partner may disclose), the General Partner may, in order to prevent any such potential disclosure, withhold all or any part of the information otherwise to be provided to such Limited Partner.

Effect of Fees and Expenses on Returns

The Fund will pay management fees and will bear the expenses related to its operations. Such fees and expenses are expected to reduce the actual returns to investors. Most of the fees and expenses will be paid regardless of whether the Fund produces positive investment returns. If the Fund does not produce significant positive investment returns, these fees and expenses could reduce the amount of the investment recovered by a Limited Partner to an amount less than the amount invested in the Fund by such Limited Partner.

Expedited Transactions

Investment analyses and decisions by the General Partner may be undertaken on an expedited basis in order for the Fund to take advantage of available investment opportunities. In such cases, the information available to the General Partner at the time of the investment decision may be limited, and the General Partner may not have access to the detailed information necessary for a thorough evaluation of the investment opportunity. Further, the General Partner may conduct their due diligence activities over a very brief period.

Indeterminate Size of the Fund

The Fund expects to raise \$50 million. However, an initial closing of the Fund may occur following receipt of capital commitments for a substantially smaller amount, and there can be no assurance that additional funds will be raised. If the size of the Fund is less than the anticipated \$50 million, fewer investments may be made by the Fund and the average size of investments may be reduced. This could increase the risk that the Fund may not attain its investment objectives.

U.S. Tax Risks

The Fund expects to be treated as a partnership for U.S. federal income tax purposes. Each Partner, in determining its U.S. federal income tax liability, will take into account its allocable share of income, gain, loss, deduction and credits of the Fund, without regard to whether it has received distributions from the Fund. Potential Partners are urged to review the private placement memorandum discussion under Section IX - "Certain Tax Considerations." The consequences to Partners of an investment in the Fund are complex. Accordingly, each prospective Partner is advised to consult its own tax counsel as to the specific tax consequences of an investment in the Fund.

See the private placement memorandum of each fund for additional risks of the Funds.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of PJIM or the integrity of PJIM's management. PJIM and its principals have not been the subject of any material legal proceeding required to be disclosed in response to this Item 9.

Item 10 – Other Financial Industry Activities and Affiliations

Piper Jaffray Companies (NYSE:PJC) is a leading, global middle market investment bank and asset management firm. Securities brokerage and investment banking services are offered in the United States through Piper Jaffray & Co., member SIPC and FINRA; in Europe through Piper Jaffray Ltd, authorised and regulated by the Financial Services Authority. Asset management products and services are offered through three separate investment advisory affiliates registered with the U.S. Securities and

Exchange Commission: Advisory Research, Inc.; Piper Jaffray Investment Management LLC and PJC Capital Partners LLC.

Relationships with Related Persons

As discussed in Item 11 below, PJIM and its related persons are, directly or indirectly, the general partners, limited partners and/or managing members of the general partner of each Fund. PJIM and its related persons may from time to time manage multiple Funds. As referenced above, PJIM related persons engaged in the Senior Living strategy are also employees of PJ&Co. This can create conflicts in the allocation of time, resources and investment opportunities among the Funds. Please refer to the Governing Documents of the relevant Fund for complete information on the requisite time commitments (if any) of PJIM and its related persons to the Funds and the allocation of investment opportunities among the Funds. Please also refer to the description of PJIM's investment allocation policy described in Item 6 above.

When identifying prospective Fund investments, PJIM expects to primarily leverage the various investment bankers that operate on the Piper Jaffray & Co. platform. Piper Jaffray may underwrite debt securities, loans or other debt instruments for Fund investments. In connection with such activities, Piper Jaffray may receive underwriting or other fees from or in connection with such investments. Piper Jaffray may also receive advisory or other fees from or in connection with such investments. Services for advisory fees may include, but are not limited to, general corporate financial advice, restructuring advice and merger and acquisition representation. The Fund would not share in any such fees received by Piper Jaffray & Co

From time to time in the future, certain Funds may hold or may acquire positions in senior living projects in which other Funds invest or have invested. Such investments may be coincident with or precede one another. Follow-on investments in which a Fund and one or more other Funds have invested may not necessarily be pro rata based on existing ownership in such investments. The Funds may have divergent interests with respect to exit strategies from such investments. To the extent that multiple Funds hold an interest in the same project, disposition opportunities with respect to that investment shall, to the extent practicable, be allocated among such Funds on a basis that is fair and equitable to each Fund as determined by PJIM taking into account all relevant facts and circumstances.

Piper Jaffray may provide financing, investment banking services or other services to third parties and receive fees or commissions in connection with transactions in which those third parties have interests that conflict with those of an investment of a Fund. Piper Jaffray may give advice to such third parties that may cause them to take actions adverse to a Fund or its investments. Without limiting the generality of the foregoing and for example, Piper Jaffray may represent a client seeking to acquire or invest in an investment of a Fund.

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

Code of Ethics

PJIM has adopted a Code of Ethics under Rule 204A-1 of the Advisers Act expressing PJIM's commitment to ethical conduct. PJIM's Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth, among other things, PJIM's practice of monitoring the personal securities transactions of supervised persons with access to client investment recommendations. Under PJIM's Code of Ethics, all supervised persons have a duty to act only in the best interests of the Funds and potential conflicts and violations of the Code of Ethics must be promptly reported to PJIM's Chief Compliance Officer ("CCO"). All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended. It is the expressed policy of PJIM that no person employed by PJIM shall prefer his or her own interest to that of a Fund or make personal investment decisions based on the investment decisions of the Funds.

To supervise compliance with its Code of Ethics, PJIM requires that anyone associated with its advisory practices with access to advisory recommendations provide annual securities holdings reports and quarterly brokerage statements (or equivalent quarterly transaction reports) to the CCO. PJIM requires such "access persons" to also receive approval from the CCO prior to investing in any initial public offerings or private placements.

In an effort to prevent inappropriate securities transactions by PJIM's personnel, Piper Jaffray Compliance maintains and makes available a list of restricted securities. Access persons are strictly prohibited from trading on their own behalf in restricted securities without obtaining prior written approval.

PJIM requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. PJIM also has a policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline or termination.

PJIM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the CCO at PJIM, 800 Nicollet Mall, Suite 1000, Minneapolis, MN 55402.

Participation or Interest in Client Transactions; Proprietary and Personal Trading

As general partners, limited partners and/or managing members of the general partners of each of the Funds, PJIM and its related persons have indirect beneficial interests in the securities owned by the Funds and will share in any profits and losses generated by the Funds' investments. Moreover,

investors should anticipate that, from time to time, PJIM and/or its related persons will, for its or their own personal accounts, buy or sell interests in the same portfolio companies recommended to, or held by, the Funds.

PJ&Co., in its capacity as a securities broker-dealer affiliated with PJIM, is routinely engaged in various securities transactions and trading activities for various clients which could create conflicts of interests.

As a full service broker-dealer, on an ongoing basis and as permitted by applicable law, PJ&Co. may when appropriate:

- Act as an investment banker to both corporate and financial sponsor clients
- Act as a principal, buy securities from, or sell securities to other clients
- Act as broker or agent, effect securities transactions for compensation for other clients,
- Act as a broker or agent for any person other than a client or effect transactions in which client securities are sold to or bought from a client,
- Recommend to clients that they buy or sell securities or investment products in which PJ&Co. or a related person has some financial interest, or
- Buy or sell for itself securities that it also recommends to clients.

PJIM may conduct internal cross transactions if the transactions are consistent with the investment objectives of, and in the best interest of, the clients involved. Please refer to the Fund private placement memorandum for additional information on conflicts.

In addition, in connection with selling investments by way of a public offering, Piper Jaffray may act as the managing underwriter or a member of the underwriting syndicate and purchase securities from the Fund or one of its investments. Such “principal transactions” will be fully disclosed and the written consent of the appropriate Fund will be obtained prior to the consummation of each such transaction in accordance with Section 206(3) of the Advisers Act.

In the normal course of its investment banking business, Piper Jaffray maintains client relationships with both clients and financial sponsor clients, as well as certain individuals who may currently serve, or have in the past served, as officers and directors of clients and financial sponsor clients. As a result and in furtherance of these relationships, Piper Jaffray’s investment bankers may be incented to present and advocate investment opportunities to the Funds that are in the best interests of their relationships and their investment banking business, and not in the best interest of the Funds.

While PJIM endeavors at all times to act in the best interests of the Funds, investors should be aware that the transactions described in this sub-section create a potential conflict of interest. All such

transactions are subject to compliance with Piper Jaffray's internal policies and procedures as well as PJIM's Code of Ethics as described above and the governing documents of the applicable Funds.

Item 12 – Brokerage Practices

Each Fund invests primarily in senior living project seed capital loans, although a Fund may acquire, sell or distribute securities on occasion. Subject to the investment objectives, policies and restrictions of each Fund, as set forth in such Fund's Governing Documents, PJIM will generally have discretionary authority to select the broker or dealer to be used to execute transactions in securities on behalf of the Funds and negotiate the price and any transaction fees to be paid.

In the limited instances where PJIM selects a broker-dealer to execute a trade, PJIM's primary consideration will be to obtain the most favorable net result for the Funds under the circumstances, which may not involve the best price or lowest possible transaction fees. In selecting broker-dealers to effect securities transactions, PJIM seeks to obtain best execution by considering factors including, but not limited to, the price and size of the order, the trading characteristics of the securities involved, the nature and quality of research provided by each broker, the broker's execution abilities, commission rates, clearance procedures and financial responsibility and responsiveness. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers. PJIM may, but is not required to, place trades on behalf of a Fund through PJ&Co. or other affiliated broker-dealers, subject to the best execution principles described above. In such selecting of affiliated broker-dealers, PJIM will not consider factors that benefit PJIM such as the referral of prospective investors and clients to PJIM.

Research and Soft Dollar Benefits

PJIM does not engage in soft dollar arrangements with respect to securities transactions for the Funds.

Brokerage and Client Referrals

PJIM does not consider referrals of investors to the Funds in determining its selection of broker dealers or other third parties.

Trade Aggregation

Although the PJIM Senior Living strategy does not contemplate frequent trading in securities, in such circumstances where more than one Fund is either selling (or buying) the same security, PJIM will combine the orders into one order and place one order with the executing broker-dealer if, in its good faith determination, joint execution would be consistent with its duty to seek best execution, consistent

with the terms of the participating Funds' Governing Documents, and otherwise in the best interest of the Funds.

Item 13 – Review of Accounts

PJIM will continuously monitor portfolio investments on behalf of the Funds. Investments are reviewed in the context of each Fund's stated investment objectives and guidelines as set forth in the Governing Documents of each Fund.

Client Reports and Communications

The general partner of each Fund distributes quarterly and/or annual written reports to the Fund's limited partners as well as annual tax information necessary for the Fund's limited partners to complete their respective U.S. federal income tax returns. Annual reports generally contain an individual capital account statement as of the end of such fiscal year and the audited financial statements of such Fund. The quarterly reports distributed to a Fund's limited partners generally contain unaudited financial statements of the Fund for the relevant fiscal quarter.

Investors are requested to refer to the Governing Documents of each Fund for further information on the reports provided by the Fund to its investors.

Item 14 – Client Referrals and Other Compensation

Economic Benefits Received from Third Parties

From time to time, in connection with investments made by certain Funds, PJIM or its affiliates or supervised persons may receive closing fees, commitment fees, monitoring fees, director's fees, break-up fees, consulting fees, managing fees and/or similar fees or other remuneration from portfolio investments in which one or more of the Funds may invest or propose to invest.

Additionally, as part of Piper Jaffray's investment banking business, Piper Jaffray may receive advisory, underwriting or other fees from or in connection with transactions for or by clients that are also portfolio investments of the Funds. The Funds would not share in these fees. Investment banking services for which advisory fees may be received by Piper Jaffray include, but are not limited to, general corporate financial advice, restructuring advice and merger and acquisition representation. In addition, Piper Jaffray Lending will be entitled to receive certain loan sourcing fees from the Fund in respect of loans originated or acquired by the Fund pursuant to the terms of the sourcing agreement and the Fund would not share in these fees.

Investors are requested to refer to the Governing Documents of each Fund for complete information on the additional compensation received by PJIM or its affiliates or supervised persons in connection with a particular Fund's investments and the amount of the applicable management fee offset.

Third Party Compensation for Client Referrals

PJIM and related persons of PJIM may enter into cash compensation arrangements with unaffiliated placement agents or other third parties for introducing investors to a Fund. In accordance with the terms of the relevant Fund's governing documents, any sales charge associated therewith will ultimately be payable by PJIM and/or its related entities, either directly or through an offset of the management fee payable by the relevant Fund to PJIM. An investor will not bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party.

PJIM endeavors at all times to put the interests of the Funds first as part of PJIM's fiduciary duty. Nevertheless, the receipt of compensation by placement agents creates a potential conflict of interest, and may affect the judgment of placement agents when referring investors to PJIM and the Funds.

Item 15 – Custody

PJIM will not have physical possession of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Nevertheless, PJIM will generally be deemed to have constructive custody of the assets of the Funds as a result of its position as an affiliate of the general partner of each Fund.

It is PJIM's policy to cause each Fund with assets over which PJIM is deemed to have "custody" to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days after the end of the Fund's fiscal year. In addition, upon the final liquidation of any such Fund, PJIM will obtain a final audit of the Fund and distribute audited Fund financial statements prepared in accordance with GAAP to all investors in such Fund promptly after completion of the audit.

Item 16 – Investment Discretion

Subject to the investment objectives, policies and restrictions of each Fund as set forth in the Governing Documents of such Fund, PJIM has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Fund. PJIM is provided with this authority pursuant to a limited power of attorney granted via the applicable Governing Documents.

Item 17 – Voting Client Securities

Because PJIM has, or will accept, authority to vote securities held by a Fund, it has adopted policies and procedures (the “Proxy Voting Policies and Procedures”) that have been designed to ensure that PJIM complies with the requirements of the Advisers Act and reflect PJIM’s commitment to vote all securities held by a Fund for which it exercises voting authority in a manner consistent with the best interest of the applicable Fund. The strategy is not expected to hold securities with proxy voting.

Item 18 – Financial Information

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Item. PJIM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Piper Jaffray Companies files quarterly and annual financial statements with the SEC. These are available through the SEC and on PJC’s web site at the following location: <http://www.piperjaffray.com>.