

Form ADV Part 2A – *Firm Brochure*

Item 1 – Cover Page

Chestnut Real Estate Funds LLC

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Date of Firm Brochure: March 2022

This disclosure brochure provides information about the qualifications and business practices of Chestnut Real Estate Funds LLC (also referred to as we, us and the firm throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Steen Watson at 423-529-0397 or steen@chestnutre.com. The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Chestnut Real Estate Funds is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for Chestnut Real Estate Funds LLC or our firm's CRD number 309949.

*Registration as an investment adviser does not imply a certain level of skill or training.

Item 2 – Material Changes

Since filing the March 2021 annual updating amendment to this brochure, Item 10 was updated to disclose that Chestnut Development, LLC, a real estate development business, is now 100% owned by Steen Watson. Previously, Mr. Steen controlled 1/3 of the Chestnut Development, LLC. Item 10 has also been updated to disclose the ownership structure of Chestnut Catalyst Group, LLC and to explain the services it previously provided to the Chestnut Opportunity Zone Fund. Item 13 has been updated to remove reference to Dillan Ealy who left our firm.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time, we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes, as necessary.

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Item 4 – Advisory Business

Chestnut Real Estate Funds is an investment adviser registered with the United States Securities and Exchange Commission (SEC) and is a limited liability company formed under the laws of the State of Tennessee in 2015 and headquartered in Chattanooga, Tennessee. We filed our initial application to become registered as an investment adviser in September 2020.

John Steen Watson is the 100% owner of Chestnut Real Estate Funds. He is also our Co-Founder, Managing Member, Chief Executive Officer and President. Liza Soydan is Chief Operating Officer and Chief Compliance Officer.

Description of Advisory Services

Chestnut Real Estate Funds serves as investment adviser to clients that are pooled investment vehicles and special purpose investment vehicles which will not be registered as investment companies in reliance on an exemption from registration under the Investment Company Act of 1940, as amended, and the securities of which will be offered and sold in reliance on an exemption from registration under the Securities Act of 1933, as amended. As of the date of this Brochure, we provide advisory services to Chestnut Real Estate Fund I, L.P., Chestnut Real Estate Fund II, L.P., Chestnut Real Estate Fund III, L.P., Chestnut Healthcare Fund I, L.P., Chestnut Anchor Healthcare Fund II, L.P., and Chestnut Opportunity Zone Fund, L.P., as well as several special-purpose investment vehicles (the “Private Funds”).

Companies affiliated with Chestnut Real Estate Funds serve as the sponsor, general partner and/or managing member of the Private Funds. Thus, Chestnut Real Estate Funds is not independent of the Private Funds. See also Item 10 – *Other Financial Industry Activities and Affiliations*, Item 11 – *Participation in Client Transactions and Personal Trading* and Item 16 – *Custody* of this brochure for more information.

Each Fund's investment objectives and other characteristics are set forth in the Private Placement Memorandum (“PPM”) and governing documents provided to each investor in such Fund (an “Investor”). We will tailor the advisory services for each Fund based on each Fund's investment objective and investment strategy. We do not tailor advisory services to the individual Investors.

The following are descriptions of our advisory services. A written agreement, which details the exact terms of the service, must be executed by each Fund and Chestnut Real Estate Funds before we can provide the services described below.

Overview

Chestnut Real Estate Funds is a commercial real estate investment management firm that manages investment funds and other investment vehicles that acquire income-producing properties and develops or redevelops projects/assets in strategic locations. We strive to minimize risk and maximize current income, creating long-term value for Investors.

The Private Funds we manage invest primarily in joint ventures with operating partners to acquire and develop real estate property, but they also invest indirectly through other investment vehicles that hold real estate property. We seek opportunities for the Private Funds to add value through property enhancements, improvements in operations, marketing, and property positioning.

We identify and screen potential properties for investment purposes, conduct due diligence on such investment opportunities, select specific properties that are suitable for investment, and monitor the performance of the Private Funds' investments on an on-going basis. We endeavor to do the following:

- Develop a general investment strategy based on each Fund's objectives
- Screen potential investment properties for the Private Funds
- Conduct due diligence on potential investment properties for the Private Funds
- Evaluate and complete investment documents necessary to invest directly in selected real estate properties
- Monitor investments and consult with Private Funds periodically regarding all holdings
- Deliver periodic (quarterly and annual) updates to the Investors regarding the status of investments held in the Private Funds

Types of Investments

We have four Fund "families" that we categorize into the following focus areas:

1. Real Estate Funds. Investing in development, value add and opportunistic real estate projects in the office, medical office, retail, mixed use, and industrial market segments.
2. Medical Office Funds. Investing in the acquisition of core and core-plus medical office buildings and other healthcare properties.
3. Opportunity Zone Funds. Investing in development and value-add real estate projects located in Opportunity Zones that align capital and community needs to deliver financial and social returns.
4. Co-Investment Funds: Investing in single asset funds that invest alongside one of the above multi-asset fund types in a specific property (office, medical office, retail, mixed use, or industrial).

Tailor Advisory Services to Individual Needs of Clients

We do not currently have individual, natural-person clients or institutional, company-clients. We serve as the investment adviser to affiliated real estate Private Funds and have no other clients. All management and investment decisions regarding our Private Funds is based on the individual fund objectives, strategies and policies. We are responsible for all major investment decisions including, without limitation, amending or changing an individual real estate Private Fund's investment objective; determining investment strategies; and establishing and implementing investment policies or limitations.

Assets Managed by Chestnut Real Estate Funds

As of December 31, 2021, we managed \$177,690,324 in Private Fund assets.

Item 5 – Fees and Compensation

All Investors and prospective Investors in the Private Funds should review the relevant PPM and other governing documents in conjunction with this Brochure for further information regarding fees and compensation or expenses. The following is subject in its entirety to the information provided in such Fund offering documents. Lower fees for comparable services may be available from other sources.

Fees

Private Funds pay an annual service fee based on the Private Fund's invested capital or capital commitments. The fee is between 1.00% to 2.00% per year on capital commitments or capital invested in portfolio positions during the investment period of the Fund. The annual service fee is divided and paid monthly in arrears.

Specific to Chestnut Real Estate Fund II, Chestnut Real Estate Fund III, and Chestnut Healthcare Fund I, Chestnut Real Estate Funds receives an additional asset management fee of up to 1.00% of property gross revenues, payable on a monthly basis by some of the properties in which the Private Funds are invested.

Chestnut Real Estate Funds also assesses a one-time administrative fee to Chestnut Opportunity Zone Fund and Co-investment Funds. One-time administrative fees are up to 1.00% of the committed capital in the Fund.

Specific to Chestnut Real Estate Fund II and Chestnut Real Estate Fund III, an underwriting fee is charged to portfolio properties of the Fund and will not exceed \$50,000 per property.

All fees other than those applicable to portfolio properties are deducted directly from the Fund. Each Fund will set forth its specific fee structure in its applicable PPM or similar documents/disclosures.

In addition to the annual management fee, our affiliated companies that serve as general partners or managing members of the Private Funds also receive a performance-based fee as described below in Item 6 – Performance Based Fees and Side-by-Side Management.

Expenses

Private Funds will incur other expenses (in addition to the fees paid to Chestnut Real Estate Funds as described above and the performance-based fee described in Item 6 – Performance-Based and Side-by-Side Management below). The sponsor of each Fund will provide administrative services to the Fund and will pay all normal operating expenses incidental to the provision of the day-to-day administrative services to the Fund, including its own overhead. As appropriate, third-party costs will be charged to portfolio properties. Private Funds will pay all costs, expenses and liabilities in connection with its organization (subject to limitations in each Fund's governing documents) and operations, including: fees, costs and expenses related to the purchase, holding and sale of portfolio investments (to the extent not reimbursed), taxes, fees and expenses of accountants, bookkeepers, and counsel, fund administration expenses, regulatory compliance expenses, costs and expenses of annual meetings; management fees; litigation expenses, and other extraordinary expenses. Private Funds also bear third-party expenses incurred in connection with transactions not consummated. Expenses that relate to services provided to all Private Funds that we manage are allocated to the Private Funds in proportion to the Private Funds capital invested by investors in the Private Funds.

Termination of Services

Our Fund management services will be terminated automatically in the event that a Fund is dissolved or terminated. In addition, services may be terminated in their entirety by the general partner (or equivalent) of a Fund at any time within the specified advance notice period outlined in our management agreement. In the event services are terminated, we will receive a pro-rated final fee charged, based on the number of days services are provided during the final billing period.

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

Chestnut Real Estate Funds' affiliated companies serving as general partners and sponsors of the Private Funds will be allocated a profit's (or carried) interest ranging between 15% and 20% in the Private Funds following an 8% preferred return and return of invested capital to Investors.

Each Private Fund will set forth its specific performance-based compensation structure in its applicable PPM and investment management agreement.

Generally speaking, the Private Funds maintain for each Investor a capital account that is adjusted to reflect the performance-based carried interest or allocation, the management fee and other Fund expenses, capital contributions, and other similar changes during the term of the particular Fund.

The nature of a performance-based fee arrangement poses an opportunity for our affiliated general partner (and therefore our Company) to earn more income than through our stand-alone asset-based fee (as described in Item 5 – Fees and Compensation of this Disclosure Brochure).

There are other potential conflicts associated with this arrangement that are not as common under an asset-based fee arrangement. The nature of this arrangement can encourage unnecessary speculation to increase the amount of profits retained by our company. Although riskier investments could yield higher returns to a Fund, they historically have a higher chance of losing value. Also, because our affiliates are allocated a significant portion of a Fund's profits, the profits interest arrangement could give us an incentive to time transactions in the Fund to achieve the best performance allocation possible. However, given the illiquid nature of investments held in each Fund (real estate properties), opportunities to time transactions are unlikely.

Performance-based fee arrangements may create an incentive for us to make investments which may be riskier or more speculative. Such fee arrangements also can create an incentive to allocate investments to higher fee-paying Funds, however, this conflict only arises where two or more Private Funds with capital available for investment have the overlapping investment profiles and the potential investments are suitable for two or more of these Funds. We generally charge the same (or similar) management fee and performance fee to Private Funds we manage that regularly invest on a side-by-side basis.

We do not represent that the amount of profits interests retained by is or will be consistent with other private pooled investment vehicle arrangements. The percentage of profits retained may be higher or lower than the fees charged and profits retained by other fund managers for the same or similar services.

Performance based fee arrangements of Chestnut Real Estate Funds will comply with Section 205(e) of the Investment Advisers Act of 1940. According to Section 205(e) (see Rule 205-3 thereunder), only natural-person investors meeting the SEC's definition of "qualified clients" may enter into agreements providing for performance based compensation to Chestnut Real Estate Funds. A natural person or company must meet the following conditions to be considered a qualified client:

- Invest at least \$1,000,000 in one or more private funds managed by Chestnut Real Estate Funds;
or
- Provide documentation to Chestnut Real Estate Funds so that Chestnut Real Estate Funds will reasonably believe the investor has either a net worth of \$2,100,000 or is a qualified purchaser under Section 2(a)(51)(A) of the Investment Company Act.

Item 7 – Types of Clients

Currently, our Private Funds include Chestnut Real Estate Fund I, Chestnut Real Estate Fund II, Chestnut Real Estate Fund III, Chestnut Healthcare Fund I, Chestnut Anchor Healthcare Fund II, and Chestnut Opportunity Zone Fund and several special-purpose investment vehicles.

Investors in the Private Funds can include:

- family offices and high net worth individuals;

- governmental plans, state pension and permanent funds, sovereign wealth funds;
- private retirement plans, corporate pensions, multi-employer pensions;
- financial institutions and other institutional clients; and
- foundations, endowments and other charitable organizations.

We generally will require a minimum commitment from each Investor as set forth in the applicable PPM. Investors in the Private Funds must be sophisticated in financial matters and be “accredited investors” as defined in Regulation D under the Securities Act of 1933, as amended.

The special purpose vehicles that we manage may co-invest with other Private Funds. Also, the Private Funds may invest in the special purpose vehicles that we manage. We may manage special purpose vehicles that will co-invest with Chestnut Real Estate Fund III, Chestnut Anchor Healthcare Fund II, or Chestnut Opportunity Zone Fund. In each case, the special purpose vehicle will be allocated between 30% and 50% of the total applicable investment. The special purpose vehicle will pay fees, expenses, and performance-based fees commensurate with those paid by Chestnut Real Estate Fund III, Chestnut Anchor Healthcare Fund II, or Chestnut Opportunity Zone Fund.

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

Methods of Analysis

Investment Strategy

The Funds’ investment objectives are to make investments in commercial real estate projects sourced and executed by Chestnut Real Estate Funds or its affiliates and/or alongside operating partners in new and existing commercial real estate projects where the potential exists to achieve above-average real estate investment returns. Operating partners may include commercial real estate developers and commercial real estate investment companies. The Private Funds focus on smaller and middle market real estate investment opportunities that are too small for institutional investors. Additionally, the Private Funds focus their investments on medical office, office, retail, and industrial properties in a number of US markets.

Method of Analysis

Finding and Evaluating Investments: Chestnut Real Estate Funds firmly believes that diversification, through geography, project type, asset class, hold period, and other fundamental metrics, is a crucial component of maximizing returns and minimizing risks. We continuously look to expand our network to maximize the total inbound deal flow and variety of offerings. Key to the Funds’ operations is achieving diversification as a direct benefit of the operating partnership model that the Private Funds will often utilize for their investments. By selecting partners with a focus and expertise in a particular project type whether retail, office, medical office, mixed-use, or industrial, the Private Funds gain the ability to invest in a diverse set of commercial real estate project types while relying on the particular expertise of the operating partner with oversight from Chestnut Real Estate Funds. Through our own experience as well as access to a diverse ecosystem of local, regional, and national operating partners and community partners, we expect to source and evaluate investment opportunities that are diversified while being aligned with the Funds’ return objectives. While not limited to the list below, common diversification traits used are:

- Investment size and Leverage/Financing: The Private Funds invest primarily in smaller and middle market investments and also throughout the capital structure of investments depending on the Funds' strategy.
- Target Markets: The Private Funds target markets across the United States based on the economic fundamentals of the market, the commercial real estate investment market, and the particular market expertise of the applicable operating partner. In general, we endeavor to select investments in markets with strong economic fundamentals driven by such things as governmental and business investment, high barriers to entry and reasonable market liquidity.
- Investment Strategies: The Private Funds invest in a variety of strategies depending on the Fund.
 - Core and Core-Plus Investments – These investments are generally stabilized, fully leased, secure investments in major markets, including properties with long-term leases in place to high-credit tenant and class A buildings in highly desirable locations. Core investments are characterized by relatively low vacancy rates, relatively low capital expenditure requirements and positive cash flow.
 - Value-Add - Value Add assets are generally properties that have in-place cash flow, but offer the opportunity to increase that cash flow over time by making improvements to or repositioning the property, including by making physical improvements that will allow the property to command higher rents, increasing efforts to lease vacant space at the property to quality tenants, or improving the management of the property and thereby increasing customer satisfaction or lowering operating expenses, through creative and thorough asset management, aggressive leasing and necessary capital improvements, to make properties suitable for subsequent sale following a period of stabilization.
 - Opportunistic – Opportunistic investments attempt to capitalize upon market inefficiencies, over-leveraged investors, liquidating funds and other conditions that lead to motivated sellers.
 - Redevelopment and New Development – These investments may be ground-up developments or large-scale redevelopments of existing properties. The return profile of these types of investments is generally higher due to the increased risk associated with development.
- Asset Types:
 - Retail
 - Healthcare
 - Mixed Use
 - Office
 - Industrial
- Hold Period: Acquisition and development of real estate assets typically require a long-term strategy, but we attempt, when applicable, to ladder the individual assets exit horizon to minimize capital market cycles on a portfolio. In general, investments will be held for at least one year, but there may be rare occasions when an investment is held for less than one year. It will be most common to hold investments for three to eight years.

Due Diligence: Chestnut Real Estate Funds and/or its affiliates perform due diligence regarding prospective investment opportunities including but not limited to the underlying real properties,

operating partners, local market conditions, macroeconomic trends, and portfolio composition. Real property due diligence will typically include analysis of property condition, capital expenditures, investment history, budgets, environmental conditions, leases, current and potential tenants, location, property level expenses and taxes, zoning rights, title, and survey. Additionally, third party consultants may perform a property condition report, an environmental site assessment, and/or other due diligence procedures specific to each investment. The property condition inspection is used to determine required and potential capital expenditures necessary to maintain the property. The environmental site assessment is used to determine whether there is a presence of any hazardous substances in, on, or near the property. A lease review will be performed and/or reviewed by legal counsel to addresses and understand all rights and obligations of each lease.

As part of site visits, we perform tenant interviews, observe the functionality of the property, and the activity in the surrounding market. Tenant interviews will be performed to understand current needs and future plans of in-place tenants. The goal of the tenant interview is to understand why the tenant chose to lease at the property, the tenant's long-term commitment to the location, competing assets in the market vying for tenants, and potential property enhancements to hold or attract tenants.

Financing terms will be evaluated, an appraisal will be ordered, and the legal team will work with the lender to appropriately represent the Private Funds in all loan documentation. Debt financing is secured for all the Funds' investments. Debt financing provides many benefits but also presents risks. We carefully evaluate financing risks at the property and portfolio level to determine the appropriate financing for each investment.

Additional diligence will be performed for new operating partner relationships. This will include a review of the principals, involving background checks, an on-site meeting with the operating partner's team, review of underwriting methodologies, and review of historical performance. Operating partners are expected to invest alongside the Funds.

Negotiating and Structuring Investments: Chestnut Real Estate Funds will with respect to each investment be responsible for negotiating transaction terms and conditions on behalf of the Funds. These negotiations may include those with prospective sellers, operating partners, and lenders.

Generally, we intend for the Private Funds to invest directly and alongside operating partners in real estate that will be held in special purpose entities. In operating partner investments, the Private Funds will invest alongside the operating partner sponsoring the investment, who may be contributing a portion of the equity capital, providing personal guarantees or both. The Private Funds typically take a controlling interest in investments, and the Private Funds are expected to have the right to approve (or block) most major decisions related to the business of each investment. If no suitable operating partner is found or lies within the capabilities and is in the best interest of the Fund, a Fund may also make investments without an Operating Partner.

Strategic Oversight and Execution: Over the course of each investment, Chestnut Real Estate Funds or our affiliates will provide oversight and direction on the execution of the investment strategy. Once an investment is closed, our asset management team manages the investment to maximize the value of the investment.

Disposition of Investments: We continually monitor each Fund's investments to determine the optimal time to dispose of each investment. We will employ our investment experience in evaluating and determining the appropriate time to sell. The decision to sell may be a function of market capitalization rates, the tenancy of the property or the maturity of debt secured by the property, among other factors.

Primarily Recommend One Type of Security

As previously stated in Item 4 – Advisory Services, Chestnut Real Estate Funds has registered as an investment adviser because it advises private, real estate investment funds. When managing the Private Funds, we will focus on “acquisition” and “development” real estate investments.

Private Funds under our firm's management will not have registered pursuant to the Securities Act of 1933, and therefore the investor will need to complete a subscription agreement showing the investor is an “accredited” investor (as defined by applicable law and rules and regulations) and a qualified investor as determined by the sponsor and acknowledges that he or she has read and understands the PPM and is aware of the various risk factors associated with such an investment.

Risks

Real estate Funds under our management and the real estate properties we hold within those Private Funds involve a high degree of risk and Investors must have sufficient economic resources to bear the economic risk of the complete loss of their investments. In addition, we do not guarantee due diligence efforts will reveal all critical risks associated with private securities and real estate properties. We do not undertake responsibility for or work with Investors regarding allocation of their assets between real estate investments and other, more traditional securities. Nearly all investments held by our Private Funds and indirectly by Investors will be illiquid and Private Funds and Investors must be prepared to hold these investments indefinitely. Illiquid means that the investments can be difficult to sell and a Fund's ability to dispose of such investments in a timely manner and at an advantageous price may be limited.

Private securities and investment funds generally involve various other risk factors. A complete discussion of which is set forth in each Fund's offering documents, which will be provided to each prospective Investor for review and consideration.

Risk of Loss

Investing in securities involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Private Funds managed by Chestnut Real Estate Funds and their Investors should be prepared to bear investment loss, including loss of original investment.

Because of the inherent risk of loss associated with investing in any type of securities, Chestnut Real Estate Funds is unable to represent, guarantee, or even imply that its services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

In addition to carefully reading the risk factors detailed in each Fund's Private Placement Memorandum, other important risk factors include:

- Market Risk –The markets, as a whole, could collapse resulting in a decrease in the value of Fund investments. This is also referred to as systemic risk.
- Management Risk – The success and failure of our investment strategies, research, analysis, and determination of real estate holdings will affect the value of investments.

- Real Estate Ownership - Investments will be subject to the risks generally inherent to the ownership of real property and loans, including: uncertainty of cash flow to meet fixed and other obligations; uncertainty in capital markets as it relates to both procurements of equity and debt; adverse changes in local market conditions, population trends, neighborhood values, community conditions, general economic conditions, local employment conditions, interest rates, and real estate tax rates; changes in fiscal policies; changes in applicable laws and regulations (including tax laws); uninsured losses; delays in foreclosure; borrower bankruptcy and related legal expenses; and other risks that are beyond the control of the General Partner or Chestnut Real Estate Funds. There can be no assurance of profitable operations because the cost of owning the properties may exceed the income produced, particularly since certain expenses related to real estate and its ownership, such as property taxes, utility costs, maintenance costs and insurance, tend to increase over time and are largely beyond the control of the owner. Moreover, although insurance is expected to be obtained to cover most casualty losses and general liability arising from the properties, no insurance will be available to cover cash deficits from ongoing operations.
- Risks of Private Placements - A security exempt from registering with the U.S. Securities and Exchange Commission and state securities regulator is often referred to as a private placement or unregistered offering.
 - Only an “accredited” investor should invest in a private placement offering. To qualify as “accredited” investor, the investor must (a) have a net worth (not including primary residence) of at least \$1 million, or (b) have an income exceeding \$200,000 in each of the 2 most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year.
 - Private placement offerings often are speculative, high risk and illiquid investments. An investor can lose his or her entire investment in a private placement offering.
 - Private placement offerings are not subject to same laws and regulations, which are designed to protect investors, as registered securities offerings.
 - Private placement offerings have not been reviewed by a regulator to make sure risks associated with the risks of private placement investment have been adequately disclosed to prospective investors.
 - Private placement offerings often project higher rates of return, but this is typically because the risks of the underlying the private placement investment are also higher.
 - Private placement offerings are generally illiquid, meaning there are limited opportunities to resell the underlying security of the private placement. Therefore, an investor may be forced to hold the private placement security indefinitely.
 - Investors in a private placement offering are usually provided with less disclosure information than they would receive in a public securities offering. Consequently,

investors know much less about the private placement investment and the people behind it.

- Private placement offerings have been used by fraudsters in the past, and consequently private placement offerings are one of the most frequent sources of enforcement cases conducted by state securities regulators. It may be very difficult or impossible for an investor in a private placement offering to recover the money invested from the sponsor of the private placement offering if such offering turns out to be fraudulent.
- Before investing in a private placement offering, an investor should carefully read and fully understand the subscription agreement and the offering memorandum/private placement memorandum.
- For additional details about private placement offerings and red flags associated with such offerings, please visit http://www.sec.gov/oiea/investor-alerts-bulletins/ib_privateplacements.html#.VDane410yUk

Item 9 – Disciplinary Information

Item 9 is not applicable to this Brochure because neither Chestnut Real Estate Funds nor any of its employees or affiliates have been involved in legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

Chestnut Development, LLC and Chestnut Catalyst Group, LLC

Chestnut Development, LLC is a real estate development business, 100% owned by Steen Watson, offering real estate development management and project management services to select Chestnut Fund investments. Chestnut Development, LLC also develops and invests in properties that are not Chestnut Fund investments.

Chestnut Catalyst Group, LLC, 20% owned by Chestnut Real Estate Funds, LLC, 40% by Liza Soydan, Chestnut Real Estate Funds' COO and CCO, and 40% by Courtney Watson, a Chestnut Real Estate Funds' employee and fund partner, was formed to bring knowledge and experience in research, impact framework design and measurement, and strategic capacity building to private, public, and non-profit organizations. Chestnut Catalyst's capabilities include the development of impact frameworks and consulting on associated data collection processes; impact outcome reporting and communications; strategic planning; convening; and advisory and research services. Chestnut Catalyst Group was responsible for co-creation of the Chestnut Opportunity Zone Fund's strategy and structure, fundraising, and marketing activities and collaborated with respect to the Chestnut Opportunity Zone Fund's deal sourcing and diligence between July 2019 and May 2021.

As of May 2021, Chestnut Catalyst Group, LLC provides its consulting services only to unaffiliated third-parties.

In addition to serving as investment adviser to handle all Fund investments, Chestnut Real Estate Funds or our affiliated companies, Chestnut Development, LLC or Chestnut Catalyst Group, LLC provide other services and will charge additional fees for such services. Such services and fees are provided and

charged at the investment-property level and are not charged directly to Investors in the Fund. Other services/fees include, but are not necessarily limited to:

- acquisition fee;
- construction financing fee;
- disposition fee;
- guarantee fee;
- long-term debt financing fee;
- development fee; and
- leasing commissions.

We have a conflict of interest when providing or recommending that one of our affiliated companies provide one or more of the above listed services because there may be other financial and real estate professionals that can provide the same or similar services for a lower fee than we will charge at the property-level. To control for this conflict of interest, it is our policy to conduct due diligence on outside service providers and provide services ourselves only when we reasonably believe we can provide the services for a lower or more competitive cost structure. Individual properties are not required to utilize our firm for other services and will be allowed to select a financial professional at their discretion. All project level services and corresponding fees will be disclosed within the budget prior to any approval of investment.

Affiliated General Partners

As detailed in Item 4 – Advisory Business, we have affiliated companies that serve as general partners and sponsors to the Private Funds we manage. The affiliated companies serving as general partners include the following.

- Chestnut I GP, LLC
- Chestnut II GP, LLC
- Chestnut III GP, LLC
- Chestnut OZ GP, LLC
- Chestnut Healthcare GP, LLC
- Chestnut Healthcare II GP, LLC

These entities, through intermediate subsidiaries, are under common control (i.e. ownership) with Chestnut Real Estate Funds. Thus, we are not independent from the Private Funds we manage and have a direct and beneficial interest in them. Further, Mr. Watson and some of our advisory personnel have personally invested in Private Funds under our management.

We do not have individual, retail clients and do not work with Fund Investors on an individual basis to provide advice regarding their personal investments. Thus, we do not recommend, advise or even discuss real estate private funds not under our management that may be more suitable for an individual Investor or that may be performing better than the Private Funds under our management.

Please refer to Item 5 – Fees and Compensation and Item 6– Performance-Based Fees and Side-By-Side Management for a description of the material financial interest we have in the Private Funds we manage and the potential conflicts of interest.

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

Code of Ethics Summary

As an investment advisor, Chestnut Real Estate Funds has established a Code of Ethics. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each client at all times. This fiduciary duty is considered the core underlying principle for our Code of Ethics, which also covers Insider Trading and Personal Securities Transactions Policies and Procedures. We are committed to conducting business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided. Business and investor dealings will be honest, ethical and fair. We attempt to avoid or at least disclose all circumstances that might negatively affect or appear to affect our duty of loyalty to clients and Investors of the Private Funds we manage. This disclosure is provided as a summary of our Code of Ethics. However, if you would like to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Affiliate and Employee Personal Securities Transactions Disclosure

To align their personal interests with those of the Chestnut Real Estate Funds managed Funds, the President and CEO, Steen Watson, and some of the other advisory personnel of Chestnut Real Estate Funds have invested a portion of their investable assets in Chestnut Real Estate Funds managed funds. An advisory person with an interest in one Fund may have a conflict of interest to allocate more favorable investment opportunities to that Fund over other Fund accounts.

Chestnut Real Estate Funds, our affiliated companies and our employees may buy or sell investment holdings for our/their personal interest that are also held by the Funds; provided, however, neither the firm, any affiliated company nor any employee may directly or indirectly engage in any activity which jeopardizes the firm's ability to render unbiased investment advice. The Private Funds will be given priority over our affiliated companies, and employees' personal interests in the investment when real estate property and other investments are being considered by Chestnut Real Estate Funds for the Private Funds.

To minimize and mitigate conflicts of interest, the firm has adopted certain policies and procedures, including, restrictions on the firm, its affiliated companies, and its employees from having priority over, or trading ahead of, Private Funds in the purchase or sale of investments. We have also developed policies and procedures to ensure restrictions on the firm and our employees from trading on material non-public information. Employees (including all partners, officers and directors) must attain pre-approval from our Chief Compliance Officer when personally investing (purchasing or selling units) in one of our Private Funds and prior to holding or selling investments also held in our Funds.

Item 12 – Brokerage Practices

This item does not generally apply to us because we do not recommend, purchase or sell securities through brokerage platforms. The investments made by our Private Funds generally do not require the use of a broker/dealer. In the unlikely event that a brokerage platform is required in connection with the purchase and/or sale of securities by Private Funds we manage, we will have authority to select a particular broker/dealer when needed.

In the unlikely event that a brokerage platform is required, we have a duty to select broker/dealers based on the best interest of each Fund. In this regard, the primary factor in selecting a broker/dealer is that the services of the broker/dealer are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is

not the sole consideration. The trading process of any broker/dealer selected must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when selecting a broker/dealer.

1. Chestnut Real Estate Funds does **not** receive any research or soft-dollar benefits from a broker/dealer.
2. Chestnut Real Estate Funds does **not** recommend or select broker/dealers based on receiving client referrals from broker/dealers. The firm does not receive any client referrals from broker/dealers.
3. Chestnut Real Estate Funds does **not** require the use of a particular broker/dealer.

Item 13 – Review of Accounts

Our CEO and President, Steen Watson, is ultimately responsible for making investment decisions with the assistance of the firm's investment team. Periodic reviews of Fund portfolio positions are made on at least a monthly basis and more frequently when investment in or disposition of a property or asset is being considered. We provide the following reports to Investors in the Funds:

On an annual basis:

- Audited financial statements.
- Tax information for the completion of tax returns.

On a quarterly basis:

- Reports detailing new investments made. Such reports will also provide details of current holdings and other general matters of investment opportunities.
- Capital account statements.

Item 14 – Client Referrals and Other Compensation

Chestnut Real Estate Funds does not directly or indirectly compensate any person for client referrals but has entered into marketing agreements with unaffiliated agents to solicit investors into the Funds we manage.

The primary compensation received from advisory services is the fees charged for providing investment advisory services as described in Item 5 and Item 6 of this Brochure.

Additionally, as described in Item 10, Chestnut Real Estate Funds or our affiliated companies receive fees for the provision of other services provided directly to and paid by investment-property holdings.

Item 15 – Custody

Our affiliated companies serve as general partners of the Private Funds we manage and as such have access to Fund assets and holdings. To comply with SEC custody rules, the real estate funds we manage are annually audited by a Public Company Accounting Oversight Board (PCAOB) registered and inspected independent accounting firm. The audited financial statements are distributed to all Investors within 120 days of year end.

Item 16 – Investment Discretion

Chestnut Real Estate Funds maintains discretionary authority over the funds held by the Private Funds to select real estate properties on a privately negotiated basis. We will have the authority to determine the type of real estate properties and investments to be bought or sold for fund portfolios. Our discretionary authority will be granted in the investment management agreement between Chestnut Real Estate Funds and the Fund and any limitations on our authority will be in that agreement or the applicable PPM.

As noted elsewhere in this Brochure, the investment strategy of the Private Funds is set forth in detail in such Fund's PPM or similar documents. Prospective Investors are provided with the PPM (or similar documents/disclosures) prior to their investment and are encouraged to carefully review the PPM (or similar documents/disclosures) and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective Investors must also execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool. Further, prospective Investors must execute a limited partnership agreement of the Fund.

Item 17 – Voting Client Securities

Although the investments made by our firm generally do not issue proxies or distribute other voting measures, we are responsible for voting any such issues on behalf of Private Funds under our management. When we recognize a conflict of interest with respect to the voting of proxies on behalf of a Fund, we will request that the Investors in the Fund, or a committee represented by such Investors, assist with voting. When we vote proxies, the objective is to maximize the value of the investments held in Fund portfolios. A copy of our proxy voting policies and procedures is available upon request.

Item 18 – Financial Information

This Item 18 is not applicable to this brochure. Chestnut Real Estate Funds does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance of rendering services. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Chestnut Real Estate Funds has not been the subject of a bankruptcy petition at any time.