

Disclosure Brochure
(Form ADV, Part 2A)

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This brochure provides information about the qualifications and business practices of Cabot Properties L.P. If you have any questions about the contents of this brochure, please contact us at (617) 723-7400 or contactus@cabotprop.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. That the firm is registered is not intended to, and does not, imply a certain level of skill.

Additional information about Cabot Properties L.P. also is available on the SEC's website at www.adviserinfo.sec.gov.

March 23, 2020

Item 2. Material Changes

There have been no material changes since the previous Brochure annual amendment dated March 27, 2019. This Brochure includes certain clarifying information, including information about certain fees and expenses

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Item 4. Advisory Business

Cabot Properties, Inc. (“Cabot”) is a private equity real estate investment firm that has been in business for over three decades. Cabot is the general partner of Cabot Properties L.P. (together with its affiliates, the “Adviser”), which has been in business since 1986. The Adviser is the shareholder of Cabot Partners Limited (“CPL”), a limited company organized under the laws of England and Wales.¹ The Adviser provides real estate investment advisory and management services to real estate investment vehicles in the forms of sponsored private investment funds (“Funds”), client investment funds, or separately managed accounts, and may offer services for the purposes of co-investment or with respect to joint ventures (all such vehicles and accounts collectively with the Funds, “Clients”). The Adviser has established the Funds and related investment vehicles including real estate investment trusts (“REITs”) and other related entities that ultimately own real property assets. The Adviser generally uses controlled, affiliated entities to serve as the general partner or managing member of its Funds and their related entities. The Adviser targets institutional investors, such as university endowments, pension and profit-sharing plans, other tax-exempt entities, corporations and other business entities, and private institutional investors, to invest in Cabot-sponsored real estate investment vehicles. Advice is rendered on a collective basis to the real estate investment vehicle and not to any individualized needs of any investor in such vehicle.

CPL provides investment advice to the Adviser and indirectly to the Clients advised by the Adviser with respect to UK and European real estate assets, however the Adviser retains discretionary authority over Fund investments. CPL does not have a direct contractual relationship with any separate account Clients.

The services of the Adviser include or have included:

- Acquiring and developing industrial properties, such as bulk warehouses, multi-tenant properties and light industrial properties located in strategic and super-regional markets;
- Recommending short-term cash management instruments (*e.g.*, money market mutual funds and other short-term instruments) for accumulated funds awaiting investment;
- Property management and/or oversight of third-party property management, including maintenance and repairs, collections, disbursements and fulfillment of owner obligations under leases;
- Negotiating leases with industrial tenants;
- Continuous portfolio supervision, which includes reviewing budgets and recommending expenditures to improve or upgrade properties;

¹ The Adviser and its affiliates established Cabot Partners Australia Pty Ltd, an Australian proprietary company, on March 5, 2020.

- Recommending the sale of properties, as appropriate;
- Negotiating property sales and overseeing the documentation of purchase and sale transactions;
- Recordkeeping relating to each property;
- Facilitating appraisals and audits; and
- Providing periodic reports and meetings with investors as required.

Generally, Cabot forms the Funds, which are generally real estate limited partnerships, and other investment entities in which institutional investors may invest. Typically, investors must commit a minimum of \$10 million to invest in the Funds, although the general partner of each Fund has the discretion to accept smaller commitments. Although the Adviser typically enters into advisory agreements with an affiliated general partner or member manager of the investment vehicles, the Adviser considers the investment vehicle to be its Client for purposes of the Investment Advisers Act of 1940 (the “Advisers Act”). The Adviser currently renders advice on a discretionary basis to real estate investment vehicles including Cabot Industrial Core Fund L.P., Cabot Industrial Core Fund II, L.P., Cabot Industrial Value Fund V, L.P., Cabot Industrial Value Fund VI, L.P., Cabot Industrial Opportunity Fund I, L.P., Cabot UK Core-Plus Industrial Fund, SCSp² and two non-discretionary separately managed accounts for pooled investment vehicles. The Adviser may sponsor other Funds and offer co-investments, joint ventures, and other separately managed accounts in the future.

As of December 31, 2019, the total gross assets, including cash but excluding uncalled commitments, of all Client accounts collectively, was \$3,130,712,880, which constitutes the assets under the management of the Adviser.³ Of the total gross assets as of December 31, 2019, \$2,862,412,940 was managed on a discretionary basis and \$268,299,940 was managed on a non-discretionary basis.

Item 5. Fees and Compensation

Prior to investing, each investor is asked to carefully read and review the particular Client’s offering and/or governing documents for a complete understanding of the terms related to the Client, including the compensation received by the Adviser and its affiliates.

² The Adviser is in the process of dissolving Cabot Industrial Value Fund IV, L.P., following the sale of its real estate assets in 2018. Any assets attributable to these funds as of 12/31/19 are included in the Adviser’s assets under management.

³ The Adviser and its affiliates also provide non-discretionary asset management services to a third party which purchased a portfolio of real estate assets from Cabot in 2018, for a fixed fee. The Adviser does not perform any accounting or have access to the current books and records related to such assets, nor does the Adviser provide any investment advice with respect to securities pursuant to this relationship, and therefore the Adviser does not include such assets in its assets under management,

The information contained in this Brochure is only a summary and is qualified in its entirety by each such Client's offering and/or governing documents.

Certain Fund governing documents permit the Adviser or its affiliates to reduce fees applicable to an underlying investor in the Fund in the discretion of the Adviser or its affiliates. In addition, the Adviser and its affiliates have entered into and will enter into side letters or similar agreements with certain Fund investors. Such side letters have the effect of providing additional rights or supplementing certain rights or terms of a particular Fund's governing documents as they relate to certain investors.

As of December 31, 2019, Cabot has previously negotiated, or is currently the recipient of, the following types of fee and compensation for its investment advisory services:

- Acquisition or onboarding fees of up to 1 percent of investment cost;
- Development fees of up to 5 percent of development costs;
- Annual management fees of up to 1.5 percent, payable monthly, on:
 - (i) committed capital prior to the end of a particular investment period; and
 - (ii) unreturned capital after the investment period;
- Annual asset management fee at the property level of up to 7 percent based on the net operating income generated by the particular portfolio for separate account Clients;
- Property management fees of up to 5 percent of gross revenues of the Client's managed real estate assets. Property management fees may vary based on the requirements of the particular property.
- Disposition fees of up to 0.5 percent of the gross sales price of each real estate asset, in the case of asset sales by separate account Clients;
- Performance-based fees of up to between 15 and 20 percent of the base distributions paid to the client from real estate assets (*see* Item 3 regarding Performance-Based Fees and Side-By-Side Management);
- Fixed fees in terms of maximum fees related to acquisition and other fees, for certain private separate account Clients.

The Adviser may withhold certain fees attributable to entities which are wholly-owned by the Funds; such fees will be offset against the applicable management fee for the Fund as appropriate. The Adviser generally does not charge fees in advance.

In addition to the Adviser's fees discussed above, cash management transactions may generate expenses related to portfolio transactions which would be borne by clients. *See* Item 9 regarding Brokerage Practices. Additionally, the Funds directly, and the limited partners of the Funds indirectly, may bear formation and operational expenses related to the Funds or entities through

which a Fund invests. Such expenses will include, but not be limited to, i) costs, fees and all out-of-pocket expenses, including travel and lodging costs, related directly or indirectly to the investigation of investment opportunities (whether or not consummated and including fees relating to unconsummated transactions where an investment vehicle was entering into such transactions with the intention of selling part of its interest to a co-investor), as well as the acquisition, ownership, leasing, development (including incentive payments to developers), financing, hedging or sale of investments; (ii) taxes, fees and other governmental charges; (iii) legal, auditing, consulting, bookkeeping, banking, custodian, administration, depository, payment agency, transfer agency, domiciliation, central administration, valuation and accounting fees and expenses; (iv) all expenses in connection with meetings with, and of, limited partners or investors, including post-commitment meetings for purposes of investor relations, a Fund's board of advisors or property tenants, including travel expenses and expenses of preparing materials; (v) expenses associated with any amendment to a Funds' governing documents or soliciting the approval or consent of the limited partners or the limited partnership's board of advisors for any matter; (vi) fees and expenses associated with any audit or governmental proceeding relating to a Fund, its subsidiaries or their investments; (vii) all expenses associated with any indemnification provided a Fund or its subsidiaries; (viii) costs and expenses associated with permitted indebtedness of a Fund or its subsidiaries, including any subscription secured credit facility (including interest expenses); (ix) fees and expenses of any required third party alternative investment fund manager; (x) expenses of a fund's board of advisors and investment committee, insurance, litigation expenses; (xi) insurance costs and premiums; (xii) all fees, expenses, payments and reimbursements relating to any litigation, arbitration, proceeding or other action (whether pending or threatened) involving an investment vehicle, its subsidiaries or their investments; (xiii) expenses associated with the preparation and distribution of reports, tax filings, tax returns, and other materials for distribution to a Fund's limited partners, investors or the board of advisors; (xiv) fees and expenses related to the organization, maintenance or operation of any investment vehicle subsidiary, co-investment vehicle or joint venture; (xv) any extraordinary expenses; and (xvi) all other fees and expenses necessary for the operations and administration of a Fund, its subsidiaries, and their investments. For the avoidance of doubt, any travel expenses described herein include certain expenses associated with business class or first class travel. Cabot reviews Fund expenses and generally allocates such expenses to each of the Funds generating the expense items in equal shares.

The Adviser and its affiliates bear general overhead expenses and compensation of their employees. Expenses related to separate account Clients are negotiated with such Client and certain expenses attributable to such separate account Clients are borne by the Adviser pursuant to Client agreements.

Certain expenses, such as the cost of insurance policies, may be borne across multiple Clients and the Adviser, in which case the Adviser will allocate such expenses among participating Clients as it determines in its good faith discretion to be appropriate.

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

Performance Fees

As explained above, Cabot assesses performance-based fees to certain of its Clients. Such performance fees are structured to comply with Rule 205-3 under the Advisers Act, meaning that each investor in a private investment vehicle subject to performance fees must be a “qualified client,” as defined by the rule.

In any particular strategy or for any particular Client, there may be differences in the structure of the carried interest. Differences in the performance fee structure create potential conflicts in that Cabot could have greater incentive to favor Clients having the most profitable performance fee structure versus other Clients that have a lower or no performance fee structure. These potential conflicts, however, are practicably mitigated by various limitations common to private equity structures. For example, allocations of investment opportunities are subject to organizational limitations on the creation of successor investment vehicles. That is, before Cabot may permissibly raise a new investment vehicle with the same investment strategy, a predecessor vehicle must be substantially committed (typically at least 80% committed) before Cabot may raise a new investment vehicle seeking similar real estate investment opportunities. Prior to any commitments to an investment vehicle, Cabot discloses that no investment vehicle constitutes the exclusive investment program of the firm.

Side-by-Side Management

The Adviser has established its Investment Allocation Policy and Procedures which provide that the Funds have priority (according to investment strategy and legacy) over other investment vehicles and separate account Clients in situations where an investment meets the eligibility requirements for multiple Funds or separate account Clients. As a result, although the Adviser seeks to allocate investment opportunities in a fair and equitable manner, decisions as to the allocation of investment opportunities which present conflicts of interest may not always be resolved in a manner that is favorable to the interests of a particular Fund or separate account Client.

Item 7. Types of Clients

In the case of its Funds and other investment vehicle Clients, the Adviser considers its Client to be the investment vehicle itself, even though the Adviser’s advisory arrangement is directly with each general partner or sponsor of the investment vehicle. The Adviser does not “look through” the investment vehicle to each investor in determining its client relationship for purposes of Advisers Act compliance unless required to do so by regulation (*e.g.*, Rule 205-3) or interpretation (*e.g.*, delivery of the Brochure to investors). Cabot, however, does maintain investor relations with investors in its Funds. Investors and Clients currently include university endowments, employee retirement benefit and pension plans, high net-worth persons, charitable organizations, banks and corporations. Cabot does not have a specified minimum account size for its separately managed accounts.

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

Investment Analysis and Strategy

When making recommendations concerning investments in real estate interests, the Adviser relies on a quantitative review of specific properties, including: (i) the appraised value of the particular property; (ii) projected rates of return; (iii) projected costs of operation, repair, and improvement; and (iv) the construction, use, tenancy and location of the properties.

The Adviser's strategies include the following attributes:

- *Exclusive Focus on the Industrial Sector.* The strategy in the industrial sector segments the market by type of building, use and tenant size.
- *Target Markets with Growing Demand and Scarcity Value.* Investments typically are or will be in larger North American, UK, and Northern European, Australian, and Japanese industrial markets. Value is sought by focusing on sub-markets with (i) limitations on the type and quantity of new development relative to tenant demand; (ii) superior access and proximity to labor and amenities; (iii) superior access and proximity to major highways, railroads, airports and seaports; (iv) strong job growth and tenant demand; and (v) market liquidity.
- *Value Investing.* Value investing requires attention to real estate fundamentals that takes into account: (i) tenant needs and changing functional requirements; (ii) replacement costs and real market rent; (iii) repositioning and upgrading efforts; and (iv) active management and tenant relations.
- *Core Investing.* The Core investment program is designed to (i) focus exclusively on the industrial sector; (ii) target markets with growing demand and scarcity value; (iii) underwrite with disciplined attention to value; (iv) create value through active management; and (v) skillfully evaluate and execute dispositions.
- *Market Evaluation.* The following processes are part of the firm's market evaluation: (i) macroeconomic analysis (review of long-term economic and demographic trends); (ii) sub-market analysis; (iii) transaction flow; (iv) due diligence; (v) tenant underwriting; (vi) optimal forms of financing strategies; and (vii) pinpointing optimal exit strategies.
- From time to time, the Adviser manages short-term investments, such as for cash management of accumulated funds awaiting investment. The general strategy for these types of investments is to find instruments that are generally considered safe and liquid. The Adviser relies on information published by the Federal Reserve Bank and other financial institutions in respect of implementing its short-term investment strategies.

Risks

Very generally, investing in securities and real estate assets involves risk of loss of the principal amount invested. Clients and investors should be prepared to bear any risk of loss when investing in real estate-related securities and assets. Investing in the real estate sector and in privately offered securities may raise unique investment risks, as summarized below. The risk summary contained herein is intended solely as a summary and is not an exhaustive list of potential risk factors. Each Fund is described in an offering memorandum or similar disclosure statement. These documents also disclose potential risks for each Fund in greater and more particularized detail than the summary set forth below.

- Real estate, because it is generally considered a long-term investment, may be subject to risks not associated with investments in more liquid assets. For instance, real estate may experience fluctuations and cycles in value during any holding period. Some factors attributable to the marketability and value of real property include, but are not limited to the following: (i) changes in general or local economic conditions; (ii) changes in supply or demand for the particular property type; (iii) fluctuations in occupancy and rents for real property; (iv) changes in interest rates; (v) government regulation related to land-use and zoning, environmental protection and occupational safety; (vi) unavailability of mortgage funds, making property disposition difficult; (vii) the financial condition of consumers of real property; (viii) insurance coverage; and (ix) natural disasters.
- Real estate investing can include the use of leverage which, among other things, can increase the risk of loss during unfavorable economic conditions and could exacerbate losses.
- There is the potential for risk of loss associated with mortgage loans, which are subject to default, foreclosure and delays and expenses in respect of foreclosures.
- Assets held by investment vehicles, and the interests in private real estate investment vehicles themselves, can be illiquid, thus making them hard to value and liquidate, particularly in a falling market. Additionally, interests in private investment vehicles are subject to restrictions on transfer pursuant to the U.S. Securities Act of 1933.
- There are risks related to the real estate investment vehicle's organization whether limitations prescribed by the U.S. Investment Company Act of 1940 in the case of a private investment vehicle or in respect of applicable tax structures.
- Because Cabot-sponsored real estate investment vehicles are privately offered for purposes of the Securities Act of 1933 and are formed as private investment funds for purposes of the Investment Company Act of 1940, they are not subject to certain investor protection and other prophylactic regulations that would be applicable to a registered public offering and a registered investment fund.

- Investment strategies and analysis may not accurately project targeted returns because the considerations and assumptions underlying any projected returns are subject to uncertainty.
- Real estate investing can be prone to environmental liabilities.
- The Adviser may invest in real estate assets located outside of the United States, which subjects the investments to various political and other risks that may be different from and in addition to the risks of investing in real estate assets in the United States.
- Certain Funds and Client accounts may invest in development projects. Such development projects are associated with risks including the availability and timely receipt of certain regulatory approvals, the cost and timely completion of construction, and the availability of financing. Construction risks may include weather, labor conditions, and material shortages.

Item 9. Disciplinary Information

There is no disciplinary information to report that is applicable to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Cabot establishes real estate Funds in which affiliated general partners have broad authority to control the operations of the Fund. The offering documents relevant to each Fund disclose the Cabot structure and entities material to the operation of the Fund. Cabot's primary business purpose is to provide investment advisory services to the Funds. Cabot is affiliated with other entities that provide investment management services, however these entities are not separately registered as an investment adviser with the SEC. These entities and their general partners serve as general partners to the Funds ("Related Advisers"). Cabot or a Related Adviser will be responsible for all decisions regarding portfolio transactions of the Funds and generally have full discretion over the management of the Funds' investment activities. While Related Advisers are not separately registered as an investment adviser, all of the investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the Related Advisers are subject to the supervision and control of Cabot. Thus, each Related Adviser and all of the persons acting on its behalf would be "persons associated with" the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act against the Related Advisers.

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

The Adviser maintains a code of ethics that addresses compliance under the Advisers Act and other relevant laws, as well as the Adviser's fiduciary duties. The code of ethics sets forth obligations of the Adviser and its personnel to: (i) observe duties toward Clients, including maintaining client confidential information; (ii) report personal securities holdings of real-estate related assets that would be of the type that clients would acquire, as well as other required

personal securities reporting; and (iii) observe policies to prevent the abuse of material non-public information. The Adviser will provide a copy of its code of ethics to any investor, Client or prospective Client upon request.

The Adviser may recommend investments in which it or related persons, including officers, directors, employees, or affiliates, have an interest. Such an interest can include not only an ownership or equivalent interest in an investment vehicle but also a management interest. For example, the Adviser may act as manager to the investment vehicle, or an affiliate may act as general partner or member manager of the investment vehicle.

In addition, the Adviser may make recommendations to one Client that are different from the recommendations made to another client. Neither the Adviser nor its related persons, including officers, directors, or employees of the foregoing, are obligated to purchase or sell for their Clients any securities that may be purchased, sold, or recommended to any other Client of the Adviser. Cabot professionals also may have investments in public and private companies with which Cabot may do business, such as in the area of third-party property services. In this case, Cabot's code of ethics requires pre-approval of certain investments in the securities of certain third-party property service providers which are held in individual accounts and which are not otherwise held in non-discretionary accounts or managed accounts over which the Cabot professional has no influence or control.

In all cases in which a conflict of interest may arise, the Adviser seeks to serve its clients fairly and with the utmost good faith. If the Adviser determines that an actual conflict of interest has arisen, the Adviser will take such actions that it determines in good faith are appropriate. These actions may include presenting the conflict to a Fund's board of advisors, disclosure of such conflict, and/or implementing certain policies or procedures designed to mitigate the conflict. The Adviser may not identify or resolve all conflicts in a manner that is favorable to each Client.

Item 12. Brokerage Practices

Because Cabot-sponsored investment vehicles are not trading funds *per se* that have actively managed portfolios, but rather invest primarily in real estate assets, the firm does not generally engage broker-dealers and other financial intermediaries to execute portfolio trades. On a much more limited basis, the Adviser may make recommendations for investing in short-term, highly liquid, cash management vehicles, such as money market mutual funds or currency investments. Investments in liquid and short-term assets typically are in connection with client funds awaiting investment in real estate or real-estate related assets. In this respect, the firm typically effectuates these kinds of transactions through commercial banking institutions. The Adviser periodically reviews the costs of such executions to determine if transaction expenses are at market terms.

The Adviser does not obtain any research or brokerage services, as defined in Section 28(e) of the U.S. Securities Exchange Act of 1934, in exchange for the client commissions generated from portfolio trades. Additionally, Cabot is not party to any directed brokerage arrangements.

Item 13. Review of Accounts

In general, the asset management team of Cabot has the responsibility annually to review each property investment in depth. At the end of this annual review, Cabot will prepare a capital plan and an operating budget. The investment committee Cabot has established for each Client approves the overall plan for each Client account. On a quarterly basis, the asset management team of Cabot will review a summary of each property investment, compare it to the plan, update financial projections and complete appraisals. Cabot will review monthly reports prepared by local property managers and, in cases where these reports vary significantly from the plan, will notify the asset management team of the variance. Properties and accounts are also reviewed on an *ad hoc* basis by officers of Cabot or other personnel responsible for determining general Client advice, usually as the circumstances of either the property or the Client change. Factors that could trigger an *ad hoc* review include a change in the following: tenancy; tenant financial profile; property income or expense; tenant prospects; or tenant receivables.

For the real estate investment vehicles, the finance team of Cabot prepares quarterly reports showing the acquisition and dispositions of each investment vehicle's or Client's assets. The finance and asset management teams of Cabot will report to the investment committee if there are significant variances in each investment vehicle's expenses compared to the investment committee's approved budget.

The investment vehicles are subject to an annual audit by an independent public accounting firm that is a member of the Public Company Accounting Oversight Board ("PCAOB"). Cabot distributes audited annual reports to investors in a Cabot-sponsored investment vehicle funds typically within 90 days of the vehicle's fiscal year end.

Item 14. Client Referrals and Other Compensation

The Adviser does not compensate any third party for Client referrals and does not receive any economic benefit from a third party for providing investment advice to its Clients. The Adviser has, however, enlisted the services of unaffiliated placement agents to offer limited partnership interests to institutional investors pursuant to a placement agent or similar agreement.

Item 15. Custody

In connection with the management of certain investment vehicle Clients, the Adviser has or is deemed to have custody of the investment fund assets pursuant to the SEC's custody rule – Rule 206(4)-2 under the Advisers Act.

The Adviser maintains cash at "qualified custodians" (e.g., banks) and relies on an exception available to "pooled investment vehicles" from the reporting and surprise audit obligations imposed by the SEC's custody rule. This exception requires the firm to engage an independent public accounting firm that is a member of, and examined by, the PCAOB and to distribute

audited annual financial statements, prepared in accordance with GAAP, to fund investors within a prescribed period.

Item 16. Investment Discretion

The Adviser maintains discretionary authority to manage certain investment vehicles on behalf of its Clients, including the Funds it offers. Where applicable, the Adviser's discretion is limited by the investment guidelines and conditions contained either in its investment advisory agreement with each investment vehicle and/or in the operating agreements of the specific investment vehicle. The parameters of these guidelines can vary from Client to Client, but all investors receive disclosure of investment guidelines and Client operations prior to their investment.

Item 17. Voting Client Securities

Neither the Adviser, Cabot nor any other affiliate votes proxies on behalf of Clients. If the Adviser were to be required to vote proxies on behalf of its Clients, the Adviser would vote in accordance with its fiduciary duties and provide required reporting to its Clients regarding such voting, as applicable.

Item 18. Financial Information

Neither the Adviser, Cabot, nor any affiliate assesses any fees more than six months in advance of any services rendered to the Client. There are no financial conditions of which the Adviser, Cabot, or an affiliate is aware that would impair the Adviser's ability to render the advisory services for which the Adviser is responsible under its advisory agreements.