

TRUST REPORT

|| MULTI-EMPLOYER PROPERTY TRUST

INSIDE:

- “Greening” An Existing Real Estate Portfolio
- NewTower Trust Company To Host Second Annual MEPT Real Estate Conference

FIRST QUARTER | APRIL 2008 | VOLUME 23, NUMBER 1



THE MULTI-EMPLOYER PROPERTY TRUST closed the first quarter of 2008 with a unit value of **\$7,913.80**, up **1.53 percent** (net of fees) from the previous quarter. For the trailing four quarters, MEPT’s net return is **12.60 percent**. As of March 31, 2008, MEPT’s net asset value stood at \$7.29 billion.

During the first quarter, the downturn in the US economy affected the velocity and volume of real estate sale and lease transactions. **Nevertheless, in most markets, real estate fundamentals remained relatively healthy.** Office vacancy nationwide rose slightly from 12.8 percent to 13.2 percent, as tenants postponed leasing decisions to wait and see whether the economy would go into recession. Office vacancy across central business districts actually decreased from 10.3 percent to 10.2 percent, while suburban office vacancy increased from 14.2 percent to 14.9 percent. The suburban vacancy was driven by workforce reductions in mortgage-related businesses and financial services support centers.

The decline in investment activity was attributable to increased caution by investors and lenders who are uncertain about current economic conditions and the near-term outlook. As a result, there was a lack of assets for sale during the quarter. Office sales activity was down 80 percent from the same period in 2007. However, the sales activity in the first quarter of 2007 included the largest real estate privatization on record—Blackstone’s acquisition of Equity Office Property Trust for \$39 billion. Also, industrial sales volume in the first quarter was off 50 percent for the same period a year ago.

Cautious sellers were either not marketing assets or were only tentatively putting assets on the market, and opting to remove assets from the market when offers came back lower than expected and far lower than the record prices paid in the last few years. Generally, many sellers are not under pressure to accept a discount on price, but that could change if economic conditions worsen substantially. Many investors who bought assets in the last few years did so with leverage and aggressive underwriting that assumed rent growth would outpace their cost of debt, and appreciation of their assets would continue. Now, rent growth assumptions are beginning to normalize and, as a result, values are not expected to rise. In fact, some owners experienced depreciation as their properties realize less income growth than expected.

In the meantime, there are many buyers waiting for a price correction. A significant amount of capital is being raised for value-add and opportunistic funds in order to capitalize on the expectation that there will be distressed real estate or distressed debt coming on the market.

NEWS BRIEFS

IN JANUARY, MEPT ACQUIRED RENO INDUSTRIAL CENTER LAND FOR \$10.3 MILLION in Reno, Nevada. The 104 acres of developable land is located in the Tahoe Reno Industrial Center (TRIC), where MEPT acquired USA Parkway Distribution Center I and II in December 2007. MEPT purchased the land to serve as expansion space for tenants at USA Parkway Distribution Center and the site can accommodate almost two million square feet. The first phase of new construction is scheduled to begin in approximately 18 months, dependent on market conditions, with the construction of a 806,520 square foot distribution facility that will pursue LEED certification. MEPT believes this acquisition is a way to leverage the Fund's other assets in the TRIC, an attractive distribution hub for companies trying to capitalize on the region's low cost of doing business, favorable tax environment, and ready access to the Western United States.



20 North Clark Street

MEPT ACQUIRED 20 NORTH CLARK STREET FOR \$58.9 MILLION IN FEBRUARY. The 383,030 square foot office building is located in Chicago's Central Loop submarket with easy access to multiple public transportation alternatives, including the elevated train, suburban and commuter rail lines, and numerous bus lines. The Chicago CBD remains one of the best-performing office markets in the country, with occupancy rates increasing by 2.7 percent in 2007 and rental rates increasing by 4.2 percent. Market fundamentals in the Central Loop submarket are strong as well. 20 North Clark Street, a 64-story building built in 1981, is 93 percent leased to 64 tenants. Upon closing the sale, MEPT began evaluating the building to position it to achieve LEED-EB (Leadership in Energy and Environmental Design for Existing Buildings), a national rating system for building owners to measure operations, improvements and maintenance, with the goal of maximizing operational efficiency while minimizing environmental impacts.

NEWTOWER TO HOST THE SECOND ANNUAL MEPT REAL ESTATE CONFERENCE ON WEDNESDAY, JUNE 4, 2008. NewTower is sponsoring the one-day conference at The Madison, a MEPT property, in Washington, DC. MEPT has planned the conference in order to bring MEPT investors together with nationally recognized industry leaders, the appraisal and valuation professionals with whom the Fund works, and MEPT management to discuss timely issues that impact the real estate industry. Topics to be discussed include a real estate market overview, real estate and economic forecasts, responsible property investing, and debt and equity capital markets trends. **All MEPT participating plans and their service providers are invited to participate. To RSVP, please contact Philomena Paul at ppaul@lbutler.com or (202) 737-8823.**

MEPT'S ADVISORY BOARD TO MEET ON THURSDAY, JUNE 5, 2008, at 9:00 am at The Madison in Washington, DC. MEPT management looks forward to discussing the Fund's performance, strategy, market conditions, and other topical issues. The Advisory Board is comprised of trustees of MEPT participating plans. Trustees and service providers of MEPT participating plans are invited to attend as observers. **Participants must notify MEPT of their intent to attend no later than May 16, 2008. To RSVP, please contact Philomena Paul at ppaul@lbutler.com or (202) 737-8823.**

FIRST QUARTER RESULTS

Net Return,
First Quarter:
1.53%

Net Return,
4/1/07-3/31/08:
12.60%

Net Asset Value:
\$7.29 billion



PERFORMANCE

FIRST QUARTER COMMENTARY

"As the saying goes, 'cash is king,' and it could not be more true than in the current market environment. MEPT continues to manage its cash position very carefully to ensure that the Fund is well positioned to take advantage of investment opportunities that fit MEPT's strategy as well as ensure that MEPT can maintain liquidity for its investors. With real estate's strong performance relative to other asset classes in the last three years, many pension plan investors are having to rebalance to meet their allocation targets. MEPT is prepared and committed to uphold its 26-year track record of meeting investors' needs."

Sarah Stettinius, Managing Director, Landon Butler & Company, LP



MEPT'S FIRST QUARTER PERFORMANCE IS ATTRIBUTABLE to solid leasing and strong occupancy in the portfolio, consistent rental income from the 39.8 million square foot operating portfolio, and some value increases in a variety of MEPT's assets. During the quarter 34 operating assets were externally appraised and 131 evaluated internally under the direction of NewTower Valuation Services. Fifty-four assets recognized appreciation, 86 assets did not change in value, and 25 assets had modest depreciation.

The appreciation recognized was a result of leasing activity, including new leases signed at market rates higher than previous in-place rents, rent growth from contractual rental rate increases as well as continued benefits from an intense focus on expense management. One asset that was a particularly strong contributor to the Fund's appreciation was Pacific Place, an urban retail property in downtown Seattle, serving the higher-end shopper. With positive employment growth and a steady economy in Seattle, Pacific Place continues to experience strong retail sales and is benefiting from a diverse tenant base. In addition, strategic asset management decisions to relocate certain tenants in the center resulted in increased shopper interest in the retailers.

There was some depreciation in certain assets in the portfolio, which was principally the result of industry-wide appraisal assumptions adjusted to reflect current market conditions, including more traditional rent growth assumptions.

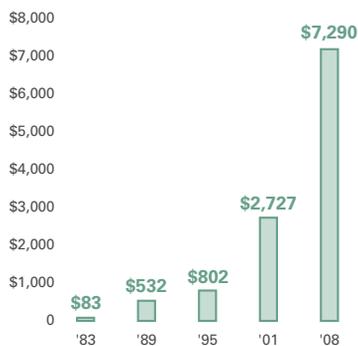
YIELD

	FIRST QUARTER 2008	TRAILING FOUR QUARTERS (COMPOUNDED)
NET	1.53%	12.60%
INCOME	0.96%	4.31%
APPRECIATION	0.57%	8.04%
GROSS	1.74%	13.56%
INCOME	1.17%	5.21%
APPRECIATION	0.57%	8.04%

NET ASSET VALUE GROWTH

March 31, 1983 – March 31, 2008

Based on Market Value (\$Millions)



Values shown are for March 31 in each year.
Date of inception April 1, 1982.

UNIT VALUE GROWTH

March 31, 1983 – March 31, 2008

Based on Market Value



Values shown are for March 31 in each year.
Date of inception April 1, 1982.

PORTFOLIO SPOTLIGHT

FUND OVERVIEW

Inception Date	April 1, 1982	Average Age of Properties	10.1 years
Assets Held	188	Markets	25
Number of Buildings	516	Net Asset Value	\$7.29 billion
Total Operating Square Footage	39.8 million	Unit Value	\$7,913.80
Operating Portfolio Occupancy	91.4%	Participating Plans	330

In a market environment where many tenants postponed leasing decisions to wait and see where the economy was headed, MEPT's Asset Management team completed 81 lease transactions in the first quarter. Gross leasing activity totaled more than 1.4 million square feet. The efforts of the Asset Management team held steady the occupancy of MEPT's operating portfolio at 91.4 percent.

The Asset Management team is continually focused on retaining existing tenants, while working to obtain higher rents and capitalize on opportunities to either retain or selectively replace tenants as a way to improve overall net operating income and asset value. MEPT's controllable net retention for the trailing four quarters ending March 31, 2008 was 95 percent. This ratio reflects the Asset Management team's commitment to maintaining high occupancy in the portfolio by retaining tenants, relocating existing tenants to other

MEPT assets, or removing specific tenants to accommodate new leases that provide for more favorable economics.

In 2008, MEPT's operating portfolio will have relatively low turnover—less than 10 percent of total square footage is due to expire during the year. Further, MEPT's current average contract rents for the operating portfolio are approximately 5 percent below prevailing market rents. As a result, MEPT should capture some rent growth as the 2008 leases expire and current in-place rents are replaced with higher market rents. Across the US, the markets with the lowest vacancy continue to experience rental rate increases, while in other markets, harder hit by the housing downturn and economic slowdown, rents are flat. For MEPT, an increase in contracted rents would not only improve net operating income, but would also positively impact asset valuations.

IN-DEPTH REPORT *(continued from right)*



For the second year in a row, MEPT's 303 Second Street, a 731,000 square foot office complex in San Francisco, was a BOMA (Building Owners and Managers Association) Earth Award Winner for its efforts in waste reduction and energy efficiency. 303 Second Street is part of MEPT's program to achieve LEED-EB designation.

IN APPRECIATION AND RECOGNITION OF OUR 25 YEAR PARTNERSHIP MEPT SALUTES:

IBEW Local #573 Pension Fund

Asbestos Workers Local 24 Pension Fund

The Stone and Marble Masons of Metropolitan Washington, D.C. Pension Plan

Plumbers and Steamfitters Local 396 Pension Fund

Ironworkers Local No. 402 Pension Fund

Electrical Workers' Pension Trust Fund of IBEW Local Union No. 58

International Brotherhood of Electrical Workers Pacific Coast Pension Fund

NEW PARTICIPANTS

Local No. 8 I.B.E.W. Retirement Plan and Trust

Plumbers & Pipefitters Local Union No. 719 Pension Fund

Asbestos Workers Local 42 Pension Fund

Pension and Insurance Fund of Local 1783, I.B.E.W.

Furniture Workers Annuity Trust Fund

I.B.E.W. Local 1430 Pension Fund

PROJECTS COMMITTED

20 North Clark Street
Chicago, IL

Reno Industrial Center Land
Reno, NV

“GREENING” AN EXISTING REAL ESTATE PORTFOLIO

MEPT LEADS THE WAY

AS MORE FOCUS IS PLACED ON THE importance of climate change issues including resource conservation, waste management and the reduction of carbon emissions, the real estate industry is rapidly moving toward environmentally sensitive and economically valuable real estate operations and construction, a process commonly referred to as “greening” of buildings. Multi-Employer Property Trust (MEPT) has been a leader in the design and construction of environmentally sensitive new construction, and the Fund is now leading the way in updating and adapting existing buildings to be more energy efficient.

In the US, commercial buildings account for 39 percent of total energy use, 12 percent of total water consumption, 71 percent of total electricity consumption, 39 percent of total carbon dioxide emissions, and 60 percent of total non-industrial waste generation. With energy and natural resources becoming increasingly scarce and expensive, building owners are quickly recognizing that careful management of these resources in property operations can reduce consumption, emissions and waste, and lower expenses by 30–50 percent for water, gas, electricity, and waste removal. With the rapid advent of new technologies, building green buildings is becoming economically viable. **However, the challenge—and the opportunity—is in the conversion of existing buildings into a new breed of high-performing assets.**

From the perspective of real estate investing, building and operating green buildings has direct and measurable investment benefits. Increasingly, many government agencies, associations, retailers, and corporations are integrating environmental sensitivity and sustainability into their business planning. Prospective tenants are requiring landlords to define their sustainability programs when considering leasing decisions because they have begun to place a value on the operating cost savings and tenant productivity gains made possible in an energy-efficient building. **Therefore, the “greening” of a building will likely attract high-quality tenants, significantly improve a property’s net operating income, and ultimately increase an asset’s market value. In the future, buildings that do not offer these features face a far greater risk of obsolescence and diminished values.**

Two of the most recognized means for measuring the environmental sustainability and energy efficiency of existing buildings include the Environmental Protection Agency’s (EPA) ENERGY STAR program and the US Green Building Council’s (USGBC) Leadership in Energy and Environmental



In 2007, benchmarking efforts and related energy efficiency strategies at Courthouse Tower, MEPT’s 249,709 square foot office building in Arlington, VA, resulted in a 9.4 percent reduction in energy use and 600,000 lbs less of CO₂ released into the environment.

Design–Existing Building (LEED-EB) standard.

The ENERGY STAR program benchmarks properties against the EPA’s standards for energy efficiency. Compared to a national database of similar properties, office and industrial buildings attaining an efficiency score of 75 percent (out of 100 percent) earn the ENERGY STAR designation for energy efficiency, indicating the building falls within the top 25 percent of buildings nationally. MEPT has been a leader in the effort to improve energy efficiency for the last three years and has more than 150 office and industrial operating assets, totaling 22 million square feet, being benchmarked under ENERGY STAR guidelines. MEPT has achieved ENERGY STAR labels for 29 office buildings and 5 industrial buildings at an estimated value of \$1.4 billion. **MEPT’s ENERGY STAR office properties currently represent almost 2 percent of all ENERGY STAR–labeled office buildings in the country. More importantly, MEPT’s use of the benchmarking effort has helped reduce energy consumption and utility costs across the portfolio.**

The LEED-EB standard is more complex and comprehensive than ENERGY STAR and is rapidly being recognized as an important environmental and social benchmark for operating buildings. LEED-EB assesses existing buildings on set criteria related to site selection, energy efficiency, water consumption, waste management, and indoor environmental quality. With over 20 federal government agencies, 26 states and 40 major municipalities mandating LEED standards for new and existing buildings, a LEED certification will soon be an industry standard of excellence. Properties meeting LEED-EB criteria, including prerequisites such as achieving a minimum ENERGY STAR score, are awarded a total number of points ranging from 1 to 100. Those achieving a minimum of 34 points can earn LEED-EB certification, with additional recognition for higher point achievement (Silver, Gold, or Platinum).

(continued on back)

Management Fee—The Trustee of MEPT charges an annual investment management fee based on the net assets of the Fund. The current annual MEPT fee is approximately 0.853%. The fee is determined as follows: 1.25% on the first \$1 billion of MEPT total net assets, 1.0% on the second \$1 billion of MEPT total net assets, and 0.75% on MEPT total net assets above \$2 billion. Cash balances in excess of 7.5% of Property Trust net assets are excluded from the above fee calculation and will be subject to an annual fee of 0.15%. Therefore, the fee decreases as MEPT grows. There are no charges for entry or exit, and the Trustee charges no additional investment management fees to its investors.

IN-DEPTH REPORT (continued from inside)

MEPT was selected by the USGBC to participate in the LEED-EB Portfolio Pilot Program, and has initially benchmarked 45 assets. MEPT is developing specific operational strategies to qualify as many of these properties as possible for certification over the next two years. **The participation in this program demonstrates MEPT's belief that initiatives involving energy, water and waste cost savings; sustainable operations and maintenance practices; and creating work environments that improve employee productivity and well-being; will deliver bottom-line economic benefits to both the tenants and to the Fund.**

MEPT's LEED-EB program is also expected to create nearly a half million job hours for members of the Building Trades as MEPT invests in retrofit projects, systems modifications and upgrades, and operational changes. Although the LEED-EB criteria is stringent, and not all MEPT assets will qualify for certification, all benchmarked assets will benefit from the increased focus on achieving energy efficiency and implementation of portfolio-wide standards.

For MEPT, the LEED-EB and ENERGY STAR programs fit within the Fund's Responsible Property Investing (RPI) principles. RPI takes into consideration the broader social ramifications of developing and owning properties and goes beyond traditional investor and fiduciary goals to include a focus on environmental, social and governance issues while achieving competitive performance.

"Green" building and the LEED and EPA standards for energy and environmental excellence are here to stay. **In a changing real estate investment market, achieving these new standards will be important components in the successful management of real estate investments and in the effort to maximize value over the long term. With all of the various initiatives underway at MEPT, the Fund will continue to distinguish itself as an industry leader.**

The *Trust Report* is published by Multi-Employer Property Trust (MEPT), a commingled open-end real estate equity fund that invests in a diversified portfolio of institutional-quality real estate assets and 100% union-built new construction properties in major metropolitan markets around the country. MEPT's primary investment strategy is to create top-quality, income producing assets through development, rehabilitation or acquisition and repositioning of under-valued assets. MEPT's investor base is diverse and is composed of Taft-Hartley, public employee and corporate pension plans.

For more information, please contact Landon Butler & Company, LP at 202-737-7300, or through the Web site, www.mept.com.

MEPT engaged a printer for the production of this report that is 100% wind powered, uses a waterless printing process and employs qualified union craftsmen. This report was printed with 100% environmentally friendly soy-based ink. The paper used in this publication was manufactured with a minimum of 50% total recycled fiber, including a minimum of 25% post-consumer waste, and is Forest Stewardship Council certified for chain-of-custody.