

TRUST REPORT



INSIDE:

- MEPT Delivers Strong 1Q Performance and Targets Gross Return of 8% - 10% for the Year
- 2015 Advisory Board Meeting to be held June 9, 2015 in New York City

FIRST QUARTER | APRIL 2015 | VOLUME 30, NUMBER 1



MULTI-EMPLOYER PROPERTY TRUST (MEPT) closed the first quarter of 2015 with a unit value of **\$8,641.16** up **2.89 percent** (net of fees) from the previous quarter. For the trailing four quarters, MEPT's net return is **12.23 percent**.

U.S. ECONOMIC AND REAL ESTATE OVERVIEW

U.S. economic growth continued in the first quarter of 2015 but showed some signs of weakness. Unemployment remained unchanged at 5.5 percent in March as the U.S. added just 126,000 jobs, breaking a streak of 12 consecutive months above 200,000. Still, the U.S. economy has created more than three million jobs over the past year, a considerable acceleration from the 2.3 million jobs created during the previous 12 months. Global macroeconomic factors created significant volatility in the currency and energy markets, and weighed heavily on the U.S. economy, which experienced lackluster GDP growth of just 2.2 percent in the fourth quarter of 2014 — half of the previous quarter's 5 percent growth.

In spite of this potential economic slowdown, U.S. commercial real estate strengthened in the first quarter across all property types. According to CBRE, office vacancy rates continued to tighten and are now at their lowest levels since 2008. JLL reports that STEM-based sectors (science, technology, engineering and math sectors) totaled 35 percent of overall leasing volume in the first quarter with 3.0 million square feet of gross leasing activity driven by the technology sector alone. Office rental rates also showed improvements in the quarter with JLL reporting that first quarter rent growth was the highest achieved thus far during the economic recovery. The central business districts (CBDs) of Austin, New York, Portland, OR and Charlotte were among those that posted above average rental rate growth for the quarter.

Improved consumer spending continued to fuel demand in the industrial property markets, which expanded for the 20th consecutive quarter according to CBRE, with 48.7 million square feet of positive net absorption for the quarter. All but four markets showed positive demand growth. **Vacancy fell to 10.1 percent, a post-recession low and the lowest since 2007, while construction remained modest.** Rental asking rates grew 1.0 percent during the quarter, up 3.6 percent year-over-year, driven primarily by demand for warehouse and distribution space.

Rental rate growth continued to define the apartment sector: according to REIS, the first quarter of 2015 marked the 21st consecutive quarter of rent increases. In addition, vacancy rates dropped slightly by 0.1 percent for the quarter while new construction declined to its lowest level since early 2013 due, primarily, to severe weather conditions.

Retail demand was unchanged in the quarter according to CBRE with availability at 11.5 percent, holding steadily at 180 basis points below its post-recession peak of 13.3 percent. In all, 34 of 62 markets tracked by CBRE experienced a decline in availability in the quarter. ■■

NEWS BRIEFS

2015 ADVISORY BOARD MEETING AND PROPERTY TOUR:

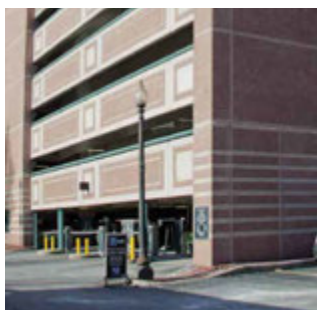
On Tuesday, June 9, 2015 at 9:00 am (eastern) MEPT's **Advisory Board** will meet at The Park Lane Hotel, 36 Central Park South, New York, New York. The Advisory Board is comprised of trustees of MEPT participating plans. Trustees and service providers of MEPT participating plans are invited to attend as observers. MEPT management looks forward to discussing updates on the management team, the Fund's performance, strategy, market conditions, and other topical issues. The meeting will be preceded by a **property tour of New York area assets** on Monday, June 8, 2015 at 12:30 pm (eastern). Please notify MEPT of your intent to attend the meeting and/or tour no later May 11, 2015. **To RSVP, please contact Susan Koches at skoches@lbutler.com or (202) 737-8840.**

MEPT ACQUIRED THE FORT POINT CREATIVE PORTFOLIO AND NECCO GARAGE FOR A TOTAL PURCHASE PRICE OF \$161.9 MILLION IN JANUARY.

The portfolio is comprised of three, well-leased, mid-rise office buildings totaling 217,861 square feet in Boston's Fort Point Channel submarket of the Seaport District. Additionally, in a separate transaction, MEPT acquired the adjacent Necco Garage, a six-level, 588 space parking facility. The Fort Point Channel area is a vibrant mix of historic warehouse buildings renovated into office, residential, and hotel uses. The submarket is transforming into a true "live/work/



300 A STREET



NECCO GARAGE

play" location and providing a unique alternative to the traditional office space in other Boston submarkets. The brick-and-beam style of these early Boston buildings with exposed timber beams, duct-work and brick walls provides a loft-like work space that is particularly appealing to technology and creative tenants such as software, digital media, architecture and marketing firms who desire

to be in the submarket. The acquisition increases MEPT's investment in Boston and furthers the Fund's strategic plan to acquire office properties in urban locations in innovation-driven markets. The adjacent Necco Garage provides an ancillary benefit to the office buildings through the ability to control parking for potential tenants while it also serves office tenants in the surrounding submarkets and visitors to the nearby cultural and entertainment sites.

FIRST QUARTER RESULTS

Net Return
First Quarter

2.89%

Net Return
4/1/14 – 3/31/15

12.23%

Net Asset Value

\$5.5 billion



(continued inside)

PERFORMANCE

BASED ON THE ECONOMIC AND COMMERCIAL real estate outlook for 2015 as outlined in the Fund’s 2015 Operating Plan, the management team has set a total return target (gross of fees) in the range of 8.0% to 10.0%¹. In the first quarter, the Fund made substantial progress in achieving that target. MEPT produced a total gross return of 3.12 percent, composed of 1.16 percent income and 1.96 percent appreciation.

The management team has set an acquisitions target of \$1.25 billion to \$1.5 billion for 2015 with an emphasis on “build-to-core” investment opportunities. Despite a highly competitive real estate market, Bentall Kennedy closed over \$420 million in four strategic transactions in the first quarter and is well on the way to accomplishing the acquisition goal.

The team also expects to generate approximately \$350 million to \$500 million in net proceeds from dispositions in 2015 and will target non-strategic and opportunistic sales. In the first quarter, MEPT generated over \$38 million from the sale of one retail asset.

In 2015, the team believes that value increases should be driven by improving property-level fundamentals. In fact, during the first quarter, the Fund’s 30.3 million square foot operating portfolio generated over \$53 million in net operating income for MEPT. There were 64 new, expansion and renewal leases signed during the quarter for gross leasing activity of over 850,000 square feet and positive net absorption of over 182,000 square feet. MEPT experienced significant leasing momentum in CBD locations such as Boston, San Francisco and Chicago. The operating portfolio was 92.2 percent leased at the end of the quarter and lease rollover in 2015 is a manageable at 9.4 percent of the Fund’s total net rentable area.

YIELD

	FIRST QUARTER 2015	TRAILING FOUR QUARTERS (COMPOUNDED)
NET	2.89%	12.23%
INCOME	0.94%	4.26%
APPRECIATION	1.96%	7.72%
GROSS	3.12%	13.23%
INCOME	1.16%	5.21%
APPRECIATION	1.96%	7.72%

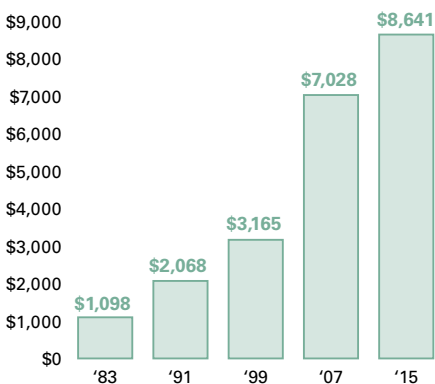
(continued)

¹ Expectations stated in this report are subject to a variety of factors and risks and many of these factors are beyond MEPT’s ability to control or predict.

UNIT VALUE GROWTH

March 31, 1983 – March 31, 2015

Based on Market Value

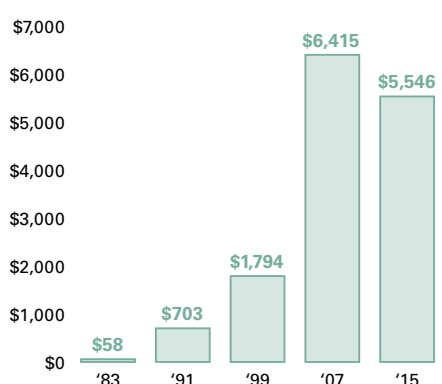


Values shown are for March 31 in each year. Date of inception April 1, 1982.

NET ASSET VALUE GROWTH

March 31, 1983 – March 31, 2015

Based on Market Value (\$Millions)



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

FUND OVERVIEW

Inception Date	April 1, 1982	Average Age of Properties	14.0 years
Investments Held	95	Markets	25
Number of Buildings	248	Net Asset Value	\$5.55 billion
Total Operating Square Footage	30.3 million	Unit Value	\$8,641.16
Operating Occupancy	92.2%	Participating Plans	320

NEW PARTICIPANTS

Michiana Electrical Workers Pension Fund

PROJECTS COMMITTED

Fort Point Creative Portfolio
Boston, MA

Lincoln Crossing
New York, NY

Midtown Crossing
Los Angeles, CA

Necco Garage
Boston, MA

PROJECTS SOLD

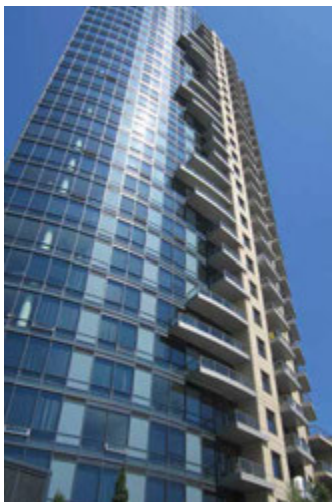
Village of Blaine Shopping Center
Minneapolis, MN

PERFORMANCE *(continued)*

The management team also expects that in 2015, strong capital flows into U.S. real estate as a result of its appeal to foreign investors and strong performance relative to other asset classes may continue to push prices and drive appreciation. In the first quarter, MEPT's appreciation was due to a combination of yield compression and improving fundamentals. **Material contributors to appreciation included the Fund's well-located, urban apartments such as Octagon Apartments in New York and The Ardea in Portland, as well as the Elan Uptown in Minneapolis.** Additionally, MEPT's Class A, CBD office assets contributed substantial appreciation, and some of the largest contributors

including 1900 16th Street in Denver, 801 Massachusetts Avenue in Boston and 475 Sansome Street in San Francisco.

Modest depreciation also occurred at a variety of asset types and locations due to pending lease expirations, early terminations, or the anticipation of rising property tax assessments and other operating expenses. ||



THE ARDEA



801 MASSACHUSETTS AVENUE



ELAN UPTOWN

MEPT LEASE ROLLOVER SUMMARY*
AS OF MARCH 31, 2015

	2015	2016	2017	2018	2019
PERCENT OF NET RENTABLE AREA	9.4%	14.3%	14.9%	9.1%	9.4%
PERCENT OF TOTAL REVENUE	8.3%	14.8%	11.2%	11.4%	11.8%

* CONSOLIDATED OPERATING INDUSTRIAL, OFFICE AND RETAIL

NEWS BRIEFS (continued)



MIDTOWN CROSSING

IN FEBRUARY, MEPT ACQUIRED MIDTOWN CROSSING, AN URBAN RETAIL CENTER IN LOS ANGELES, FOR \$186.9 MILLION. The retail center is well-leased and anchored by Lowe's Home Improvement, with a variety of other nationally recognized tenants, including Sports Authority and PetSmart. The 314,858 square foot Midtown Crossing is comprised of six, two-story buildings and sits on 11.4 acres with very good visibility in a highly-trafficked area. Situated between Downtown Los Angeles and West Los Angeles, the center benefits from its location in one of the most densely populated areas with 0.5 million people in a 3-mile radius and 1.2 million people in a 5-mile radius. Built in 2006 and renovated in 2012, Midtown Crossing is one of only two retail centers over 200,000 square feet to be built since 2000 in Los Angeles. Given the infill location and high land prices, it was a rare opportunity for MEPT to acquire this modern shopping center and furthers MEPT's strategic goal of increasing retail exposure to in-fill locations within primary markets.

DURING THE QUARTER, MEPT COMMITTED \$73.5 MILLION TO THE DEVELOPMENT OF LINCOLN CROSSING IN THE NEW YORK MARKET. MEPT



LINCOLN CROSSING

acquired the 19.9 acre land parcel located in the Meadowlands submarket in Northern New Jersey with plans, contingent on achieving site entitlements, to build a 347,053 square foot Class A warehouse/distribution facility. Lincoln Crossing is easily accessible from the New Jersey Turnpike (I-95) and is only two miles from the Lincoln Tunnel, the preferred entry point into Manhattan for truck traffic. Within 10 miles of Newark Liberty International Airport and the Ports of Newark/Elizabeth, the site is a prime location for a large bulk-distribution facility. The Meadowlands submarket has strong market fundamentals and is out-performing the broader Northern New Jersey market with 11.0% availability (and just 4.4% direct vacancy). The submarket currently consists mostly of older product with very few modern buildings. This project will increase the Fund's allocation to modern distribution facilities situated near major population centers.

IN MARCH, MEPT SOLD THE VILLAGE OF BLAINE SHOPPING CENTER IN MINNEAPOLIS FOR TOTAL GROSS PROCEEDS OF \$38.3 MILLION. MEPT acquired the 221,239 square foot retail center in 2005.

The "main street" style shopping center has 194,606 square feet of retail space and 26,633 square feet of second-floor office space, in addition to two out-parcels.



VILLAGE OF BLAINE

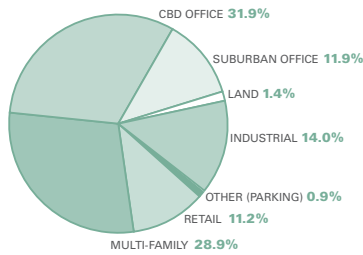
The retail center is anchored by grocer Cub Foods and supporting tenants include Michaels and Sally's Beauty Supply. While the asset was relatively well leased, there were concerns about competition from a new grocery store being built nearby as well as a decline in demand for the vacant retail space. As a result, MEPT marketed the asset for sale. After receiving solid interest from buyers, MEPT selected an offer from a joint venture between Pine Tree Commercial Realty, LLC and the Davis Companies. ■■

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 0.88%. 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.

DIVERSIFICATION

DIVERSIFICATION BY PROPERTY TYPE

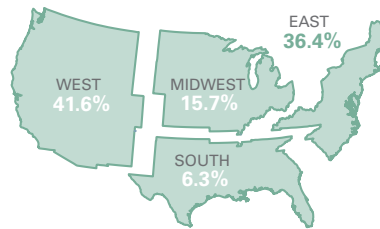
As of March 31, 2015



Note: Weighted by Net Real Estate Asset Value.

DIVERSIFICATION BY GEOGRAPHIC REGION

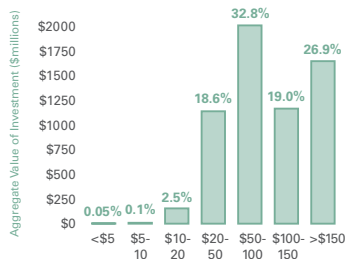
As of March 31, 2015



Note: Weighted by Net Real Estate Asset Value.

DIVERSIFICATION BY SIZE OF INVESTMENT

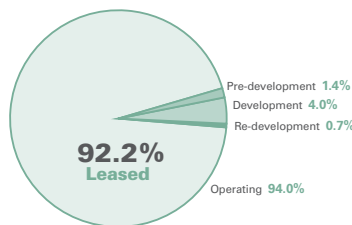
As of March 31, 2015



Note: Weighted by Net Real Estate Asset Value.

DIVERSIFICATION BY LIFE CYCLE

As of March 31, 2015



Note: Weighted by Net Real Estate Asset Value.

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 and public employee pension plans.

For more information, please contact Landon Butler & Company, LP at 202.737.7300, or through the Web site, www.mept.com.

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