

THE QUARTERLY

TRUST REPORT

|| MULTI-EMPLOYER PROPERTY TRUST

SECOND QUARTER | JULY 2005 | VOLUME 20, NUMBER 2



THE MULTI-EMPLOYER PROPERTY TRUST closed the second quarter of 2005 with a unit value of **\$5,390.42**, up **5.04 percent** (net of fees) from the previous quarter. For the trailing four quarters, MEPT's net return is **15.22 percent**.

The second quarter return represents MEPT's best quarterly performance in its 23 year history. This performance is the result of significant appreciation in the portfolio gained from the direct positive impact of MEPT's leasing activity, and the continued compression in capitalization rates across property types. In addition, MEPT's income component of its return continues to be a stable and consistent contributor to performance. Operating properties that were 91.2 percent leased at the end of the quarter provided MEPT with significant current income and represented 88.9 percent of the portfolio.

As of July 1, MEPT's net asset value stood at \$4.56 billion. MEPT's portfolio consists of 166 funded properties in over 25 major metropolitan areas. In the second quarter, six new investors became participants in MEPT, bringing the total number of investors to 249.

Real estate market fundamentals showed further improvement from first quarter 2004. There continued to be positive absorption of available space across most markets, which resulted in declining vacancy rates. Tenants now in the market for space are finding that the economics of renting space are beginning to tighten, with conditions starting to favor landlords. There is modest upward pressure on rental rates in some markets and an ebbing of leasing concessions in others.

During the second quarter, investors continued to have strong interest in high-quality, stabilized properties with sustainable cash flows, especially as they sought yields higher than those offered by the stock and bond markets. Consequently, aggressive institutional investors persisted in bidding-up pricing for high-quality properties.

USE EVERY TOOL YOU HAVE

NEWS BRIEFS



NEWTOWER TRUST COMPANY BECOMES TRUSTEE AND FIDUCIARY OF MULTI-EMPLOYER PROPERTY TRUST. After

attaining an affirmative vote from MEPT participating plans to change the trustee, the trusteeship was transitioned seamlessly from PNC (formerly Riggs Bank, N.A.) to NewTower Trust Company on June 14, 2005. Patrick Mayberry, who managed the MEPT relationship at Riggs for over 10 years, coordinated the transition and is overseeing the 10-person team responsible for trust administration and trust services for MEPT. Two additions to the MEPT trustee team include Paul Nelson as chief compliance officer and Frederick Bunch as director of valuation. NewTower is located in Bethesda, MD.

THE MEPT ADVISORY BOARD MET ON JUNE 14, 2005, IN NEWYORK, NY. MEPT management discussed with attendees NewTower's appointment as trustee of MEPT and reviewed the Fund activities since the last Advisory Board meeting in February 2005. **The trustee, NewTower, announced an adjustment to the MEPT fee structure that reduces the fee charged on cash balances in excess of 7.5 percent of net assets to an annual fee of 0.15 percent.** (See "Management Fee" on back page.) MEPT management team outlined 2005 goals and presented an in-depth report on two acquisition case studies. The 2006 Advisory Board meeting will be held on Tuesday, June 6, 2006, in Washington, DC.



DURING THE QUARTER, MEPT PURCHASED THE MINORITY PARTNERSHIP INTEREST IN VILLAGE GREEN AT SEVEN BRIDGES FOR \$2.7 MILLION. MEPT, the majority owner of the garden-style apartment project, was able to purchase the minority partner's ownership in the property, bringing its ownership to 100 percent and consolidating the Fund's interest in the asset. MEPT currently has 14 assets in which a minority owner holds 6 percent or less of the ownership and it is the Fund's intention over the long-term to buy out minority partners in order for the Fund to fully benefit from the value created by these assets.

IN THE SECOND QUARTER, MEPT SOLD TWO PROPERTIES. MEPT completed the sale of one of two buildings at the Fund's Don Julian industrial property for gross proceeds of \$5.7 million. The building was located on the back portion of the site and purchased by a local business in the City of Industry. In addition, MEPT sold a land parcel adjacent to the Fund's Greenspoint Office Building III in Chicago for \$1 million.

SECOND QUARTER RESULTS

Net Return,
Second Quarter:
5.04%

Net Return,
7/1/04 – 6/30/05:
15.22%

Net Asset Value:
\$4.56 billion



PERFORMANCE

SECOND QUARTER COMMENTARY

“As MEPT’s pipeline of development projects matures, and as the recently signed leases begin to produce rental income, the income generated by the portfolio will increase. Additionally, the income growth at each property will be considered in the valuation of each asset and should positively affect future valuations. The leasing activity in the second quarter was significant for the Fund and we should see the true impact on the income component of return in future quarters.”

Patrick Mayberry, President, NewTower Trust Company



MEPT’S SECOND QUARTER PERFORMANCE positions the Fund to exceed return goals for 2005. Year-to-date, MEPT produced a total gross return of 8.69 percent, composed of 5.50 percent appreciation return and 3.10 percent income return.

Compression in capitalization rates for investment-grade commercial properties across the country, as well as improved leasing at several MEPT assets, were the principal factors that contributed to appreciation in the second quarter. More than 40 percent of the appreciation in the operating portfolio was from valuation increases at five properties. A 363,492 square foot lease at 3500 Lacey Road in Chicago to Sara Lee Corporation positively affected the valuation of the property; compressed yield rates, high occupancy, significant market share, and outstanding guest satisfaction contributed to a higher valuation for the W New York–Union Square in New York; strong leasing performance and declining capitalization rates for industrial properties resulted in an increase in value for Gateway Distribution Center in St. Louis; gain in market share and operating performance, along with the strong demand from investors for hotel properties, contributed to The Madison Hotel’s valuation increase; and strong real estate market conditions in the Los Angeles market and the 95 percent occupancy at Pacific Vista Business Center sent the office property’s value higher in the second quarter.

Declines in valuations in the portfolio were minimal and had little impact on the second quarter performance.

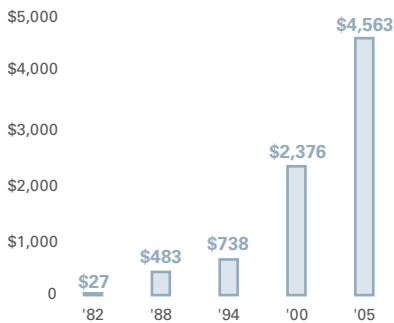
YIELD

	SECOND QUARTER 2005	TRAILING FOUR QUARTERS (COMPOUNDED)
NET	5.04%	15.22%
INCOME	1.41%	5.24%
APPRECIATION	3.63%	9.61%
GROSS	5.28%	16.29%
INCOME	1.65%	6.25%
APPRECIATION	3.63%	9.61%

NET ASSET VALUE GROWTH

July 1, 1982 – July 1, 2005

Based on Market Value (\$Millions)

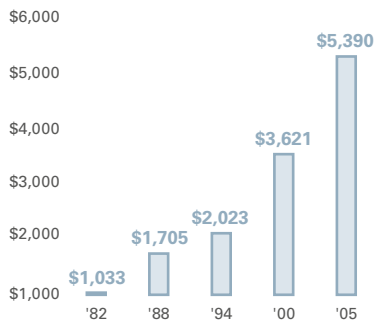


Values shown are for July 1 in each year. Date of inception April 1, 1982.

UNIT VALUE GROWTH

July 1, 1982 – July 1, 2005

Based on Market Value (\$Millions)



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

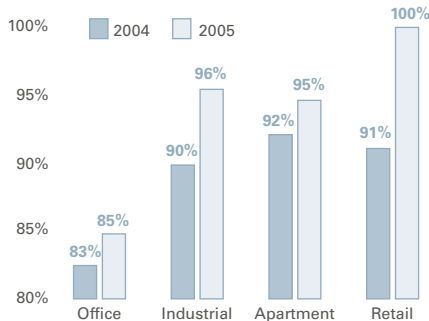
PORTFOLIO SPOTLIGHT

FUND OVERVIEW

Inception Date	April 1, 1982	Average Age of Properties	7.9 years
Assets Held	166	Markets	25
Number of Buildings	346	Net Asset Value	\$4.56 billion
Total Operating Square Footage	32.2 million	Unit Value	\$5,390.42
Operating Occupancy	91.2%	Participating Plans	249

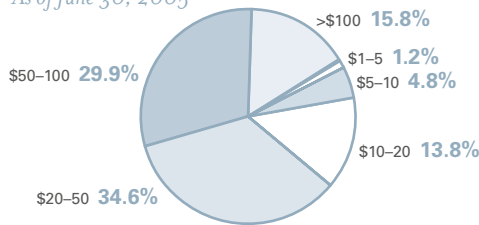
OPERATING ASSETS: LEASING STATUS BY PROPERTY TYPE (2005 vs. 2004)

As of June 30



ASSETS BY SIZE OF INVESTMENT

As of June 30, 2005



Note: Based on Net Asset Value (\$Millions).

TOP TEN ASSETS BY SIZE OF INVESTMENT

PROPERTY NAME	MSA	PROPERTY TYPE	PERCENT OF NET ASSET VALUE*
CORPORATE POINTE AT WEST HILLS	LOS ANGELES	OFFICE	4.2%
W NEW YORK — UNION SQUARE	NEW YORK	HOSPITALITY	3.7%
ONE PIERCE/500 PARK	CHICAGO	OFFICE	3.0%
3500 LACEY ROAD	CHICAGO	OFFICE	2.5%
MADISON HOTEL	WASHINGTON, DC	HOSPITALITY	2.4%
COURTHOUSE TOWER	WASHINGTON, DC	OFFICE	2.2%
HARMAN INTERNATIONAL BUSINESS CAMPUS	LOS ANGELES	INDUSTRIAL	1.9%
ARENA CORPORATE CENTER	LOS ANGELES	OFFICE	1.9%
LEGACY PLAZA	DENVER	OFFICE	1.9%
HARTFORD OFFICE BUILDING	WASHINGTON, DC	OFFICE	1.7%
TOTAL			25.3%

*Net Asset Value represents MEPT current value. It does not represent "as-complete" value for projects under construction, renovation, leverage (if any) or value of joint venture partner share (if any).

SECOND QUARTER ACTIVITY

NEW PARTICIPANTS

Indiana State District Council of Laborers and Hod Carriers Pension Fund

Steelworkers Pension Trust

Operating Engineers Local 37 Pension Plan

Construction Workers Pension Trust Fund – Lake County & Vicinity

Operating Engineers Local 37 Severance and Annuity Fund

Plumbers & Pipefitters of the Carolinas Pension-Annuity Trust Fund

PROJECTS COMMITTED

Village Green at Seven Bridges Partnership Interest Chicago, IL

PROPERTIES SOLD

Don Julian (partial sale) Los Angeles, CA

Greenspoint Office Land Parcel Chicago, IL

MEPT PORTFOLIO BENEFITS FROM SIGNIFICANT LEASING ACTIVITY

MEPT Signs 200,000+ Square Foot Leases at Several Properties

AS THE ECONOMY HAS SLOWLY BEEN STRENGTHENING, commercial real estate market fundamentals have also been steadily improving. Accordingly, tenants that have been reluctant to commit to new leases or expansions are now more actively seeking space in the marketplace.

Kennedy Associates Real Estate Counsel, Inc.'s (Kennedy) asset management team, on behalf of MEPT, has aggressively marketed MEPT properties to those tenants, and in the second quarter successfully signed 80 leases for new space or expansion space, and 52 lease renewals or extensions for a total of 132 leases. MEPT's portfolio-wide aggregate net absorption for the second quarter was 1.4 million square feet, which is a significant accomplishment for one quarter of activity when compared to the portfolio's aggregate net absorption for 2004, which totaled 2.4 million square feet.

Contributing to the strong leasing performance were several notable leases over 200,000 square feet:



3500 Lacey Road, Chicago, IL

Sara Lee Corporation signed a lease for 363,492 square feet at 3500 Lacey Road in suburban Chicago. MEPT acquired 3500 Lacey Road, a 554,657 square foot office building, in 2003, with plans to reposition the property from a single-tenant headquarters building to multi-tenant use. Plans were underway to enhance the asset's multi-tenant capability when Kennedy learned that Sara Lee was in the market for a new headquarters location. Sara Lee was the largest tenant in the market for space and selected 3500 Lacey Road over several downtown Chicago properties because it best fit the company's needs.

Brenda C. Barnes, Sara Lee Corp. president and chief executive officer, explained to real estate reporters that, "The facility in Downers Grove is a great opportunity that not only meets our space needs, but also offers Sara Lee the ability to create a workplace consistent with our new evolving culture and will serve us well in attracting and retaining best-in-class talent."

Sara Lee plans to relocate its bakery business from St. Louis, its packaged meats business from Cincinnati, as well as its beverage operations from Rolling Meadows. An additional enticement for Sara Lee to move to 3500 Lacey Road was income tax credits, a business development grant and job training funds offered to the company by the Illinois Department of Commerce when the state learned of the potential relocation of 400 jobs to the Chicago area.



Gateway Distribution Center St. Louis, MO

MEPT signed two leases at Gateway Distribution Center in St. Louis to bring the building to 100 percent leased.

World Wide Technology Holdings, a systems integrator that provides technology and supply chain solutions to customers and suppliers around the world, signed a lease for 297,095 square feet at the bulk distribution building that was completed in 2004. World Wide Technology, which has been growing steadily and achieved \$1.4 billion in sales in 2004, had a significant space requirement for warehousing, and was seeking space in close proximity to the company's headquarters in St. Louis. MEPT's Gateway Distribution Center was the only building in the submarket with 300,000 square feet of contiguous space available, and MEPT was able to execute a lease in 13 days in order to meet World Wide Technology's requirements.

MEPT also leased 216,200 square feet at Gateway Distribution Center to Ozburn-Hessey Logistics, a third-party logistics firm with clients in the consumer products, electronics, food service, manufacturing, and pharmaceutical industries. Ozburn-Hessey, founded in 1952, has been growing rapidly and had revenues of \$396 million in 2004. The company provides supply chain management services from a network of distribution facilities throughout the U.S., and the company's new space at the recently completed Gateway Distribution Center will expand the firm's ability to serve its local customer base from Gateway Commerce Center. Gateway Distribution Center was the only building in the local area that had the 200,000 square feet of contiguous space available and the only building that could cater to a short-term requirement by Ozburn-Hessey.



Rivergate Corporate Center Portland, OR

At Rivergate Corporate Center in Portland, OR, Central Garden & Pet Company signed a lease for 258,125

square feet. The space will more than double the company's local operations by consolidating and expanding its Portland and Seattle distribution centers. The transaction boosts the occupancy of the two-year-old building to 92.3 percent and leaves only 37,500 square feet available in the 1.1 million square foot Rivergate (continued on back)

Management Fee—MEPT’s Trustee, NewTower Trust Company, charges an annual investment management fee based on the net assets of the Fund. The current annual MEPT fee is approximately 0.914%. 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 the third \$1 billion of MEPT total net assets. 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%. 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)

Corporate Center complex built by MEPT. Central Garden & Pet Co., a publicly-traded, developer, marketer and producer of branded products for the consumer and professional pet and garden supplies market, will join other major tenants at Rivergate Corporate Center, including Ryder Integrated Logistics Inc. and Schneider Resources Inc.



Forest Park 19, Philadelphia, PA

MEPT signed a renewal with CompuCom for 298,523 square feet at Forest Park 19 in the Philadelphia area. Founded in 1987, CompuCom offers business software applications and software management services, as well as consulting, distribution, help desk support, and other information technology services. It also distributes desktop, mobile and wireless computers; networking equipment; and peripherals to nearly 6,000 customers. Forest Park continues to serve CompuCom’s space requirements and the renewal lease keeps this nine-year-old industrial building at 100 percent leased.



LANDON BUTLER & COMPANY (LBC) EXPANDS CLIENT

SERVICE TEAM: In the second quarter, Roger Feldman joined LBC as vice president and will have account management duties and be responsible for marketing, investor relations and client services. Prior to joining LBC, Roger worked extensively with Taft-Hartley trust funds while at Morgan & Company, Ark Asset Management, and Lynch, Jones & Ryan. In addition, Raesa Sheriff-Merchant joined LBC during the quarter as senior associate, and will join the Client Services team with a focus on client reporting and investor communications. Prior to joining LBC, she worked in Institutional Marketing at T. Rowe Price, KBSH Capital Management, and the Toronto Dominion Bank.



The *Trust Report* is published by the Multi-Employer Property Trust (MEPT), a commingled open-end real estate equity fund that invests in a diversified portfolio of 100% union built, institutional-quality real estate 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 at 202-737-7300, or through our Web site, www.mept.com.