THE QUARTERLY
TRUST REPORT

MULTI-EMPLOYER PROPERTY TRUST

THIRD QUARTER | OCTOBER 2005 | VOLUME 20, NUMBER 3

THE MULTI-EMPLOYER PROPERTY TRUST closed the third quarter of 2005 with a unit value of **$5,676.20** up **5.30 percent** (net of fees) from the previous quarter. For the trailing four quarters, MEPT's net return is **18.10 percent**.

The Fund's third quarter performance is MEPT's best quarterly return in its history—exceeding the second quarter performance that had been MEPT's single best quarterly performance. MEPT continues to benefit from significant appreciation in the portfolio gained from continued compression in capitalization rates across property types, and by the direct effect of leasing activity and growing income. As of October 1, MEPT's net asset value stood at $4.84 billion. In the third quarter, 11 new investors became participants in MEPT, bringing the total number of investors to 259.

Real estate market conditions across the country showed further improvement during the third quarter. Leasing activity increased in many markets, and vacancy rates continued to decline in most property types. For the office sector, the third quarter vacancy is expected to be at its lowest level in three and a half years. There is continued upward pressure on rental rates in certain markets as a result of increased demand, and restrained new supply.

The Federal Reserve has raised the Federal Funds Rate 11 times since June 2004. It is expected that rates will continue to rise, especially with continued inflationary pressure as indicated by the Consumer Price Index (CPI) reported for the month of September. The CPI had its highest 1 month increase in 25 years, and jumped 1.2 percent from the prior month. Most of the jump is directly related to a surge in energy and food prices in the wake of Hurricane Katrina.

While the increase in short-term rates affected some buyers, borrowers moved to take advantage of the still available low interest rates on long-term, fixed rate debt. Real estate prices continue to be buoyed by significant flows of capital into the asset class. The positive trend in market conditions, fears of inflation and the performance of real estate versus other asset classes have all been factors contributing to continued strong investor interest. Real estate investments retain their appeal as a hedge against inflation due to lower volatility of return (i.e. stable income stream) than other asset classes, and low correlation to the performance of stocks and bonds.

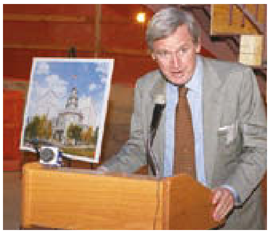
News Briefs

IN MINNEAPOLIS, MEPT ACQUIRED VILLAGE OF BLAINE SHOPPING CENTER for $38.8 million. The town-center style shopping center is 96 percent leased to 30 retail tenants and 8 office tenants. Cub Foods is the grocery anchor. With attractive finishes and architectural details, the property benefits from strong curb appeal, good access and high visibility. The long-term growth potential is excellent with the area having the highest level of housing starts of any Twin Cities suburb, and the nearby National Sports Center attracting 3 million visitors per year.

MEPT SOLD NORMAN WOODS, a two-story office building located in Chicago's Lake County submarket, for gross proceeds of $19.6 million. The building is 100 percent leased to Abbott Laboratories, but the tenant expressed, from time to time, plans to consolidate to its headquarters campus. In anticipation of substantial future leasing risk in a relatively weak leasing market, MEPT successfully marketed the property for sale.

IN AUGUST, MEPT SOLD SOUTH BY SOUTHWEST PHASE I, located in a southwest suburban Indianapolis industrial submarket. The highly visible 274,530 square foot facility, at times, proved challenging to lease due to awkward site access. After stabilizing the property, the fully-leased bulk-warehouse property was sold for gross sale proceeds of $8.7 million, allowing MEPT to maximize value for the asset.

ON SEPTEMBER 13, 2005, MEPT'S W HOTEL UNION SQUARE shattered its one day room revenue record, first set in May 2004, by approximately $30,000. The hotel netted $160,598 in room revenue in one day, and ranked number one in the market for average daily room rate.



A TOPPING-OUT CEREMONY WAS HELD IN SEPTEMBER at The Octagon on Roosevelt Island, New York where Landon Butler spoke on behalf of MEPT. The Octagon is an MEPT development project that has an historic building as the centerpiece of a new "green" apartment community with 500 apartments, a full-day day care center, six public tennis courts, and a waterfront ecological park.

SAVE THE DATE: On Monday, November 14, 2005, MEPT invites you to enjoy with us an evening on the Hau Terrace at the Halekulani in Honolulu, Hawaii. If you plan to attend the International Foundation of Employee Benefit Plans' 51st Annual Employee Benefits Conference, then please join us for a cocktail reception from 6pm – 9pm.

Third Quarter Results

Net Return, Third Quarter:
5.30%

Net Return, 10/1/04–9/30/05:
18.10%

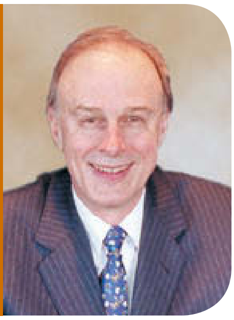
Net Asset Value:
$4.84 billion

Performance

Third Quarter Commentary

"MEPT's portfolio was not directly affected by the recent hurricane activity, as the Fund does not own any assets in the Gulf Region. However, there may be short-term affects on the real estate industry that will impact MEPT, since insurance, construction, and energy costs are expected to rise."

Jim Snyder, President,
Kennedy Associates Real Estate Counsel, Inc.



MEPT's record performance in the third quarter is attributable to the portfolio's stable and consistent rental income, its significant leasing activity, and the continued compression of capitalization rates driven by the abundant flow of capital into real estate. Year-to-date, MEPT has generated 9.82 percent of appreciation, a 4.60 percent gross income return, and an overall 14.71 percent gross return for the nine month period ending September 30, 2005.

Yield

	THIRD QUARTER 2005	TRAILING FOUR QUARTERS (COMPOUNDED)
NET	**5.30%**	**18.10%**
INCOME	1.21%	5.23%
APPRECIATION	4.10%	12.39%
GROSS	**5.54%**	**19.19%**
INCOME	1.45%	6.23%
APPRECIATION	4.10%	12.39%

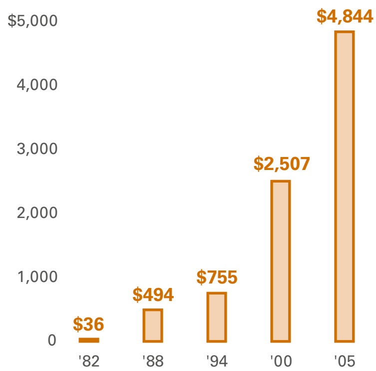
MEPT maintains a valuation process that is one of the most thorough of any open-end fund in the industry. Each asset in the MEPT portfolio is appraised annually by an independent MAI-designated member of the Appraisal Institute. The appraisal process is also staggered throughout the calendar year so that independent appraisers value a proportional share of the total portfolio each quarter. During the third quarter, 48 operating and initial leasing assets were appraised externally and the resulting appreciation for those assets was approximately $121 million.

Each property in the MEPT portfolio not being independently appraised during any given quarter is "marked-to-market" by MEPT asset managers under the *(continued on next page)*

Net Asset Value Growth

October 1,1982 — October 1, 2005

Based on Market Value ($Millions)

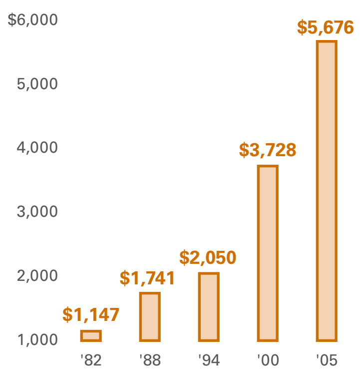


Values shown are for October 1 in each year.
Date of inception April 1, 1982.

Unit Value Growth

October 1, 1982 — October 1, 2005

Based on Market Value



Values shown are for October 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	165	Markets	25
Number of Buildings	348	Net Asset Value	$4.84 billion
Total Operating Square Footage	33.1 million	Unit Value	$5,676.20
Operating Occupancy	91.2%	Participating Plans	259

MEPT's operating portfolio was 91.2 percent leased at the end of the third quarter. Year-to-date, gross leasing activity in the portfolio totaled more than 7.5 million square feet. The asset management team completed 367 lease transactions in the first nine months which is ahead of last year's pace when MEPT signed 399 leases for the year. Forty-two percent of these lease transactions, signed in 2005, have been renewals or extensions by existing tenants.

With market fundamentals strengthening, the strategy for the asset management team continues to be that of leveraging MEPT's market position to lease its remaining 8.8 percent of vacant space to the strongest credit tenants, and negotiate from a position of strength to capture rising rental rates. MEPT plans to continue to compete aggressively while being selective in signing tenants that will maximize asset value.

Noteworthy leasing activity completed during the quarter is highlighted as follows: At Pinnacle Park in Dallas, TX, Ozburn Hessey signed a 146,875 square foot renewal, Computer Van Lines renewed 144,303 square feet at Meadows III in Chicago, IL, and at Southwest Commerce Center in Reno, NV, three new leases and one renewal were signed for a total of 106,500 square feet. In San Diego, CA, at Mission Trails Industrial Center, new and renewal leases totaling 142,718 square feet were signed, including a new 60,000 square foot lease with Fosdick, LLC, and a 57,351 square foot renewal with Home Depot Supply, Inc.

At 500 East Pratt Steet in Baltimore, MD, four leases totaling 92,586 square feet were signed, including a new 56,056 square foot lease to AON. At Barrington Pointe in Chicago, IL, multiple lease transactions were completed for close to 96,000 square feet, including a 55,742 square foot renewal and expansion for Lennar Chicago, Inc. In addition, Poly Pak America, Inc. renewed 80,000 square feet at Bandini in Los Angeles, CA.

Performance *(continued from previous page)*

direction of Kennedy's Asset Valuation Group. This extensive quarterly valuation process not only addresses material changes in the physical or financial condition of each asset and its associated market environment, it further utilizes information from recent MAI appraisals and numerous market data sources. For the 53 interim valuations completed during the quarter for initial leasing and operating assets, appreciation of $73.5 million was recognized.

Third Quarter Activity

New Participants

New Orleans Employers-International Longshoremen's Association, AFL-CIO, Pension Fund

PacifiCorp/IBEW Local 57 Retirement Trust Fund

Electrical Workers Pension Fund, Local 103, I.B.E.W.

Carpenters Local Union No. 345 Pension Plan

Plumbers Local 24 Pension Fund

Middle Tennessee Carpenters and Millwrights Pension Fund

Composition Roofers Local 4 Pension Fund

International Brotherhood of Electrical Workers 648 Pension

Plumbers and Pipefitters Local 421 Pension Fund

Asbestos Workers Local No. 47 Retirement Trust Fund

IBEW Local No. 269 Pension Fund

Projects Committed

Village of Blaine Shopping Center
Minneapolis, MN

Projects Sold

Norman Woods
Chicago, IL

South by Southwest Phase I
Indianapolis, IN

MEPT participates in "Green Building" by Constructing Cost & Energy Efficient Properties

Companies are finding plenty of benefits to building green, including financial incentives, environmental responsibility, healthy work environments, and reduced operating costs. Now, with rising energy costs, more building owners are becoming interested in energy efficient design. Green building, or sustainable design, has surfaced as a viable strategy as many companies are looking for creative ways to manage costs, and maximize property performance, while minimizing reliance on traditional energy and its negative effects on the natural environment.

Multi-Employer Property Trust began its participation in green building 10 years ago, and now has three assets that are officially "green": Tanasbourne I and Brewery Block 2 in Portland, Oregon, and The Octagon in New York City. Building green does not mean sacrificing jobs; **MEPT generated 2.2 million job hours for the Building Trades in the construction of these three projects.**


Tanasbourne 1

Tanasbourne I was MEPT's first green building and was completed in 1995. It was constructed from recycled materials, and agricultural by-product building materials manufactured to minimize the depletion of irreplaceable natural resources. Designed for maximum efficiency, the building consumes significantly less energy than its conventional counterparts, due to its strategic building orientation, integrated energy system design, and carefully planned mechanical systems. **The property's main tenant, Norm Thompson Outfitters, Inc., particularly likes the building because its green design fits with the company's mindset of eco-friendly policies and practices.** Norm Thompson Outfitters regularly boasts that its company headquarters is one of the first green buildings in the U.S.

At MEPT's Brewery Block 2, a 219,965 square foot office and retail complex, the combination of historic renovation, new construction, and energy efficient design also attracted prestigious tenants. The building is substantially leased to tenants such as the Portland office of Perkins Coie, a highly regarded Seattle-based law firm, and Gerding/Edlen Development Company, a Portland based company active in green building design and construction.


Brewery Block 2

Brewery Block 2, built by MEPT in September 2002, is part of a major revitalization effort in Portland's Pearl District. This Class-A building was designed for long-term energy efficiency, and earned prestigious accreditation from the Portland General Electric's Earth Advantage Program and the U.S. Green Building Council for Leadership in Energy Environmental Design (LEED) certification. The historic Blitz-Weinhard Brewery is at the heart of the redevelopment and is integrated into the Brewery Block 2 office tower. **Incorporating historic structures like the brewery into the site actually helped conserve resources and efficiently use materials.** Additionally, 90 percent of the construction waste from pre-development demolition work was recycled during construction.

The property is 30 percent more efficient than code requirements. "Green" measures incorporated in the building include: highly efficient HVAC and glazing systems; centralized chilled water plant; high efficiency lighting systems with daylight controls and occupancy sensors; natural interior light within tenant spaces; operable windows for natural ventilation and occupant comfort; use of water-efficient plumbing fixtures and landscaping; and utilization of low-toxicity building materials.

In New York, MEPT expects a 2006 completion of The Octagon, an historic structure incorporated into a five acre new apartment community that includes 400 market rate apartments, 100 middle-income apartments, a full-day day care center, six public tennis courts, and a waterfront ecological park. **The redevelopment strives to preserve the rich architectural heritage of the landmark while incorporating the latest energy efficient technology to conserve natural resources.** The building will consume 35 percent less energy than comparable new buildings.


View from The Octagon

(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 0.906%. 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)*

Recognized by Governor Pataki as one of five properties in New York State for their energy efficient, "green" designs, the Octagon project will employ technologies such as solar power and fuel cells and high performance windows and ventilation systems. The use of natural light and building products made from recycled materials reduce the environmental impact.

In order to conserve energy, the apartment buildings will have: high efficiency gas fired condensing boilers; high water source heat pumps; photo voltaic cells; air-to-air and water-to-water heat recovery equipment; occupancy sensors; variable frequency drives; premium efficiency motors; programmable thermostats; and thermally improved walls and windows to cut the buildings' energy dependency.

Using recycled materials was a goal for the project. The concrete, steel, insulation, and metalwork will all contain recycled materials. All interior wood doors and millwork will utilize formaldehyde free wood. Kitchen cabinets are to be constructed from wheatboard, a rapidly renewable material.

MEPT's commitment to green building has resulted in modern, energy efficient, and cost-efficient projects that contribute to portfolio performance. The positive contribution these properties make to the environment from their reduced reliance on traditional energy sources and use of recycled materials is beneficial to MEPT's tenants and the surrounding communities.

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**.

MULTI-EMPLOYER PROPERTY TRUST

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TRUSTEE

NEWTOWER TRUST COMPANY

INVESTMENT ADVISOR

KENNEDY ASSOCIATES REAL ESTATE COUNSEL, INC.
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