The Quarterly

Trust Report

Multi-Employer Property Trust

INSIDE

- MEPT'S Responsible Property Investing (RPI) Leadership is Recognized Globally by the GRESB
- The Fund Completes Several Significant Acquisitions and Dispositions

THIRD QUARTER | SEPTEMBER 2011 | VOLUME 26, NUMBER 3

Multi-Employer Property Trust (MEPT) closed the third quarter of 2011 with a unit value of $6,235.88, up 3.28 percent (net of fees) from the previous quarter. For the trailing four quarters, MEPT's net return is 15.43 percent.

U.S. Economic and Real Estate Overview

The economic environment remained challenging during the third quarter. Fiscal woes in the U.S. and Europe, political brinkmanship over U.S. fiscal policy, and the lingering foreclosure crisis all weighed on business and consumer sentiment, hindering economic growth. The probability of another recession rose from 26 percent in June to 45 percent in September, according to Moody's Economy.com.

The recovery remains slow, but recent data suggests it may be gaining momentum. Real Gross Domestic Product (GDP) expanded at an annualized rate of 2.5 percent in the third quarter, according to the federal government's initial estimate. The level of real GDP now exceeds the previous high reached in the fourth quarter of 2007. Risks to the economic and real estate recovery remain significant. However, if policy makers around the globe can take measures to stabilize the European debt crisis and implement a plan to put the U.S. on a course towards fiscal health without stifling near-term growth, the U.S. recovery should accelerate in 2012.

Employment rose by 103,000 in September and job gains in July and August were revised up to 127,000 and 57,000 from prior reports of 85,000 and zero, respectively. Although this growth is encouraging, the rate of job creation remains too weak to improve the unemployment rate, which continues to hover at 9.1 percent.

With limited new commercial real estate construction activity, the tempered economic recovery is creating enough new demand to reduce vacancy rates and increase rents in most major real estate markets. The expectation of improving real estate fundamentals continues to draw investor capital into top-quality assets in primary markets, driving capitalization rates[1] lower. Strong performance relative to other asset classes and concerns about the volatility of financial markets have also attracted investors to commercial real estate. **Well-located, well-leased multi-family properties, central business district office buildings and neighborhood, grocery-anchored retail assets continue to garner significant interest.** Secondary markets are experiencing an increase in interest from investors as pricing has risen in primary markets. Real estate transaction activity year-to-date has increased dramatically from a year ago.

([1]A "cap rate" or capitalization rate is an approximation of expected current income determined by dividing net operating income by the purchase price.)

News Briefs

IN THE THIRD QUARTER, MEPT ACQUIRED 200 WEST MADISON, A 928,040 SQUARE FOOT, CLASS A OFFICE BUILDING IN CHICAGO'S WEST LOOP NEIGHBORHOOD, FOR A TOTAL PRICE OF $217.5 MILLION. The acquisition helps MEPT achieve its strategic objective of increasing the Fund's allocation to central business district office assets as it reduces its suburban office weighting. The 45-story building has excellent access to public transportation; is a short walk to restaurants, shopping and hotels; has award winning lobby and building renovations; and has earned Leadership in Energy & Environmental Design (LEED) Silver certification from the U.S. Green Building Council. Demand for office space in Chicago has been led by companies relocating to and expanding in downtown Chicago, and MEPT expects this trend will continue. The building is 88 percent leased to a diverse base of approximately 70 tenants including law firms, financial services groups, a design school, and other service-oriented businesses. MEPT plans to solidify the building's competitive position by completing certain capital improvements and modernizations. The transaction was the tenth largest office transaction in the U.S. in the third quarter, according to Real Capital Analytics.


Courtesy of Transwestern
200 WEST MADISON

IN SEPTEMBER, MEPT ACQUIRED PENN MAR SHOPPING CENTER FOR A GROSS PURCHASE PRICE OF $60.2 MILLION. Penn Mar Shopping Center, a 387,028 square foot grocery-anchored center, is located in a densely populated submarket of Washington, D.C., which has solid demographics. The retail asset is 95 percent leased to a mix of discount and convenience retailers. Anchored by Shoppers Food & Pharmacy, Penn Mar Shopping Center's other retailers include Burlington Coat Factory, Dollar Tree, Staples, Party City and Petco, which all attract a consistent flow of value-oriented shoppers. The MEPT management team expects that consumer demand for necessity goods will continue to drive sales growth at grocery-anchored, neighborhood centers such as Penn Mar. The acquisition advances MEPT's strategic objective to increase its retail allocation.

MEPT ACQUIRED ENSO PEARL DISTRICT IN PORTLAND, OREGON DURING THE QUARTER FOR A GROSS PURCHASE PRICE OF $55.5 MILLION. The acquisition of Enso Pearl District furthers MEPT's strategic plan to acquire transit-oriented, multi-family assets in urban, infill locations that are attractive to the "Echo Boom" population. Enso Pearl District's unit mix is weighted to studio and one-bedroom units, which fits well with this demographic. Additionally, the property has proximity to mass transit, cultural attractions, and retail/lifestyle centers. The 95 percent leased property was built in 2010 and currently has 152 units with approved plans to add eight additional units at the ground level.


ENSO PEARL DISTRICT

(continued on inside)

Third Quarter Results

Net Return, Third Quarter
3.28%

Net Return, 10/1/10 – 9/30/11
15.43%

Net Asset Value
$5.31 billion

ENVIRONMENTAL PERFORMANCE
MEPT
GRESB RANKED:
#1 NORTH AMERICA
#5 GLOBALLY

Performance

Third Quarter Commentary

Year to date, through September 30, 2011, MEPT's performance has resulted in a total gross return of 10.97 percent, composed of 4.00 percent income and 6.79 percent appreciation. **As a result, the MEPT Management Team expects MEPT to exceed the Fund's 2011 performance expectation of 9 percent to 11 percent (gross of fees) total return which was set at the start of the year.**

During the quarter, a major positive contributor to both income and appreciation in the portfolio was the full payoff of a mezzanine loan to MEPT by the equity partners of 200 Fifth Avenue, a well-leased office building in New York City, after the property was recapitalized. Indeed, the dramatic improvement in New York market fundamentals generated significant interest in the property and it was the second largest office transaction in the U.S. during the third quarter.

In addition to the benefits from the loan proceeds, the 88.6-percent-leased, 40-million square foot operating portfolio generated stable income for the Fund. **During the quarter, there was positive absorption of space as the asset management team executed 82 leases representing over 1 million square feet. More than 60 percent of the space leased was tenant renewals.**

Yield

	THIRD QUARTER 2011	TRAILING FOUR QUARTERS (COMPOUNDED)
NET	**3.28%**	**15.43%**
INCOME	1.41%	4.18%
APPRECIATION	1.86%	10.91%
GROSS	**3.51%**	**16.46%**
INCOME	1.64%	5.13%
APPRECIATION	1.86%	10.91%

Over the next two years, more than 85 percent of the Fund's anticipated gross rental revenue for the office, industrial and retails assets will be generated from current in-place rents that are generally consistent with market rates and are contractually secured by lease agreements. Also, existing leases contain rent step provisions that average one to two percent per year and should enhance contract revenue. Furthermore, for the next

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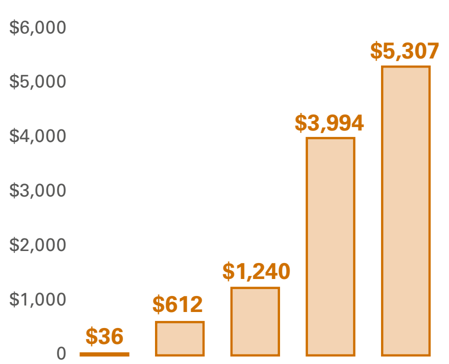
Net Asset Value Growth

September 30, 1982 – September 30, 2011

Based on Market Value ($Millions)

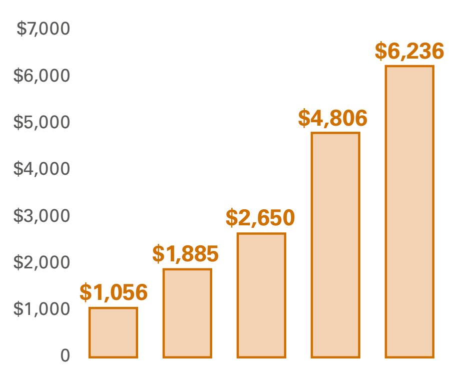


Values shown are for September 30 in each year.
Date of inception April 1, 1982.

Unit Value Growth

September 30, 1982 – September 30, 2011

Based on Market Value



Values shown are for September 30 in each year.
Date of inception April 1, 1982.

FUND OVERVIEW

Inception Date	April 1, 1982	Average Age of Properties	12.6 years
Investments Held	150	Markets	30
Number of Buildings	378	Net Asset Value	$5.31 billion
Total Operating Square Footage	40.0 million	Unit Value	$6,235.88
Operating Occupancy	88.6%	Participating Plans	358

PERFORMANCE *(continued from previous page)*

few years, rollover exposure should be moderate and manageable. Going forward, the well-leased assets acquired in 2011 should also bolster the income return.

Appreciation in the portfolio for third quarter was also attributable to continued cap rate compression in primary markets such as Washington D.C. and New York which have stable current conditions and expectations for solid growth in fundamentals. For example, MEPT's multi-family assets, such as The Octagon in New York, and urban office properties, including Patriots Plaza I, II, & III in Washington, D.C., were assets that appreciated most significantly during the quarter.

PATRIOTS PLAZA I, II, & III OFFICE, WASHINGTON, DC

NEWS BRIEFS *(continued)*

MEPT IS ON TRACK TO ACHIEVE ITS 2011 DISPOSITION TARGET OF $400–$500 MILLION IN TOTAL NET PROCEEDS. Year-to-date, through September 30, 2011, MEPT has received $332.6 million in net proceeds from the sale of one hotel, four office assets, four industrial properties, two land assets, and a partnership interest—in addition to the payoff of a mezzanine loan. In the third quarter, MEPT nearly doubled the sale proceeds from the first six months, receiving its share of proceeds totaling $208.1 million from six transactions: the mezzanine loan payoff at 200 Fifth Avenue; 5901 College Boulevard in Kansas City; KS, 35/13 Crossing in Minneapolis, MN; 1800 Arch Street in Philadelphia, PA; and the partial sale of the remaining building in the Kirkland Flex office park in Seattle, WA. MEPT has several other assets on the market for sale this year and expects to close additional dispositions before year-end.

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

National Automatic Sprinkler Industry Pension Fund

New Jersey Carpenters Pension Fund

NEW PARTICIPANTS

32BJ School Workers Pension Fund

Northern California Glaziers, Architectural Metal & Glass Workers Pension Plan

PROJECTS COMMITTED

Penn Mar Shopping Center
Washington, DC

200 West Madison
Chicago, IL

Enso Pearl District
Portland, OR

PROJECTS SOLD

Kirkland Flex Building F
Seattle, WA

1800 Arch Street
Philadelphia, PA

35/13 Crossings
Minneapolis, MN

5901 College Boulevard
Kansas City, KS

200 Fifth Avenue
(Mezzanine Loan Payoff)
New York, NY

MEPT's RPI Leadership is Recognized Globally

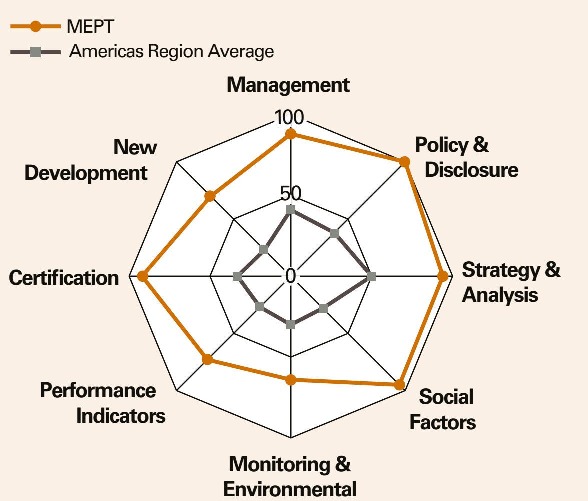
MEPT Ranked 1st in the Americas and 5th Globally by the GRESB

ENVIRONMENTAL PERFORMANCE
MEPT
GRESB RANKED:
#1 NORTH AMERICA
#5 GLOBALLY

MEPT has been a leader in Responsible Property Investing (RPI) since the Fund's inception. Since 1982, the MEPT Management Team has increasingly incorporated Environmental, Social, and Governance (ESG) principles into the Fund's investment process which reduces risk in the portfolio and is consistent with its fiduciary responsibilities.

Over the past 29 years, the Management Team has identified and adopted ESG practices that further performance goals and that also achieve important secondary objectives: creating economic activity and jobs with contractors signatory to collective bargaining agreements with trade unions; incorporating sustainable development practices; fostering high-performance property operations while promoting energy conservation; and adhering to governance best practices. In 2008, MEPT was the first U.S. real estate fund to become signatory to the UN Principles for Responsible Investment (UN PRI).

Sustainability Dimensions Scores



MEPT's reliance on the principles of RPI has provided a risk framework in which the Fund can develop and manage an energy-efficient portfolio of assets while also ensuring the properties are economically viable and financially rewarding long-term investments.

Now, a global benchmark has validated MEPT's efforts and leadership. The Fund earned a top spot on the Global Real Estate Sustainability Benchmark (GRESB) Foundation's survey, which measured the social and environmental performance of 340 listed and private property funds from around the world. **MEPT ranked #1 in the Americas, and it ranked #5 on the "Global Top Ten" list — the only U.S. fund listed in the Global Top Ten.**

The GRESB Foundation created the survey to provide a tool for institutional investors to assess real estate funds on their ESG performance which the Foundation believes helps investors fulfill their fiduciary responsibility. The industry-led initiative seeks to enhance shareholder value by increasing transparency in ESG practices in the property sector.

"To see the Fund's efforts recognized through the results of this extensive global survey is very gratifying for MEPT and its investors," stated David Antonelli, Executive Vice President and MEPT Portfolio Manager at Bentall Kennedy, MEPT's real estate advisor. "For more than 29 years, MEPT has been a leader in successfully integrating ESG principles into its investment strategy. Now more than ever, we firmly believe that the ability to execute a responsible investment strategy is critical to the Fund's long-term success."

David Antonelli, *EVP, MEPT Portfolio Manager,* Bentall Kennedy

After submitting extensive information regarding its $5.3 billion portfolio, MEPT was awarded a top

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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 0.89%. The fee is determined as follows: 1.25% on the first $1 billion of MEPT total net assets, 1.0% on the Third $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)*

ranking based on the Fund's score on more than 50 metrics of ESG performance. On sustainability dimensions (*see chart*), MEPT outperformed on all metrics. **The report identifies MEPT as a "Green Star," a fund with "an integrated organizational approach towards measurement and management of environmental key performance indicators" that resulted in a reduction of resource consumption and innovation in measures beyond energy efficiency.** Less than 20 percent of the 340 respondents were ranked "Green Stars."

"The commercial real estate sector is poised to move towards full integration of environmental management in daily operations with great opportunities lying ahead," says Dr. Nils Kok, executive director of the GRESB Foundation. "Our benchmark puts the environmental performance of fund managers in perspective and provides investors with a tool for engaging with the property sector."

Dr. Nils Kok
Executive Director
GRESB Foundation

The GRESB Foundation, an initiative of some of the world's largest institutional investors, gathered data from 340 respondents globally to create a science-based sustainability benchmark. Respondents represented close to US$1 trillion in commercial real estate assets or 35 percent of the global real estate market.

For a full copy of the report GRESB Research Report 2011, please contact Vanessa Parrish at vparrish@lbutler.com or (202) 737-8829.

Multi-Employer Property Trust

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TRUSTEE
NewTower Trust Company

INVESTMENT ADVISOR
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INVESTOR RELATIONS
Landon Butler & Company

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.