The Quarterly

Trust Report

MEPT | 30 Years 1982 – 2012

INSIDE:

- **MEPT Earns Top GRESB Ranking For Second Straight Year**
- **Bentall Kennedy Appoints Olena Berg Lacy and Bernard Winograd to Board**

THIRD QUARTER | OCTOBER 2012 | VOLUME 27, NUMBER 3

Multi-Employer Property Trust (MEPT) closed the third quarter of 2012 with a unit value of $**6,700.36** up **1.07 percent** (net of fees) from the previous quarter. For the trailing four quarters, MEPT's net return is **7.45 percent**.

U.S. Economic and Real Estate Overview

Uncertainty due to the impending U.S. presidential election and "fiscal cliff" along with the volatile sovereign debt crisis in Europe and geopolitical tensions in the Middle East are all working to prevent the U.S. economy from gaining any significant momentum. With the likelihood that lawmakers will not address spending and taxes until after the election, investor confidence remained relatively unchanged during the quarter. Real GDP growth has been disappointingly low in 2012, and although third quarter data is expected to show an improvement, expectations are that GDP growth will be around 2.0 percent for all of 2012.

The Federal Reserve Bank announced a new round of quantitative easing intended to keep rates low and encourage growth. **Even though employers are reportedly waiting for signs of a more robust recovery, private sector employment growth continued during the quarter and the unemployment rate fell below 8 percent for the first time since January 2009.**

In step with the sluggish economic growth, the U.S. commercial real estate market in the third quarter continued to show moderate improvement across all property types as construction activity remained limited. Apartments continue to benefit from strong demand and had the greatest decline in vacancy of any sector. Quarter over quarter, the office sector also had a pickup in demand, causing vacancy rates to fall. The industrial and retail sectors also saw improvement, but more modest than multi-family or office.

However, when analyzed by market, it is clear that conditions vary greatly between coastal, urban markets and secondary or tertiary markets, where demand has not improved enough to absorb the significant amount of available space. This divergence in fundamentals is also reflected in investor demand for real estate. **Core real estate in the major U.S. markets continues to garner the most interest and highest prices paid by investors whereas opportunistic investors are more active in markets with weaker fundamentals and are causing downward pressure on pricing, especially for assets with leasing challenges or capital needs.**

News Briefs

DURING THE THIRD QUARTER, MEPT PURCHASED THE WOBURN MALL FOR $62.6 MILLION. The purchase of the Woburn Mall is MEPT's first retail investment in the Boston metropolitan area and increases MEPT's allocation to the retail sector, satisfying certain strategic goals of the Fund. The Woburn Mall, a 276,205 square-foot retail center originally built in 1976, and most recently renovated in 2006, is approximately 90 percent leased to a desirable tenant mix of necessity-based and discount retailers, complemented by grocery and specialty shops. The property has a prime location, with easy access and high visibility to both Interstates 95 and 93. The center draws shoppers from nearby high-density residential neighborhoods, as well as the large population of more than 65,000 office workers in a three-mile radius. With the property's dense infill location and the lack of large-scale development sites in the area, replacing the mall today would cost a significant premium over the purchase price. MEPT will be evaluating opportunities to improve both the interior and exterior of the mall.

WOBURN MALL

IN SEPTEMBER, MEPT ACQUIRED MONDRIAN CITYPLACE, A 218-UNIT MULTI-FAMILY ASSET IN DALLAS. The 20-story apartment community, which was 98 percent leased at the time of purchase, increases the Fund's allocation to the multi-family sector as well as the Fund's investment in the South. The asset is located in the Uptown submarket of Dallas, which has become one of the most desirable residential locations for young and affluent renters because of its proximity to the city's largest employment centers and because of the "live/work/play" environment. The asset has convenient access to public transit options nearby and features a unique architectural design, with community amenities that are well-matched to the renter demographic in the area.

MONDRIAN CITYPLACE

MEPT BOUGHT THE TRIMBLE DISTRIBUTION CENTER FOR $26.1 MILLION IN THE THIRD QUARTER. The acquisition of this asset in the San Jose market furthers MEPT's Strategic Plan by maintaining the Fund's industrial allocation in primary markets. The 206,642 square foot industrial building is located in a core industrial market with a growing economy and with constraints limiting future competitive industrial supply. The property is leased to credit tenants and was particularly appealing to MEPT because of its central location, quality design, renovated condition, and above-average parking and storage area.

TRIMBLE DISTRIBUTION CENTER

DURING THE QUARTER, MEPT SOLD PACIFIC VISTA BUSINESS CENTER FOR TOTAL GROSS PROCEEDS OF $59.0 MILLION. Pacific Vista Business Center, a 322,000 square foot office building located in Los Angeles, had been a stable performing office asset in the MEPT portfolio with above-market rents and high occupancy. However, due to anticipated increased lease rollover in the coming years and a strategic objective to decrease the Fund's suburban office allocation, MEPT targeted the asset for sale. Based on the strength of the property's operating history, a highly competitive marketing process resulted in multiple offers. At the completion of several bidding rounds, Cornerstone Real Estate Advisers provided the best all-cash offer.

(continued on inside)

Third Quarter Results

Net Return,
Third Quarter
1.07%

Net Return,
10/1/11—9/30/12
7.45%

Net Asset Value
$5.62 billion

PERFORMANCE

MEPT HAS MADE PROGRESS THIS YEAR IN ACHIEVING THE OBJECTIVES OF ITS FIVE-YEAR strategic plan. The plan is intended to enhance the Fund's ability to deliver competitive risk-adjusted returns by pursuing certain property type and geographic diversification targets, providing for efficient cash and leverage management, taking advantage of the low interest rate environment and capitalizing on the management team's development capabilities.

Consistent with its strategic plan, MEPT has completed, year-to-date, approximately $409 million of acquisitions including two existing multi-family assets, two multi-family development projects, an existing retail center, an existing industrial facility and a build-to-suit industrial expansion. MEPT has generated approximately $160 million in net sales price through the sale of four suburban office assets and seven industrial buildings. Additionally, MEPT is in the process of negotiating a line of credit at very attractive borrowing rates. The facility is expected to close in the fourth quarter and should provide additional cash management flexibility.

In the third quarter, MEPT produced a total gross return of 1.29 percent, composed of 1.31 percent income and 0.02 percent depreciation. **MEPT's 90.6 percent leased operating portfolio has generated stable and steady income in the third quarter and throughout the year as a result of increased leasing activity, improving market and rental rate fundamentals, expense management, and the acquisition of well-leased existing assets.**

YIELD

	THIRD QUARTER 2012	TRAILING FOUR QUARTERS (COMPOUNDED)
NET	**1.07%**	**7.45%**
INCOME	1.08%	4.41%
APPRECIATION	-0.02%	2.94%
GROSS	**1.29%**	**8.40%**
INCOME	1.31%	5.34%
APPRECIATION	-0.02%	2.94%

Appreciation in the portfolio during the quarter was the result of positive leasing activity at several assets including an expansion of approximately 500,000 square feet for Proctor and Gamble at Gateway Commerce Centers II and III in St. Louis, MO. Additionally, rental rate increases and operating expense reductions at several properties and construction progress at six multi-family development projects positively contributed to appreciation.

The appreciation was primarily offset by significant depreciation affecting two assets in the

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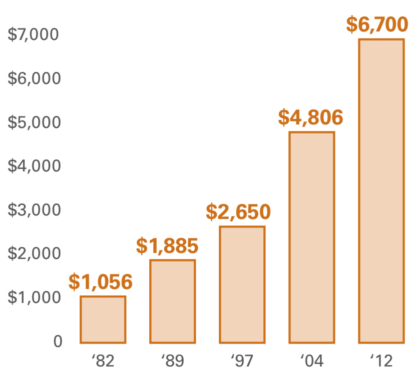
UNIT VALUE GROWTH

September 30, 1982 – September 30, 2012

Based on Market Value

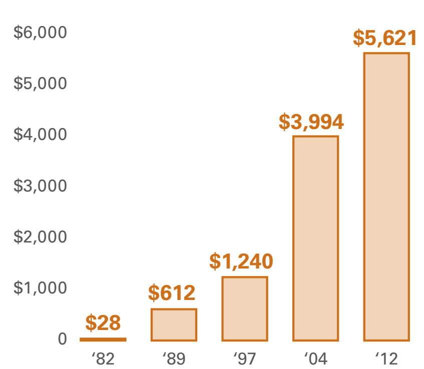


Values shown are for September 30 in each year.
Date of inception April 1, 1982.

NET ASSET VALUE GROWTH

September 30, 1982 – September 30, 2012

Based on Market Value ($Millions)



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	12.8 years
Investments Held	142	Markets	30
Number of Buildings	345	Net Asset Value	$5.62 billion
Total Operating Square Footage	39.2 million	Unit Value	$6,700.36
Operating Occupancy	90.6%	Participating Plans	361

PROJECTS COMMITTED

Woburn Mall
Boston, MA

Mondrian Cityplace
Dallas, TX

Trimble Distribution Center
San Jose, CA

PROJECTS SOLD

Agave Center
Phoenix, AZ

Commerce Park Tualatin I, II and III
Portland, OR

Pacific Vista Business Center
Los Angeles, CA

Skyway Court
San Francisco, CA

PERFORMANCE *(continued)*

portfolio. MEPT experienced a large value decline at a 10-building office park in suburban Los Angeles that is targeted for disposition as part of the Fund's strategic goal to reduce its suburban office allocation. The property continues to reflect low occupancy, minimal absorption, lack of locational demand, and weak suburban market fundamentals, resulting in further value deterioration. Moreover, MEPT recognized additional depreciation at 360 State Street in New Haven, CT due to an increase in the real estate tax assessment for the property. MEPT is challenging the assessment because it believes that it is disproportionate to assessments for comparable buildings in the market. Additionally, certain MEPT assets experienced increased re-leasing costs that adversely impacted valuations.

Through the end of the third quarter, MEPT achieved a year-to-date total gross return of 5.53 percent, composed of 3.99 percent income and 1.49 percent appreciation. The income return is in line with the MEPT management team's expectation while the appreciation is lower than anticipated**. After a review of MEPT's year-to-date performance and expected real estate market conditions for the remainder of the year, MEPT's management team has revised its estimate for appreciation in 2012 and, as a result, also revised the Fund's total return target.** The income return target of 5.0 percent to 5.5 percent remains the same. The appreciation return is expected to be in the range of 1.5 percent to 2.0 percent — which is down from 2.5 percent to 3.0 percent — with the total return expected to be in the range of 6.5 percent to 7.5 percent.

NEWS BRIEFS *(continued from inside page)*

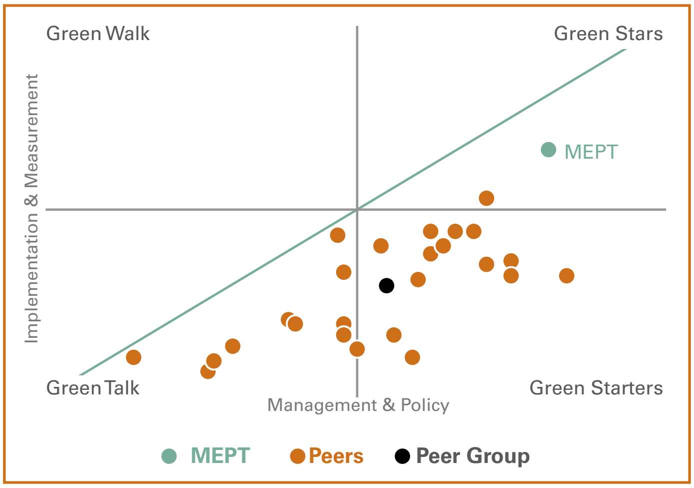
IN JULY, MEPT RECEIVED TOTAL GROSS PROCEEDS OF $25.2 MILLION FROM THE SALE OF COMMERCE PARK I, II AND III IN PORTLAND. The three industrial assets, totaling over 400,000 square feet in seven single-story light industrial buildings, are situated on 26 acres in an industrial park in the Portland market. MEPT originally purchased a large area of land in 1995 and gradually built each phase of the project based on market demand, with the third phase of the project completed in 2000. MEPT targeted the asset for sale due to declining leasing conditions in the submarket as well as significant near-term leasing risk. The three assets were sold to a closed-end real estate fund controlled by the Trammell Crow family.

IN AUGUST, MEPT SOLD AGAVE CENTER AND GENERATED $23.3 MILLION IN GROSS PROCEEDS. Agave Center, a 219,000 square foot multi-building suburban office complex in Phoenix, was built by MEPT in 2000. With limited upside leasing potential and persistently high vacancy in the submarket in which Agave Center is located, MEPT marketed the asset for sale. The office park, along with an undeveloped parcel of land, was sold in an all-cash transaction to a real estate fund active in the Phoenix area.

DURING THE QUARTER, MEPT RECEIVED $8.6 MILLION IN GROSS PROCEEDS FOR SKYWAY COURT IN SAN FRANCISCO. Although it was 90 percent leased at the time of sale, Skyway Court, a 102,000 square foot industrial asset, was targeted for sale due to significant anticipated lease rollover during the next three years. This sale is consistent with MEPT's strategic goal of disposing of smaller assets. The asset was marketed and sold to the Franmar Company, a local family-owned real estate investor.

Mept Earns Top Ranking for Sustainability and Environmental Performance for U.S. Commercial Real Estate Funds

GRESB Report Awards MEPT "Green Star" Status



For the second straight year, MEPT was ranked #1 in its peer set in the U.S. by the Global Real Estate Sustainability Benchmark (GRESB) as a result of the Fund's environmental, social and governance (ESG) performance. Since its inception in 1982, MEPT has been a leader in identifying and successfully integrating ESG principles into its investment strategy.

The survey is conducted by the GRESB Foundation and measures the ESG performance of listed and private property funds. This year, participation in the research survey grew by 30 percent, representing 450 property companies and funds, and US$1,320 billion in global assets under management.

The GRESB Foundation provides a rigorous and independent evaluation tool for institutional investors to assess real estate funds and managers on their ESG performance, which the Foundation believes helps investors fulfill their fiduciary responsibility. Sponsored by prominent institutional investors, GRESB has the goal of enhancing shareholder value by increasing transparency in ESG practices in the property sector.

The published report ranks leaders in each asset class (retail, industrial, commercial and diversified) in each of the following regions: Americas, Asia, Oceania, and Europe. **MEPT was rated the top performer for real estate funds in the "Diversified" category, which GRESB defines as "no single asset class representing more than 60% of assets."**

"The data collected by GRESB provide a base for informed discussions between institutional owners of real estate and their property companies and investment managers regarding the sustainability of existing investments," said Nils Kok, GRESB's Executive Director.

The report also identifies MEPT as a "Green Star", a fund with "an integrated organizational approach towards measurement and management of environmental key performance indicators" resulting in a reduction of resource consumption and innovation in measures beyond energy efficiency. As part of the due diligence process, the survey gathers information on sustainable management practices and policies, implementation and measurement of energy consumption, water consumption, waste collection, recycling, CO^2 emissions, and on employee training programs and remuneration policies.

Bentall Kennedy Appoints Independent Directors to Board

Industry Leaders in Real Estate and Governance Nominated by CalPERS to Complement Existing Board Members

Bentall Kennedy, real estate advisor to MEPT, announced that it has appointed two additional independent directors nominated by the California Public Employees' Retirement System (CalPERS), a one-third owner of Bentall Kennedy. Ms. Olena Berg Lacy and Mr. Bernard Winograd will serve on both Bentall Kennedy's U.S. Board and its Canadian Board, maintaining the firm's longstanding principle of having a majority of independent Board members.

"One of Bentall Kennedy's core values is best-in-class governance. The addition of Olena Berg Lacy and Bernard Winograd to what is already a 'gold standard' Board is evidence of the importance that the firm and its owners place upon this cornerstone corporate value," said Ted Eliopoulos, Senior Investment Officer for CalPERS' real estate program.

Olena Berg Lacy is currently Senior Advisor and Board Member at Financial Engines, and recently served as trustee to the board of the Voluntary Employees' Beneficiary Association

(continued on back page)

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.

Bentall Kennedy Board Additions *(continued from inside)*

for UAW Health Care at General Motors (2008-2011), where she chaired the investment committee that was responsible for managing a $50+ billion portfolio. Ms. Berg Lacy is the former U.S. Assistant Secretary of Labor in the Clinton Administration, where she was responsible for the enforcement of ERISA, and was the former head of the Pension and Welfare Benefits Administration. She has also served as Chief Deputy State Treasurer for the State of California, in which capacity she represented the Treasurer on the Boards of CalPERS and CalSTRS. Earlier in her career, Ms. Berg Lacy served in various senior executive capacities within the commercial real estate industry.

Mr. Winograd most recently served as Executive Vice President and COO of Prudential Financial Inc.'s U.S. businesses until his retirement in February 2011. Mr. Winograd joined Prudential in 1996 to lead Prudential Real Estate Investors, and in 2001, he was promoted to the role of CEO of Prudential Investment Management, managing all of Prudential's investment management businesses until 2008, when he assumed the role of EVP and COO of the U.S. operations. Before joining Prudential, Mr. Winograd was EVP, CFO and a member of the Board of Directors of Taubman Centers. Prior to his tenure at Taubman, Mr. Winograd was Treasurer of the Bendix Corporation and was Executive Assistant to the Secretary of the Treasury, Michael Blumenthal, in the Carter Administration.

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**.

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