

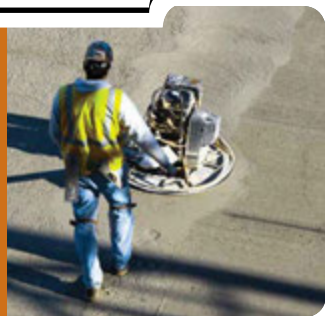
TRUST REPORT



INSIDE:

- MEPT and Bentall Kennedy Earn Top GRESB Rankings
- In-Depth Report: Sustainability Contributes to Sustained Performance

THIRD QUARTER | OCTOBER 2014 | VOLUME 29, NUMBER 3



MULTI-EMPLOYER PROPERTY TRUST (MEPT) closed the third quarter of 2014 with a unit value of **\$8,141.05**, up **3.31 percent** (net of fees) from the previous quarter. For the trailing four quarters, MEPT's net return is **12.22 percent**. Based on preliminary results for the **NCREIF Fund Index–Open-End Diversified Core Equity (NFI-ODCE)** benchmark, MEPT outperformed the peer set for the quarter and one-year period ending September 30, 2014.

U.S. Economic and Real Estate Overview

The U.S. economy is showing signs of acceleration. After a recessionary peak with 10 percent unemployment in October 2009, the unemployment rate fell below 6 percent in September 2014 for the first time since July 2008. The 5.9 percent rate is down from 6.1 percent in August of 2014.

According to the Bureau of Labor Statistics, office-using industries saw considerable job growth:

- Innovation-led industries (management and technical consulting, architecture and engineering) added 81,000 jobs in September; well beyond the average gain of 56,000 per month over the prior 12 months.
- Health care added 23,000 jobs, ahead of the prior 12-month average.
- Financial services added 12,000 jobs for September and 89,000 jobs in the past year.

The commercial real estate market in the U.S. strengthened in the third quarter of 2014, according to CBRE, with the office sector delivering its best performance in eight years. CBRE reported that 44 of 63 markets had office vacancy rate declines. Those with significant exposure to innovation-driven, high-tech companies were among the best performers including Seattle, San Francisco and San Jose.

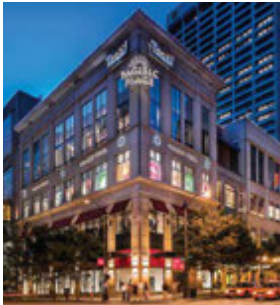
The U.S. industrial sector also continued to perform well according to CBRE: the third quarter of 2014 marks the 17th consecutive quarter of recovery. Specifically, 43 markets reported declines in industrial availability, eight went unchanged and ten showed increases. **The industrial recovery is heavily influenced by the expanding online retail marketplace, which has driven increased demand for warehousing and distribution facilities for overnight or same-day delivery.**

The retail sector showed modest improvement in the third quarter. Availability rates dropped below rates from the same period of 2013. CBRE reports that the majority of markets experienced declining availability rates this quarter compared with the second quarter.

(continued inside)

NEWS BRIEFS

IN JULY, PACIFIC PLACE, A RETAIL ASSET IN SEATTLE, WAS SOLD FOR A TOTAL GROSS SALE PRICE OF \$271 MILLION. For its joint venture interest, MEPT received \$77.4 million in net sale price. The five-story, 323,000 square foot upscale shopping center located in downtown Seattle was developed by MEPT in 1998 and generated approximately 1.8 million job hours for the Building Trades. Anchored by an AMC Movie Theatre, Barnes and Noble, and Barney's, Pacific Place was built at a time when downtown Seattle was in decline. In 2008, it was recognized by Seattle as one of the most important advances in the downtown corridor in the past 50 years. While Pacific Place has been a top performing asset for the Fund, with occupancy consistently above 90%, there was anticipated near-term rollover which could result in lower future rents. Given that "brick and mortar" retail formats will need to change to meet customer preferences and address e-commerce needs, MEPT believed the asset would require significant repositioning. As a result, MEPT marketed the asset for sale. With strong institutional demand for core assets in primary markets, MEPT was able to secure the highest price paid per square foot for an asset in Seattle of approximately \$840 per square foot. Madison Marquette was the buyer.



PACIFIC PLACE

DURING THE QUARTER, MEPT RECEIVED \$66.3 MILLION IN GROSS PROCEEDS FROM THE PAYOFF OF A MEZZANINE LOAN ON THE VERMONT.

In December of 2011, MEPT provided an \$49.9 million mezzanine loan for the development of a \$194.4 million 464-unit, multi-family project located on Wilshire Boulevard in downtown Los Angeles. During construction and initial lease up, MEPT earned 9.0 percent interest on its loan. While the initial investment period for the loan was four years, the current owner took advantage of strong demand in the market, sold the property for \$283.0 million and paid off the loan to MEPT before the original term expired. As a result of the early prepayment, MEPT received nearly \$10 million in prepayment penalties in addition to \$6 million of accrued interest. Consequently, the total return on MEPT's investment was 27.0 percent. ||



THE VERMONT

JOIN MEPT FOR A COMPLIMENTARY RESEARCH WEBINAR

On November 5, 2014 at 11:00 AM EST, Doug Poutasse, Head of Strategy and Research at Bentall Kennedy, will answer the most challenging questions facing commercial real estate investors today including:

- What's the truth behind the U.S. economic recovery and how is it playing out in commercial real estate?
- What is the future impact on CRE from today's socio-economic trends in employment and immigration?



DOUG POUTASSE

He will also discuss specific property sectors:

- How will household growth among Millennials drive increasing demand in an already tight multi-family sector?
- What are the drivers for success and risk factors in retail as the economy and employment improve?
- How is E-commerce changing demand for industrial properties?
- Where are the office market opportunities in an innovation-led economic recovery?

For more information, contact Vanessa Parrish at vparrish@butler.com or 202.737.8829.

THIRD QUARTER RESULTS

Net Return
Third Quarter
3.31%

Net Return
10/1/13-9/30/14
12.22%

Net Asset Value
\$5.38 billion



PERFORMANCE

YEAR-TO-DATE, THROUGH SEPTEMBER 30, 2014, MEPT's performance has resulted in a total gross return of 9.50 percent, composed of 4.12 percent income and 5.25 percent appreciation. As a result, MEPT is positioned to exceed the Fund's 9.0 percent to 10.0 percent, gross of fees, target return for 2014.

Based on preliminary results for the NFI-ODCE, MEPT has outperformed the benchmark's third quarter return and one-year return, gross of fees, as of September 30, 2014. Additionally, MEPT's income return has exceeded the NFI-ODCE results for eight consecutive quarters.

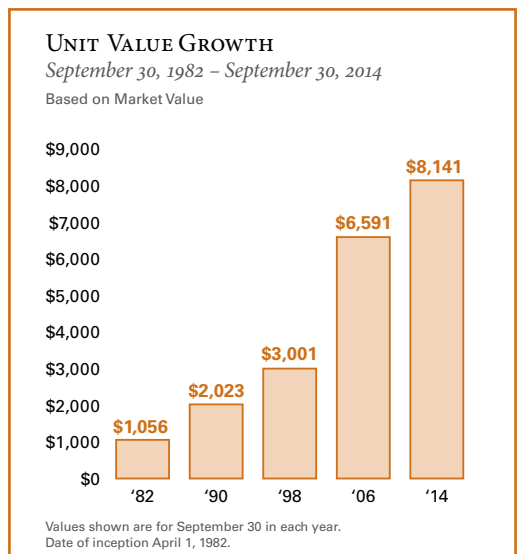
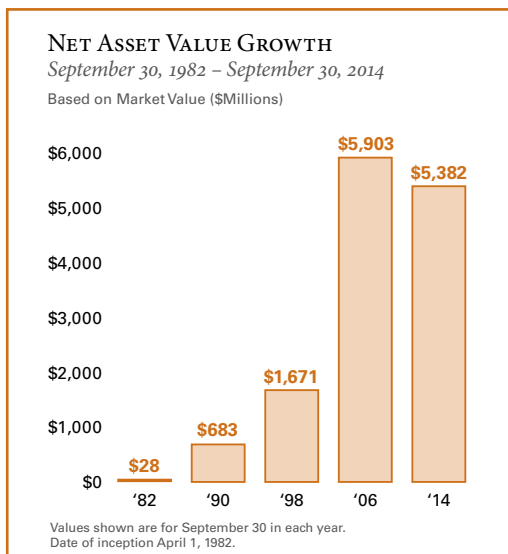
During the quarter, the net operating income generated by the 30.7 million square foot operating portfolio was an important contributor to Fund performance. The operating portfolio was 92.1 percent leased as of September 30, 2014.

On an unlevered basis, MEPT's industrial portfolio (18.0 percent of net asset value (NAV)) drove the Fund's real estate performance with a total return of 4.63 percent. MEPT's industrial portfolio was 91.2 percent leased at the end of the quarter and benefitted from strong tenant and investor demand for well-leased, well-located, bulk distribution facilities.

The office portfolio (41.2 percent of NAV) generated a total return of 3.02 percent. Sixty-five percent of MEPT's office portfolio is comprised of urban properties located in central business districts (CBD) where vacancies have declined as tenant demand has picked up. MEPT's multi-family portfolio (31.3 percent of NAV) delivered a 2.34 percent return. The operating assets are 95.8 percent leased and MEPT has two assets in development in San Francisco and Minneapolis which have contributed to overall performance as the assets continue to progress through the development stage to initial lease-up. The retail portfolio (8.7 percent of NAV), which was 94.4 percent leased at the end of the quarter, delivered a 2.33 percent total return.

Additionally, MEPT continues to capitalize on the strong demand for core assets and its disposition activity continues to positively impact performance. During the quarter, the Fund sold a large retail asset, a small land asset and received payoffs on two loans. 🏡

YIELD		
	THIRD QUARTER 2014	TRAILING FOUR QUARTERS (COMPOUNDED)
NET	3.31%	12.22%
INCOME	1.13%	4.58%
APPRECIATION	2.18%	7.39%
<hr/>		
GROSS	3.54%	13.23%
INCOME	1.36%	5.53%
APPRECIATION	2.18%	7.39%



Note: Retail portfolio performance was incorrectly reported in the print version and corrected in this electronic report.

FUND OVERVIEW

Inception Date	April 1, 1982	Average Age of Properties	13.5 years
Investments Held	94	Markets	25
Number of Buildings	246	Net Asset Value	\$5.38 billion
Total Operating Square Footage	30.7 million	Unit Value	\$8,141.05
Operating Occupancy	92.1%	Participating Plans	320

NEW PARTICIPANTS

- Local 73 Retirement Fund
- Tampa Maritime Association — International Longshoremen’s Association Pension Plan
- Cooper City Firefighters’ Pension Plan

PROJECTS SOLD

- Forest Park Land
Philadelphia, PA
- Livermore Land (Loan Payoff)
San Francisco, CA
- Pacific Place
Seattle, WA
- The Vermont
(Mezzanine Loan Payoff)
Los Angeles, CA

COVER STORY *(continued from front page)*

Apartment vacancy rates increased 10 basis points to 4.2 percent in the third quarter of 2014 according to Reis, Inc. — the first quarterly increase since the fourth quarter of 2009, but still below the 4.3 percent level in the third quarter of 2013. This is due to new supply delivered in

many markets. However, Reis estimates that demand — driven in large part by Millennials — will remain robust: the number of 20- to 30-year olds will not peak until 2018 which should keep demand high even as new supply accelerates. **||**

MEPT assets in technology-driven markets, such as Denver and San Francisco, were some of the largest contributors of appreciation in the third quarter.



GATES PLAZA, CBD OFFICE, DENVER

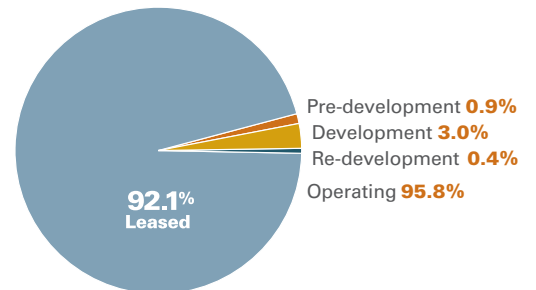


475 SANSOME, CBD OFFICE SAN FRANCISCO

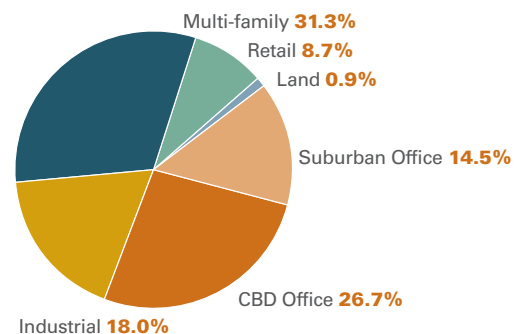
PORTFOLIO DIVERSIFICATION

Weighted by Net Asset Value

BY LIFE CYCLE



BY PROPERTY TYPE



SUSTAINABILITY CONTRIBUTES TO SUSTAINED PERFORMANCE

LEADING A PENSION REAL ESTATE ASSOCIATION panel discussion on sustainability this summer, Doug Poutasse, Executive Vice President and Head of Strategy and Research at Bentall Kennedy, asked an esteemed group of U.S. and global institutional investors which specific environmental, social and governance (ESG) issues are most influential on today's institutional investment decisions. Panelists noted climate change, fossil fuel investment, human and worker rights and the need for strong corporate governance as areas of focus. **Specifically, for commercial real estate, they agreed that environmental effects and the measurement of their impact were key considerations for commercial real estate.**

The impact of commercial real estate on the environment is undoubtedly substantial. According to the Deloitte Center for Financial Services 2014 report, *Breakthrough for Sustainability in Commercial Real Estate*, "Commercial buildings account for 18.7 percent of energy usage, 40 percent of carbon dioxide (CO²) emissions, and 88 percent of potable water consumption in the United States. Such environmental impact entails significant costs, in the form of greenhouse gases, water abstraction, and air pollutants, among others."

Fortunately, for institutional investors who want to better understand their exposure to these risks, organizations such as the Global Real Estate Sustainability Benchmark (GRESB) have developed tools for institutional investors to analyze and measure sustainability and make better informed investment decisions.

GRESB was formed in 2009 when three large pension funds joined forces to better understand their exposure to risks related to ESG issues in their global portfolios of investments in property companies and private equity real estate funds.

Speaking at MEPT's Advisory Board lunch in May 2014, Nils Kok, Co-founder of GRESB, noted that environmental issues have become significant risk factors for large corporate tenants, as well as property owners and investors. Investors are demanding increased transparency and sustainability performance reporting at the asset level, which will increase competition and the speed with which sustainability best practices diffuse into the market.

GRESB continues to evolve, further developing the set of metrics it measures for its more than 130 members, of which 42 are pension funds and their fiduciaries, jointly representing some \$8.8 trillion in assets under management. MEPT has participated in the GRESB annual survey since it was launched in the U.S.

"MEPT has been a leader in identifying and successfully integrating ESG principles into its investment strategy for the past 32 years. Now, more than ever, we firmly believe that the ability to execute a strategy that addresses the risk factors caused by ESG impacts is critical to the long-term success of the Fund," said David Antonelli, Executive Vice President and MEPT Portfolio Manager at Bentall Kennedy. "Sustainability issues are material to both portfolio and asset-specific level performance. Furthermore, the 'greening' of a building attracts high-quality tenants, significantly improves a property's net operating income, and ultimately increases an asset's market value."

In his May remarks, Nils Kok confirmed MEPT's experience related to asset performance, noting that buildings that achieve ratings through U.S. Green Building Council's LEED® certification and the EPA's Energy Star program command substantially higher rents and selling prices than otherwise identical buildings.

MEPT and Bentall Kennedy Earn Top GRESB Rankings

In September, GRESB released its 2014 results, and MEPT was ranked number one in two categories:

- #1 ranking in the U.S. Diversified peer group among 36 funds;
- #1 ranking among the 28 funds, recognized by GRESB as NFI-ODCE related funds that participated in the GRESB survey.

Concurrently, Bentall Kennedy, MEPT's real estate advisor, was named by GRESB as the top firm in the Diversified peer group globally and in North America for 2014. For MEPT and Bentall Kennedy, earning top GRESB rankings for another year represents the continued successful execution of the Fund's investment strategy.



The 2014 GRESB global benchmarking included 637 participants covering 56,000 buildings with an aggregate value of USD \$2.1 trillion. Notably, MEPT was one of 49 participants to receive Green Star status in North America, GRESB's highest level of achievement. It is the fourth consecutive Green

(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 0.89%. 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.

IN-DEPTH REPORT (continued from inside)

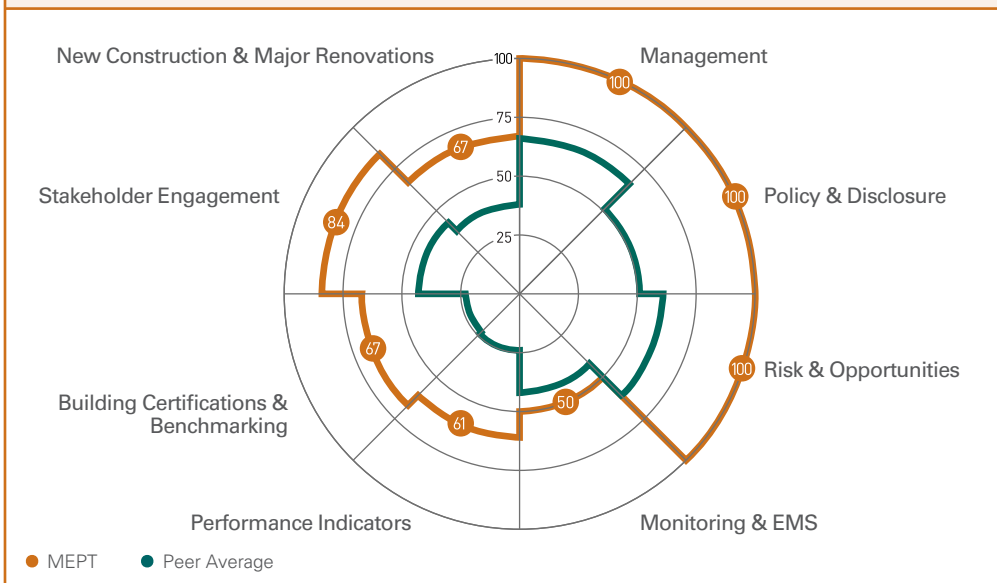
Star designation for MEPT. As a Green Star participant, MEPT is recognized as a fund with “an integrated organizational approach towards measurement and management of

environmental key performance indicators” resulting in innovation in measures beyond energy efficiency and a reduction in resource consumption. **||**

MEPT received the highest attainable GRESB scores in management, policy & disclosure, and risk management.

MEPT: GRESB Scores by Category

Aspects of GRESB Model



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TRUSTEE



INVESTMENT ADVISOR



INVESTOR RELATIONS



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.

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 and women. 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 30% post-consumer waste, and is Forest Stewardship Council certified for chain-of-custody.

