

THE QUARTERLY

TRUST REPORT

MULTI-EMPLOYER PROPERTY TRUST

FOURTH QUARTER | JANUARY 2005 | VOLUME 19, NUMBER 4



THE MULTI-EMPLOYER PROPERTY TRUST closed 2004 with a unit value of \$4,982.27 up 11.25 percent (net of fees) from year-end 2003. For the fourth quarter, MEPT's Unit Value rose 3.66 percent (net of fees). MEPT generated a gross return of 12.30 percent for the year, and produced a 3.90 percent gross return for the fourth quarter. MEPT more than exceeded its goal of a total net return of 7.0 percent to 8.0 percent for 2004.

As of January 1, 2005, MEPT's net asset value stood at \$4.2 billion. MEPT's portfolio consists of 167 funded properties in over 25 major metropolitan areas. During the year, a total of 13 new investors became participants in MEPT, bringing the total number of investors to 248. Net new investment by MEPT participants in 2004 totaled \$164.8 million.

Real estate fundamentals in most markets continued to move toward stabilization and/or improvement during the quarter, and many regions experienced some level of improvement. A few technology-driven markets (Seattle, San Francisco Bay Area and Boston) have not yet experienced the improving fundamentals necessary for a sustained recovery. Demand for space increased during the quarter and much of the sublet space that exacerbated vacancies' negative impact on rental rates has started to disappear through attrition or lease expirations. Rent concessions, prevalent in

most markets just a few quarters ago, have begun to recede to more normalized levels. Unfortunately, the cost to lease space continues to increase as tenant improvement allowances trend up. The increases are mostly due to inflationary pressures on most building material including steel, drywall, carpeting and petroleum-based items.

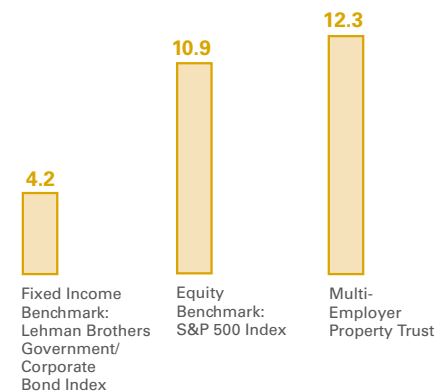
Real estate as an asset class outperformed all other asset classes in 2004. As a result, investor interest in real estate continued unabated throughout the year and transaction volume hit historic highs. With unwavering demand for properties driven by low interest rates and available capital, prices for high quality well-located assets reached record levels.

Despite the intense competition for assets, MEPT committed \$524.6 million to 10 existing and development assets in the fourth quarter, bringing total commitments for the year to \$667.3 million.

RETURNS: REAL ESTATE VS. FIXED INCOME & EQUITY

1 Year, Gross of Fees Return

(Through 12/31/04)



USE EVERY TOOL YOU HAVE

NEWS BRIEFS

MEPT COMMITTED \$137.7 MILLION TO THE RENOVATION AND REDEVELOPMENT OF THE HISTORIC OCTAGON TOWER ON NEW YORK CITY'S ROOSEVELT ISLAND. MEPT broke ground on the project that will create 500 apartment units and 1.6 million job hours for the building trades. (For more detail, see "In-Depth Profile".)

IN CHICAGO'S COOK COUNTY, MEPT COMMITTED \$14.0 MILLION TO DEVELOP BEDFORD PARK BUSINESS CENTER, a 295,938 square foot industrial warehouse. The project is located on a 12-acre parcel of land two miles south of Interstate Highway 55 near Midway airport.

MEPT PURCHASED AN OWNERSHIP INTEREST IN MILESTONE BUSINESS PARK FOR A TOTAL COMMITMENT OF \$61.5 MILLION. Milestone, located in the Washington, DC market, is a business park containing two well-leased office buildings totaling 316,350 square feet, and three pad sites for multi-story office development.



MEPT ACQUIRED FOUR OFFICE BUILDINGS WITH A CONNECTING CONCOURSE IN CHICAGO FOR \$149.6 MILLION. The portfolio includes 500 Park Boulevard, a 14-story, 450,614 square foot office building; One Pierce Place, a 16-story, 525,422 square foot office building; and 250/350 Devon Avenue, two single-story office buildings totaling 95,853 square feet.

IN DECEMBER, MEPT ACQUIRED CANYON PARK APARTMENTS, a newly constructed, garden-style complex with a mix of one- and two-bedroom units in 12 two- and three-story buildings located in the Los Angeles market. MEPT purchased the 14-acre, 256-unit multi-family project, including its management and leasing center and clubhouse building, for \$45.9 million.

IN DALLAS, A 94-PERCENT-LEASED INDUSTRIAL PORTFOLIO WAS PURCHASED BY MEPT FOR \$61.7 MILLION. Within days of closing, the properties were 100 percent leased. The assets, known as GSW Gateway and Pinnacle Park, consist of four single-story warehouse/distribution facilities built in 2001.



AT YEAR-END 2004, MEPT COMPLETED THE ACQUISITION OF A THREE-BUILDING PORTFOLIO IN THE KANSAS CITY MARKET FOR \$72.1 MILLION. The Class A office buildings include Lighton Plaza I and Lighton Plaza II, two six-story, mid-rise office towers, and Lighton Tower, a 13-story high-rise building.

ANNOUNCEMENT: A Special Meeting of the MEPT Advisory Board is scheduled for Friday, February 11, 2005, at 10:30 a.m. at The Drake Hotel in Chicago to provide MEPT participants and their advisors an opportunity to discuss the proposed change in the MEPT trusteeship. Observers are welcome to attend. (A conference call number will be made available for those unable to attend.) To RSVP for this meeting, please contact Philomena Paul at 202-737-8823, or ppaul@lbutler.com.

FOURTH QUARTER RESULTS

Net Return,
Fourth Quarter:
3.66%

Net Return,
1/1/04 – 12/31/04:
11.25%

Net Asset Value:
\$4.21 billion



PERFORMANCE

FOURTH QUARTER COMMENTARY

"In 2004, MEPT's Asset Management team focused on further enhancing relationships with the brokerage community, cooperating with prospective tenants and securing critical renewals with existing tenants. These efforts led to record leasing activity in the portfolio and an aggregate net operating income run rate of 7.6 percent for the operating portfolio."

Preston Sargent, Executive Vice President and Director of Asset Management, Kennedy Associates Real Estate Counsel, Inc.



IN 2004, MEPT MADE SUBSTANTIAL PROGRESS in achieving its stated investment objectives and exceeded its return target by over 300 basis points for the year. Utilizing a very disciplined approach to growing the Fund by balancing new investor commitments with acquisition activity and closely managing working capital, **MEPT reduced its cash position to 6.57 percent at the end of the fourth quarter.** Additionally, by taking advantage of opportunities to borrow at extremely low interest rates, MEPT increased its leverage at year-end 2004 to 7.26 percent.

A major contributor to MEPT's 2004 performance was appreciation in the portfolio. In the fourth quarter, the Fund had strong gains in value, totaling 2.34 percent. Value increases were driven by strong leasing activity in the portfolio as well as continued compression in capitalization rates. Value increases in Seattle at Pacific Place; in San Diego at Cabrillo Technology Center; in Los Angeles at Valencia Commerce Center II; and, in Washington, DC at Courthouse Tower, Milestone Business Park, Maryland 95 Corporate Center and 1660 International Drive, significantly contributed to the fourth quarter appreciation.

Slight declines in value at certain MEPT assets in Chicago and Seattle moderately offset other appreciation gains and were principally the result of select lease terminations.

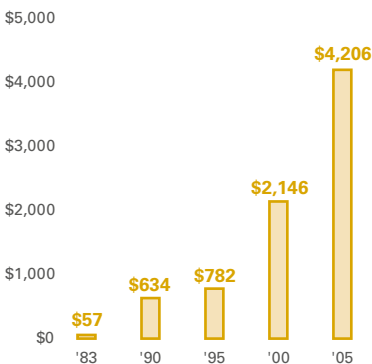
YIELD

	FOURTH QUARTER 2004	TRAILING FOUR QUARTERS (COMPOUNDED)
NET	3.66%	11.25%
INCOME	1.32%	5.08%
APPRECIATION	2.34%	5.95%
GROSS	3.90%	12.30%
INCOME	1.56%	6.09%
APPRECIATION	2.34%	5.95%

NET ASSET VALUE GROWTH

January 1, 1983 — January 1, 2005

Based on Market Value (\$Millions)

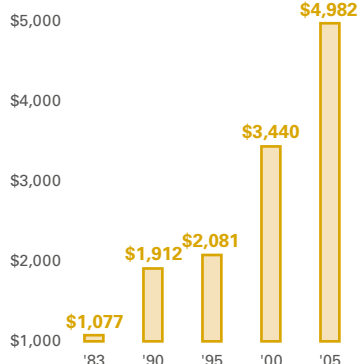


Values shown are for January 1 in each year. Date of inception April 1, 1982.

UNIT VALUE GROWTH

January 1, 1983 — January 1, 2005

Based on Market Value



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

PORTFOLIO SPOTLIGHT

FUND OVERVIEW

Inception Date	April 1, 1982	Average Age of Properties	7.2 years
Assets Held	167	Markets	25
Number of Buildings	346	Net Asset Value	\$4.21 billion
Total Operating Square Footage	32.0 million	Unit Value	\$4,982.27
Operating Occupancy	89.5%	Participating Plans	248

IN THE FOURTH QUARTER, MEPT assets continued to outperform comparable properties in the markets in which the Fund's assets are located. MEPT's portfolio grew by 4.2 million square feet in 2004 to a total of 34.8 million square feet. Even with the additional space to manage, **MEPT increased the percent leased of the operating portfolio from 85.3 percent at year-end 2003 to 89.5 percent at year-end 2004.**

MEPT completed 25 percent more lease transactions in 2004 than 2003. There were a total of 399 new leases, renewals and expansions signed at MEPT properties during the year. Gross leasing activity totaled 7.6 million square feet, a 42 percent increase over the prior year.

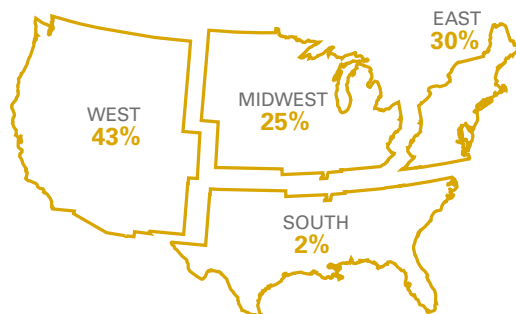
In the fourth quarter, MEPT had total net absorption of 559,000 square feet, bringing

the total net absorption for 2004 to 2.5 million square feet, an 85 percent increase over 2003. The percent leased for the total portfolio increased from 78.8 percent at year-end 2003 to 84.6 percent at year-end 2004.

Significant leases of over 65,000 square feet, signed during the fourth quarter, included Raytheon Company's 240,692 square foot lease renewal at Cabrillo Technology Center in San Diego; Vistar Corporation's lease renewal for 184,206 square feet at Gale in Los Angeles; Oakley, Inc.'s lease renewal of 118,800 square feet at Haven Gateway in Los Angeles; Showtime's 114,359 square foot lease renewal at Forest Park 18 in Philadelphia; the 108,000 square foot new lease signed by P. Casler, Inc. at Amar in Los Angeles; PharmaFab's 106,245 square foot new lease at GSW Gateway in Dallas; CitiMortgage's 81,942 square foot lease expansion at West 70 Commerce Center III in St. Louis; First Franklin Financial's new lease for 70,558 square feet at Pacific Vista Business Center in Los Angeles; a 66,615 square foot new lease signed by KBS Trucking at Forest Park 18 in Philadelphia; and in Seattle, HouseValues, Inc.'s new lease for 65,469 square feet.

GEOGRAPHIC DISTRIBUTION OF INVESTMENTS

As of December 31, 2004



Note: Weighted by Asset Value.

FOURTH QUARTER ACTIVITY

PROJECTS COMMITTED

250/350 Devon
Chicago, IL

Bedford Park Business Center
Chicago, IL

Canyon Park Apartments
Los Angeles, CA

GSW Gateway
Dallas, TX

Lighton
Kansas City, KS

Milestone Business Park & Land
Germantown, MD

Octagon Park Apartments
New York, NY

One Pierce/500 Park
Chicago, IL

Pinnacle Park
Dallas, TX

MEPT COMMITS OVER \$137 MILLION TO N.Y. PROJECT

MEPT, New York governor, local developer and community organizations join forces for redevelopment of historic Octagon Building, creating 1.6 million job hours

MULTI-EMPLOYER PROPERTY TRUST committed \$137.7 million to the rehabilitation of the historic Octagon Building on New York City's Roosevelt Island, and redevelopment of the site into a 500-unit apartment complex. In December 2004, pleased with the collaborative effort that got the project underway, Governor George E. Pataki announced the groundbreaking of this project that will create 1.6 million job hours for the building trades.

"This is a landmark project for a landmark building which will be constructed through the great cooperation between real estate developers and unions," Governor Pataki said. "This project means quality housing and a thousand new construction jobs for New York. This shows that when New Yorkers decide to work together and embrace the future anything can be accomplished," stated Governor Pataki of New York.

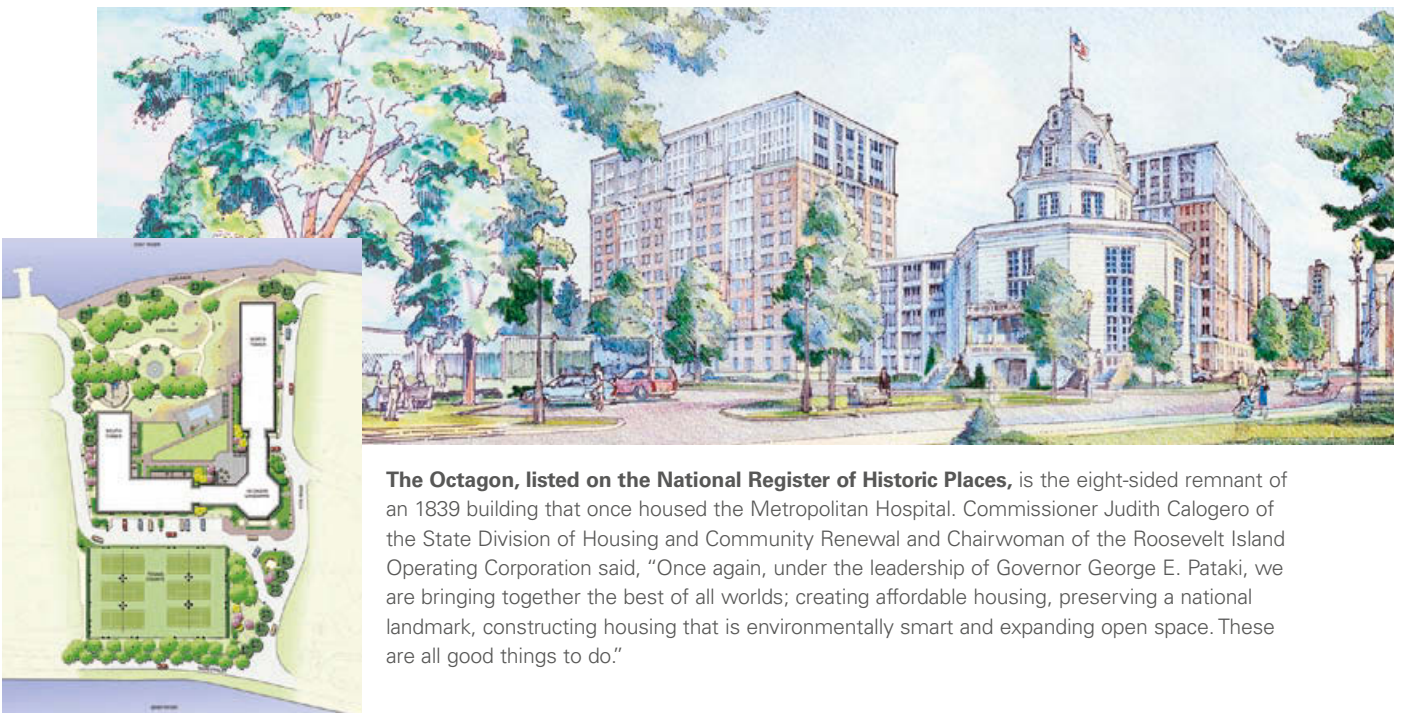
The project has unique features including the restoration of the exterior of the Octagon Tower as it appeared more than a century ago, and a reproduction of a five-story flying circular staircase that will serve the common areas. The apartments will consist of two wings extending south and west of the Octagon Tower, replicating the layout of the original structure, and will feature a swimming pool and interior courtyard, as well as a fitness center, screening room, club room and gallery.

Members of 26 unions will work on the project. Of the 500 units, 100 will be dedicated as affordable housing for middle-income New Yorkers, the balance will be leased at the market rate.

"The Octagon Park Apartments project is proof that affordable housing can be built by workers who are paid good union wages with health and pension benefits. It is also a prime example of the fact that union labor continues to invest in economic growth and jobs for New York City. We commend Governor Pataki for partnering with us in this effort," commented Edward J. Malloy, President, Building and Construction Trades Council of Greater New York.

The Octagon, listed on the National Register of Historic Places, is the eight-sided remnant of an 1839 building that housed an asylum and later the Metropolitan Hospital. Partnering with MEPT, developer Becker and Becker stabilized the landmark Octagon, and began the design of the new wings.

"Creative planning, focused teamwork and persistent collaboration have resulted in an approach that is as unique as the site itself," said Bruce Becker, president, Becker and Becker. "We have combined in one project historic preservation, state-of-the-art (continued on back)



The Octagon, listed on the National Register of Historic Places, is the eight-sided remnant of an 1839 building that once housed the Metropolitan Hospital. Commissioner Judith Calogero of the State Division of Housing and Community Renewal and Chairwoman of the Roosevelt Island Operating Corporation said, "Once again, under the leadership of Governor George E. Pataki, we are bringing together the best of all worlds; creating affordable housing, preserving a national landmark, constructing housing that is environmentally smart and expanding open space. These are all good things to do."

Management Fee—MEPT’s Trustee, Riggs Bank N.A., charges an annual investment management fee based on the net assets of the Fund. The current annual MEPT fee is approximately 0.929%. 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. 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.

NEW YORK’S OCTAGON BUILDING *(continued from inside)*

environmental engineering, affordable housing and public space design. Octagon is a signpost toward what the future of New York can be.”

The project will utilize state-of-the-art “green building” technology such as high-efficiency boilers, heat pumps, solar panels and windows. The project is the recipient of the most “green credits” awarded to date under Governor Pataki’s Green Building Tax Credit initiative. The project design was cited in the City’s Green Building Design Competition, sponsored by the City Department of Environmental Protection and the Federal EPA, for its “leadership in applying sustainable design principles to residential development”.

The Octagon has received approval from the US Department of the Interior, the New York State Office of Parks, Recreation and Historic Preservation and the New York City Landmarks Preservation Commission. Judy Berdy of the Roosevelt Island Historical Society said, “The Roosevelt Island Historical Society is thrilled that the long abandoned Octagon will soon be restored. We are happy to see that it will be rebuilt in its original style and again a focal point of New York City history.”

Roosevelt Island’s public open space and recreational amenities will be expanded and improved to include an ecological park. Additionally there will be six new public tennis courts, a new playground and a day care center.

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.