THE QUARTERLY

TRUST REPORT

MULTI-EMPLOYER PROPERTY TRUST

FOURTH QUARTER | JANUARY 2006 | VOLUME 20, NUMBER 4

THE MULTI-EMPLOYER PROPERTY TRUST closed the fourth quarter of 2005 with a unit value of **$5,903.64,** up **4.01 percent** (net of fees) from the previous quarter. For the trailing four quarters, MEPT's net return is **18.49 percent**.

The 2005 performance is MEPT's best one-year return in the Fund's history. MEPT's net asset value crossed the $5 billion threshold and reached $5.15 billion in net assets, as of January 1, 2006. In the fourth quarter, seven new investors became participants in MEPT, bringing the total number of investors to 266. By maintaining a queue for investor commitments throughout 2005, MEPT used a very disciplined approach to growing the Fund by balancing new investor commitments with acquisitions activity and working capital requirements. MEPT is accepting new commitments for March 31, 2006.

Throughout much of the year, MEPT benefited from significant appreciation in the portfolio, which resulted from compression in capitalization rates across property types, and by the direct effect of substantial leasing activity and income growth in the portfolio. Further, the Fund exceeded its objective of reducing its cash position to five percent, and, at the end of 2005, cash was 1.4 percent of net assets. MEPT has a $200 million line of credit to meet liquidity needs and provide investment flexibility.

In the fourth quarter, MEPT committed $350.6 million to the acquisition of an existing office asset, an addition to a MEPT asset, a buyout of a minority partner, development of one office property and one industrial property, and the acquisition of two land sites for future development, bringing total commitments for the year to $395.2 million. In 2005, MEPT sold four assets and three partial assets for a total of $86.9 million in gross proceeds.

SAVE THE DATE: The 2006 MEPT Advisory Board Meeting is scheduled for Tuesday, June 6, 2006, in Washington, DC. Details of the meeting will be provided in an upcoming Trust Report.

USE EVERY TOOL YOU HAVE

News Briefs

DURING THE QUARTER, MEPT ACQUIRED 303 SECOND STREET IN SAN FRANCISCO FOR $237.8 MILLION. The Class A office building, constructed in 1988, sits on 3.14 acres in San Francisco's South Financial District. This 92 percent–leased property consists of one nine-story tower and one ten-story tower, totaling 700,945 square feet, and a 95,000-square-foot parking garage with 358 parking spaces. (For more details, see "In-Depth Report.")

IN NOVEMBER 2005, MEPT COMMITTED $75.0 MILLION TO 801 MASSACHUSETTS AVENUE, a to-be-built, seven-story office building in Boston. The property is the second phase of Crosstown Center, a master-planned, mixed-use development project on land owned by the city of Boston. The building will contain 206,954 rentable square feet and will have an adjacent 600-space parking garage.

Rendering

MEPT ACQUIRED A 42.9-ACRE LAND PARCEL IN MINNEAPOLIS FOR $2.73 MILLION DURING THE FOURTH QUARTER. Inverwood Business Park Land provides MEPT with the opportunity to develop and own Class A industrial assets on a favorable cost basis in one of Minneapolis' fastest-growing submarkets. The site could accommodate four to six buildings, totaling 460,000 square feet.

MEPT ACQUIRED THE MINORITY PARTNERSHIP INTEREST IN 1717 RHODE ISLAND FOR $9.3 MILLION. MEPT, the majority owner of the 10-story office property in Washington, DC, was able to purchase the minority ownership in the property, bringing its ownership to 100 percent and consolidating the Fund's interest in the asset. MEPT can now fully benefit from the value created by this ground-up development project, which is 100 percent leased.

MEPT ACQUIRED GATEWAY COMMERCE CENTER LAND, A 402-ACRE LAND SITE, FOR $17.9 MILLION. The land parcel, located in Gateway Commerce Center, the premier warehouse/distribution park in the St. Louis area, can accommodate the development of up to six million square feet of industrial space. In 2004, MEPT built Gateway Distribution Center I, a 513,474-square-foot industrial building that is currently 100 percent leased. The land acquisition provides MEPT with the ability to engage in development of Class A properties in a proven location over the next five to seven years.

MEPT COMMITTED $5.3 MILLION TO BUILD MEADOWS BUSINESS CENTER 9, a planned 81,761-square-foot industrial building, on a 4.9-acre site in MEPT's Meadows Business Park in Chicago. The building has been designed to appeal to small industrial and manufacturing users and will provide a strong complement to the existing MEPT assets in the park.

MEPT ACQUIRED A PROPERTY ADJACENT TO ITS RIVERSIDE CENTER IN DETROIT FOR $2.75 MILLION. The seller, American Fellowship Mutual Insurance Company (AFM), will become a tenant in Riverside Center, and AFM's former office building will be demolished to make way for a new parking structure for Riverside Center. The acquisition better positions Riverside to compete for tenants since it increases onsite parking and improves access and visibility of the building.

Fourth Quarter Results

Net Return,
Fourth Quarter:
4.01%

Net Return,
1/1/05–12/31/05:
18.49%

Net Asset Value:
$5.15 billion

Performance

Fourth Quarter Commentary

"While there is no doubt that capitalization rate compression has played a major role in driving real estate values over the last few years, improving property fundamentals that include strong leasing activity, rental rate increases and reduced leasing concessions are beginning to replace yield compression as the significant factor in asset appreciation."

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

Yield

	FOURTH QUARTER 2005	TRAILING FOUR QUARTERS (COMPOUNDED)
NET	**4.01%**	**18.49%**
INCOME	1.12%	5.02%
APPRECIATION	2.89%	13.00%
GROSS	**4.24%**	**19.58%**
INCOME	1.35%	6.01%
APPRECIATION	2.89%	13.00%

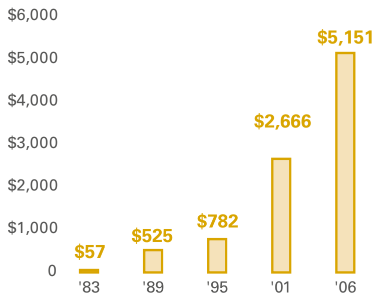
MEPT's fourth quarter performance was attributable to the solid leasing activity in the portfolio as well as continued compression in capitalization rates. The operating portfolio leasing percentage increased from 89.5 percent at the end of 2004 to 91.2 percent at the end of 2005, during which time the operating portfolio grew by more than 2 million square feet. During the quarter, 29 MEPT assets were appraised; of these 26 experienced appreciation. For 2005, MEPT generated a 6.01 percent gross income return plus 13.00 percent appreciation for an overall 19.58 percent gross return.

Real estate market conditions continue to improve, but the rate of improvement differs from market to market. Market fundamentals in Southern California, Washington, DC, and New York/New Jersey are some of the best in the country. Leasing activity is brisk with strong demand, and in certain submarkets, rental rates have experienced increases of up to 25 percent, over a one-year period. Still, other markets remain somewhat stagnant or are in the early stages of recovery. Hard hit tech markets like Seattle, San Francisco, and recently, Boston, have finally begun to show signs of strengthening. Other markets are weak relative to the rest of the country. In Chicago, in most submarkets, supply continues to far exceed demand and local economic conditions have not spurred a strong recovery. In general, real estate conditions across the country, in particular conditions for office and industrial assets, are expected to show steady improvement through 2006.

Net Asset Value Growth

January 1, 1983 — January 1, 2006

Based on Market Value ($Millions)

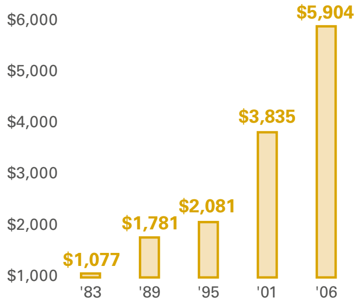


Values shown are for January 1 in each year.
Date of inception April 1, 1982.

Unit Value Growth

January 1, 1983 — January 1, 2006

Based on Market Value



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

Multi-Employer Property Trust

January 2006

Portfolio Spotlight

Fund Overview

Inception Date	April 1, 1982	Average Age of Properties	8.0 years
Assets Held	170	Markets	26
Number of Buildings	351	Net Asset Value	$5.15 billion
Total Operating Square Footage	34.1 million	Unit Value	$5,903.64
Operating Occupancy	91.2%	Participating Plans	266

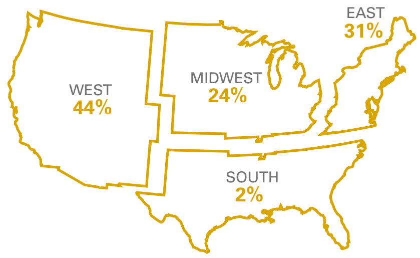
At MEPT properties, leasing activity was strong throughout 2005. MEPT's asset management team completed 481 lease transactions, compared to 399 in 2004, with a continued focus on signing renewals and extensions with the existing tenant base as well as attracting new tenants. Gross leasing activity totaled more than 8.8 million square feet, a significant increase over 2004 gross leasing activity of 7.6 million square feet.

MEPT's operating portfolio was 91.2 percent leased at year-end 2005. On average, 10 percent of MEPT's leases will rollover in each of the next four years. With rental rates on the rise in many markets where MEPT owns assets, MEPT's asset management team will continue to be very selective in signing leases in order to capture rising rates and attract the most creditworthy tenants in the market.

With only 8.8 percent vacancy, MEPT's portfolio has few remaining large blocks of contiguous space. MEPT did sign several large leases during the fourth quarter, many of which were renewals and extensions of existing leases. At Gateway Distribution Center I in St. Louis, World Wide Technology signed a lease expansion for 108,189 square feet. At Mission Trails Industrial Center in San Diego, Sea World, Inc. signed a renewal for 71,619 square feet, and Eagle Global Logistics, LP renewed its lease for 70,996 square feet. At Gale Industrial in Los Angeles, Chef's Warehouse West Coast, LLC signed a new lease for 81,587 square feet. A lease renewal for 97,500 square feet was signed with Hot Services Inc. at Amar in Los Angeles. Direct Marketing Solutions, Inc. renewed 45,000 square feet at Alderwood Corporate Center II, and signed a new lease for 22,600 square feet at Alderwood Corporate Center III, for a total of 67,600 square feet.

Geographic Distribution of Investments

As of December 31, 2005



Note: Weighted by Asset Value.

Lease Rollover for the Operating Portfolio by Property Type

As a Percent of Net Rentable Square Feet

As of December 31, 2005

		ROLLOVER			
	% LEASED	2006	2007	2008	2009
TOTAL OPERATING PORTFOLIO	91.2%	10.9%	9.9%	10.4%	10.2%
INDUSTRIAL	94.5%	14.1%	12.2%	11.5%	11.0%
OFFICE	86.6%	7.9%	8.1%	10.1%	10.5%
RETAIL	97.4%	3.2%	3.5%	1.5%	0.8%
RESIDENTIAL	93.2%	–	–	–	–

Fourth Quarter Activity

New Participants

Western Pennsylvania Electrical Employees Pension Trust Fund

International Union of Operating Engineers Local No. 478 Pension Fund

Western Pennsylvania Electrical Employees Insurance Trust Fund

Oregon and Southwest Washington Painters Pension Trust Fund

Rhode Island Laborers Pension Fund

Laborers Local 270/Hodcarriers Division Pension Trust

Asbestos Workers Local 96 Pension Fund

Projects Committed

303 Second Street
San Francisco, CA

801 Massachusetts Avenue
Boston, MA

1717 Rhode Island Partnership Interest
Washington, DC

Riverside Center, addition to existing asset
Detroit, MI

Gateway Commerce Center Land
St. Louis, MO

Inverwood Business Park Land
Minneapolis, MN

Meadows 9 Industrial
Chicago, IL

A Jewel in San Francisco

MEPT acquires a Class A gem in one of the most attractive office markets in the United States.

San Francisco's downtown office market made history in 2005 with one of its best performing years in a decade. Accelerated leasing activity, positive absorption of 1.4 million square feet and vacancy declining to 14.3 percent all contributed to the market's turnaround. The 41 million square foot San Francisco downtown office market was hit particularly hard by the adverse effects of the dot-com and tech busts of 1999 and 2000, and the economic recession of 2001 that followed; all of which caused a ripple effect in San Francisco and resulted in corporate downsizing and decreased demand for office space. Presently, a number of signs indicate that the worst is over and recovery is well underway: strong leasing activity, increasing rents, fewer tenant concessions, and overall economic improvement.

In November 2005, MEPT expanded its presence in the improving San Francisco office market with the acquisition of 303 Second Street, a Class A property consisting of two highly visible office towers, totaling 700,945 square feet of office space with a 358-stall secured parking garage. The buildings are located in the high-growth South Financial District, between Folsom and Harrison streets. **The property was acquired for $237.8 million, approximately 25 percent below replacement cost.**

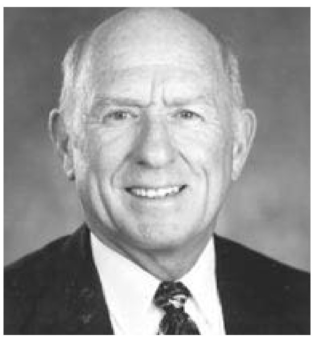
There are high barriers to entry in the San Francisco office market; only four downtown sites are currently available for large-scale office development. Moreover, new projects are subject to prohibitive restrictions, including a restriction that limits the office development to a maximum of 950,000 square feet per year within the city of San Francisco. Economic barriers to entry are also extremely high: the current cost of construction would require rents far in excess of current asking rents in order to make a project viable.

303 Second Street is 92 percent leased and 80 percent of the rent roll is comprised of credit tenants. The property's location near major transportation thoroughfares and services, and its high visibility—the property commands more land and parking capacity than any other project in the submarket—makes space in the complex highly desirable. Further, MEPT's property is surrounded by nearby attractions and world-renowned institutions such as: SBC Park, the San Francisco Giants' baseball stadium; the San Francisco Museum of Modern Art; Sony's Metreon; the Mission Bay Project, a bioscience and life sciences research project; and the recently approved California Institute for Regenerative Medicine's stem cell institute.

The San Francisco Bay Area office market recovery has occurred on a submarket-by-submarket basis, and the South Financial District where 303 Second Street is located accounted for a large share of the positive net absorption in 2005. According to market reports, the overall vacancy rate for San Francisco's Central Business District at the end of 2005 was the lowest in four years and is down 200 basis points from the end of 2004. The decline came both from increased leasing demand and a reduction in office supply due to the conversion of secondary office space to residential units. In the Financial District, vacancy at the end of the year stood at 12.7 percent, down from 13.8 percent at the end of September, and from 15.4 percent at the end of 2004. The average effective Class A rent jumped $3.16 per square foot during the fourth quarter.

MEPT's acquisition of 303 Second Street not only adds an asset with stable operating income to the Fund's portfolio, but positions MEPT to benefit from the improving market conditions in San Francisco and to capture rising rents. Robust leasing activity, acceleration in absorption rates, growth of the biotech market, and improving economic performance have combined to make the economic recovery in the South Financial District sustainable. By acquiring 303 Second Street, MEPT has secured a long-term gateway to one of the country's most desirable office markets.

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 0.899%. 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 MEMORIAM

MEPT Remembers Roger Kelly, a Colleague and Friend

ROGER VAN KELLY, a retired Senior Vice President and Principal of Client Services at Kennedy Associates Inc., died peacefully on January 4, 2006. Mr. Kelly worked at Kennedy's Seattle office for 23 years and retired in December 2000. He was responsible for portfolio management, client relationships, and communications. He was instrumental in building MEPT. Mr. Kelly was a legend in Taft-Hartley marketing circles and provided strategic direction to MEPT at the Fund's formation. He was committed to educating his clients about the benefits of equity real estate investing and telling the MEPT story. Even in his retirement, he remained in close contact with his MEPT colleagues and clients. Mr. Kelly was known as a true advocate for the Taft-Hartley community and will be remembered for his energy and dedication to MEPT.

Mr. Kelly served in the US Army Airborne Corps and was a retired Colonel in the US Marine Corps Reserves. He was an avid athlete, playing basketball, tennis and golf. He was able to pursue his passion for basketball by creating a "40 and over" league at the Washington Athletic Club, which has grown into a nationwide program for older players. He continued to play in the league into his early sixties.

Mr. Kelly was a member of various professional business and civic organizations including Board Membership in the Salvation Army, Virginia Mason Hospital, and the Forgotten Children's Fund.

He was preceded in death by his parents, William and Mary Kelly, and is survived by his wife Linda; his son Scott (Sharon) and their children Shawn and Robert; his daughter Kathleen (Karl) Krekow and their children Brooke, Paul, Sylvie, and Nicholas; and his daughter Laurie Kelly.

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

700 Thirteenth Street, NW, Suite 925 Washington, DC 20005