ANNUAL REPORT & OUTLOOK 2007-2008

MULTI-EMPLOYER PROPERTY TRUST

Celebrating 25 Years of Responsible Investing

25 Years
1982–2007

MULTI-EMPLOYER PROPERTY TRUST	2007	2006	2005
Net Asset Value	**$7.18 billion**	**$6.07 billion**	**$5.04 billion**
Net Annualized Return	15.18%	14.63%	18.49%
Participating Pension Plans	328	301	259
Committed Acquistions	$651.4 million	$642.1 million	$395.2 million
Net Dispositions	$110.2 million	$316.3 million	$86.9 million
Funded Portfolio Properties	186	172	170
Operating Portfolio (square feet)	39.5 million	36.4 million	34.1 million

MEPT, an open-end commingled real estate equity fund that invests in a diversified portfolio of institutional-quality real estate assets, and 100 percent union-built new construction properties, is managed by: NewTower Trust Company, the trustee and fiduciary; Kennedy Associates Real Estate Counsel, LP, the real estate investment advisor; and Landon Butler & Company, LP, investor relations and marketing services provider.

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INVESTMENT ADVISOR
KENNEDY ASSOCIATES
REAL ESTATE COUNSEL, LP
Institutional Advisors Since 1978

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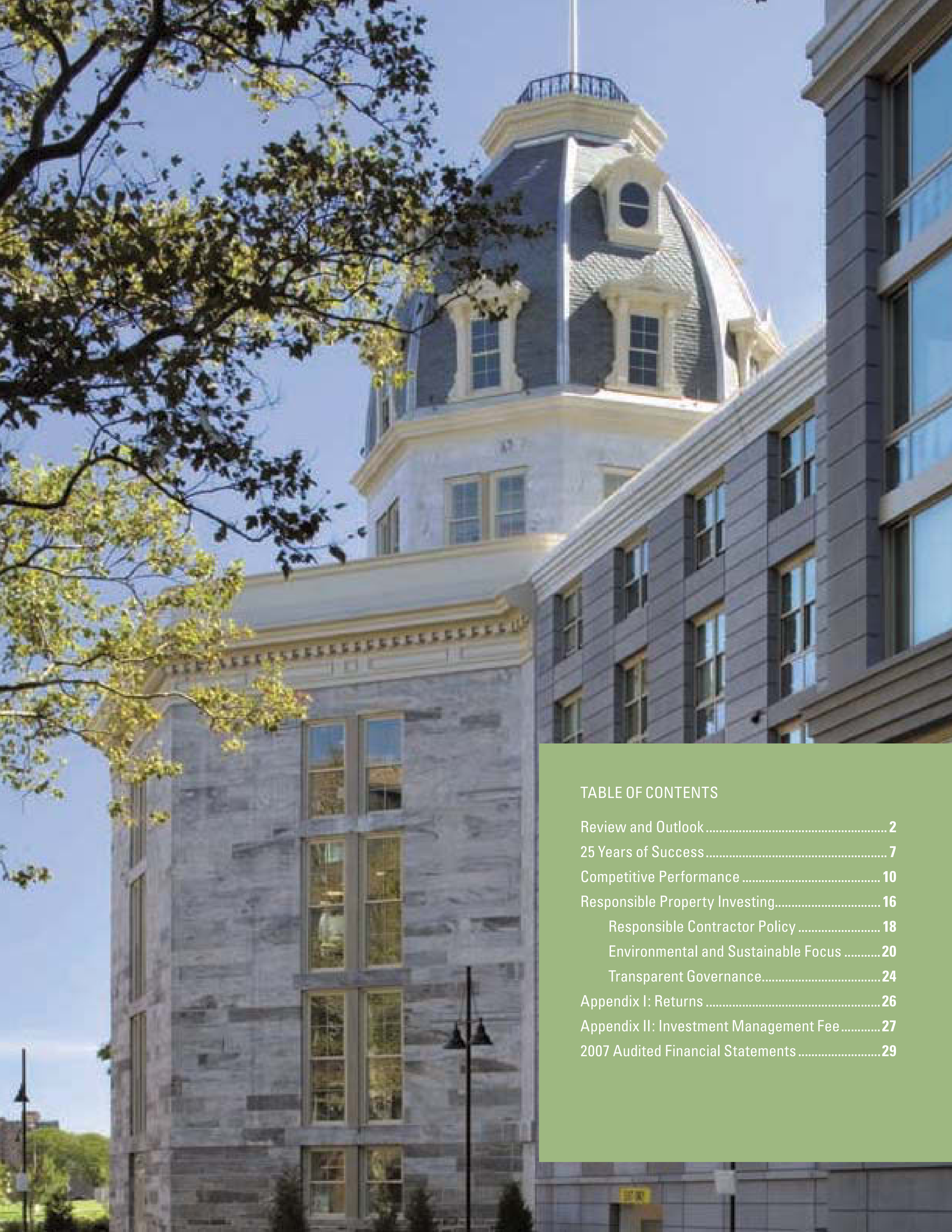
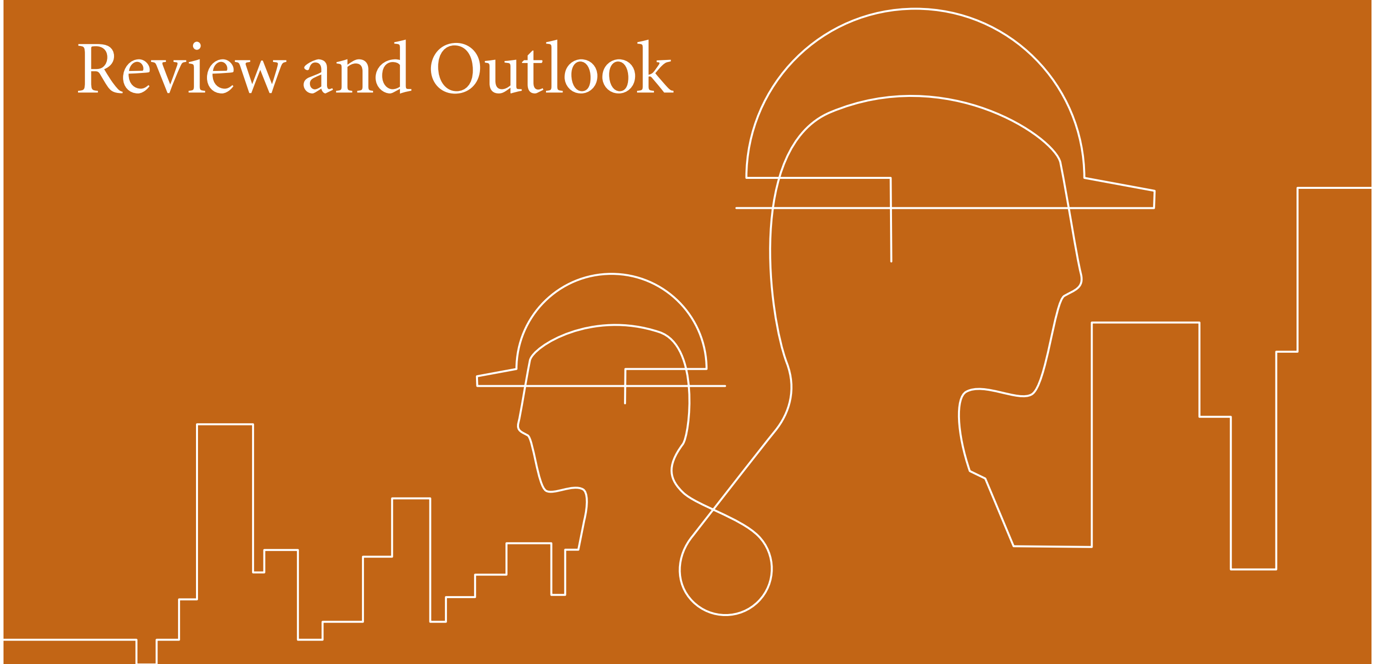


TABLE OF CONTENTS

Review and Outlook



2007 will be remembered for the extraordinary turmoil in the international credit markets that was triggered by the US sub-prime mortgage meltdown. The residual impact of the crisis was substantial as it caused significant volatility in the US economy and reverberated throughout the global marketplace. Several years of strong economic growth in the US came to a halt as considerable uncertainty in the financial markets and declining consumer confidence took their toll. Beginning in the third quarter, many large commercial banks and other financial institutions declared large losses due to their exposure to non-performing residential mortgages and credit derivatives. The equity markets reacted quickly with significant declines, and all lenders either severely tightened their underwriting or pulled out of the market altogether.

Commercial real estate conditions in early 2007 were healthy as an abundant supply of capital continued to flow into the asset class and underlying market fundamentals remained strong. There were record levels of transaction volume and record prices being paid for assets because of solid demand for space and assets, and a flood of equity and debt due to almost limitless access by buyers to financing at low interest rates. In the largest private leveraged buyout on record, the Blackstone Group acquired Equity Office Properties Trust's portfolio of 581 buildings comprising 109.2 million square feet for approximately $39 billion, including $16 billion of debt. However, when the upheaval in the credit markets occurred in late summer, lenders and leveraged buyers pulled out of the market. Fortunately, commercial real estate's overall performance was bolstered by several years of unprecedented transaction activity, steady capital flows, constrained supply, and solid user demand, enabling the asset class to deliver very strong results for the year. **In fact, returns for core equity real estate were in the mid-teens in 2007 as compared to equities and fixed income, which delivered returns in the low single digits.**

Most buyers of commercial real estate that were active in early 2007 were relying on substantial leverage for acquisitions, even on assets that initially yielded less than the cost of their debt ("negative leverage"). Further, they assumed significant rental rate growth in the future to service the debt—essentially projecting a J-curve return on a stabilized core property. Multi-Employer Property Trust (MEPT) remained cautious through the frenzy and was unwilling to compete with the highly leveraged buyers in the over-heated environment where properties were commanding historically low capitalization rates *(initial expected yields on investments based on purchase price).*

Purchasing an asset at a low capitalization rate is the equivalent of buying a stock with a high price to earnings (P/E) ratio, and MEPT's investment strategy has always been rooted in value-investing—purchasing or developing assets at a price equal to or below replacement cost. The credit crunch that began in August 2007 and the resultant slowing of the US economy validated MEPT's investment approach.

2007 Quarterly Net Returns			
	Net Income Return	Appreciation Return	Total Net Return
Fourth Quarter	1.04%	1.06%	2.10%
Third Quarter	1.11%	1.97%	3.08%
Second Quarter	1.13%	4.25%	5.38%
First Quarter	1.14%	2.71%	3.85%
Annualized Net Returns*	**4.50%**	**10.34%**	**15.18%**

***Due to compounding, totals are different than the sums of each period.**

MEPT mitigated many of the risks inherent in the heated market environment by maintaining low leverage (an average of 7 percent of gross assets throughout the year), and pursuing off-market transactions and new construction investment opportunities that met MEPT's investment criteria. MEPT identified relatively few attractive investment opportunities in the first half of the year. As the capital markets' volatility increased and the credit markets began a correction process in August, a significant pool of commercial real estate investors (most of them highly leveraged) exited the market. Additionally, some sellers, electing to wait for more market stability, removed assets for sale. Nevertheless, MEPT was successful in the latter part of the year, and identified a total of 14 projects that met the Fund's investment criteria.

Despite the slowing US economy, and the threat of a recession, commercial real estate market fundamentals were generally healthy at year-end. In fact, real estate markets are better positioned today than in periods leading up to previous economic slowdowns, when there was substantial oversupply of commercial space due to overbuilding. In contrast, during the last few years, new development has been constrained due to rising construction and land costs, and demand has outpaced new supply. As a result, at year-end 2007, the national office vacancy rate stood at 12.8 percent, and the national industrial vacancy rate was 10.2 percent, and, in most markets, rental rates remained stable, or continued to rise. Also, employment growth slowed but remained a positive driver of demand.

In 2007, real estate outperformed stocks and bonds. MEPT's one-year performance exceeded the other asset classes and all the real estate industry benchmarks. In a levered environment where debt was plentiful, readily accessible and aggressively used, such as the last three years, MEPT's conservative approach toward the use of leverage proved to moderate returns somewhat. However, in the near term, that approach should prove to act as a cushion as real estate markets revert to their historic norms.

MEPT generated a 15.18 percent net return for investors in 2007, and the Fund's annualized net return (as of December 31, 2007) since inception was 8.30 percent. MEPT's strategy has been consistently executed over the last 25 years and has served its investors well, especially in down markets. It is relevant to note that MEPT has had only one year of negative returns: in 1992, during a severe real estate downturn, MEPT posted returns of (3.31) percent, net of fees.

MEPT 2007 Highlights
Achieved 15.18% total return, net of fees
Hit a significant milestone—net asset value crossed the $7 billion threshold
Added 32 new investors, bringing the total number of participating pension plans to 328
Acquired or committed $651.4 million in 14 assets
Received $110.2 million in net proceeds from the sale of 4 office assets and 1 industrial building
Completed close to 5 million square feet of gross leasing activity
Achieved 91.4% leased in the operating portfolio

Strategy and Execution

April 1, 2007 marked MEPT's 25th anniversary. The Fund also hit a significant milestone when it crossed the $7 billion threshold at the end of the third quarter. MEPT maintains an unyielding commitment to a set of responsible property investing strategies that were developed at the Fund's inception in 1982. The Fund's disciplined investment approach has always focused on providing investors stable income, low leverage, liquidity, and diversification. **In 2007, relying on its principles of value investing, responsible property investing, and superior fiduciary and investor services, the Fund continued to seek out opportunities to acquire and build commercial real estate assets, at or below replacement cost, to create economic activity and jobs, and to incorporate sustainable development practices and energy conservation.**

In 2007, MEPT's Policy Board, in anticipation of a slowing economy and softening fundamentals, initially set a target return for the Fund of 10 percent to 12 percent, net of fees. However, the goal was restated in June to 14.5 percent to 15.5 percent, when it became evident that better-than-expected leasing in the portfolio, as well as continued capitalization rate compression, would create additional appreciation for the Fund. MEPT achieved its restated return target with a one-year return of 15.18 percent, net of fees, comprised of 4.50 percent income return and 10.34 percent appreciation return.

Sixth and Lenora Apartments: In 2007, MEPT acquired land to develop 644 rental units in downtown Seattle with plans to seek LEED certification.

For much of 2007, **MEPT's mission to deliver stable, competitive, low-risk returns while maintaining the benefits offered by a diversified, high-quality real estate portfolio** kept MEPT management focused on enhancing value in the portfolio through leasing, income enhancement, expense control, and net operating income growth. The Asset Management team at Kennedy Associates Real Estate Counsel, LP (Kennedy), MEPT's real estate advisor, completed 342 lease transactions, or 4.95 million square feet of gross leasing activity at MEPT properties in 2007. Reducing expenses and increasing net income was a major focus of the Asset Management team. A key to achieving enhanced revenue was the successful implementation of initiatives focused on energy conservation and energy benchmarking. The operating portfolio was 91.4 percent leased at year-end and the stable rental income stream from the Fund's operating properties helped cushion MEPT from market volatility.

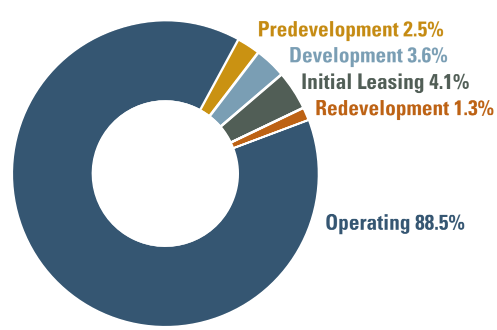
With the severe downturn in the US residential market in 2007, the Asset Management team was closely monitoring the portfolio tenancy for the quality and type of lease exposure to tenants in the housing and related services industries. Since the team took steps to limit the leasing to such tenants as early as 2004, which was early in the housing boom, MEPT's exposure had been modest. At year-end 2007, mortgage-related tenants occupied less than three percent of the square footage in MEPT's portfolio and contributed fewer than five percent of the total rent, and only a very small portion (0.1 percent of the square footage and rental income) would fall into a category of high risk. Additionally, other companies supporting the housing market such as credit issuers, title companies and builders only occupied four percent of the portfolio square footage and provided six percent of the rental income in the portfolio at the end of the fourth quarter of 2007.

In 2007, MEPT committed a total of $651.4 million in net capital to new investments, including the acquisition of seven existing assets and the development of seven industrial and multi-family projects. In order to further diversify the portfolio by asset type, the majority of the new commitments, or 57.6 percent, were allocated to multi-family assets. Of the remaining commitments, office assets accounted for 18.9 percent, industrial assets accounted for 18.7 percent, and land for future development was 4.8 percent of new commitments. MEPT also sold four office assets and one industrial building for $110.2 million in net proceeds where the downside risk outweighed the future long-term potential of the assets.

The Fund broke ground in 2007 on six development projects—a total of 2.1 million square feet—and completed four projects totaling 1.4 million square feet. For MEPT, the development expertise of Kennedy (honed over 30 years) serves as a competitive advantage, particularly in the current market cycle. More importantly, Kennedy, with its development experience and deep market relationships, is able to mitigate much of the risk that is associated with new construction projects.

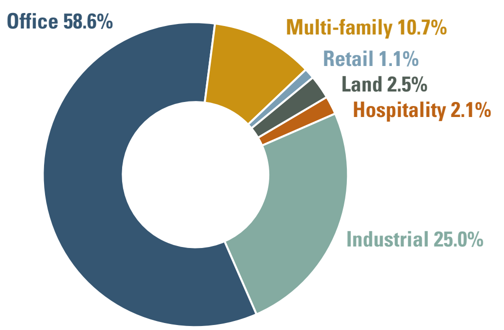
Over the last few years, the rising costs of construction as well as the rising cost of land has driven many real estate investors to buy existing assets rather than build new properties. With Kennedy's guidance and NewTower Trust Company's (the Fund trustee) oversight, over the last few years, MEPT has been acquiring or seeking to control land positions, so that in most markets, MEPT's land cost basis is at a discount to current land prices. As market conditions support new development, Kennedy applies its development experience to create very competitive properties that have broad appeal to tenants and longevity in a particular marketplace. In 2007, close to half of MEPT's acquisition commitments were development opportunities. As a result, MEPT enhances its core portfolio with state-of-the-art

Diversification By Life Cycle *(As of December 31, 2007)*



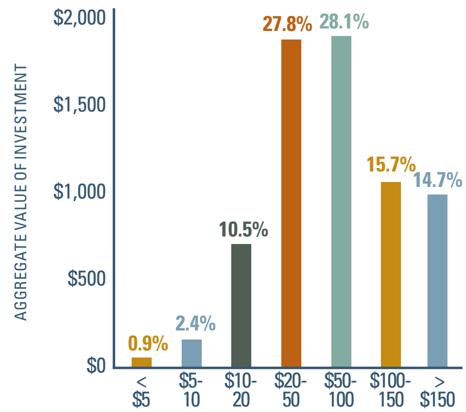
Note: Weighted by Net Asset Value.

Diversification By Property Type *(As of December 31, 2007)*



Note: Weighted by Net Asset Value.

Diversification By Size of Investment
(As of December 31, 2007)



Note: Based on Net Asset Value ($Millions).

assets that will contribute future stable income to the portfolio and that should also create additional value for the Fund.

MEPT has been incorporating sustainable development techniques in its portfolio for many years. However, in 2007, MEPT made a commitment that all future development will seek Leadership in Energy and Environmental Design (LEED) certification, an industry standard for sustainable or "green" buildings, or a comparable nationally recognized rating. Since sustainable buildings are more energy efficient, have lower operating costs, and are increasingly more sought after by tenants, LEED-certified properties should generate higher income returns and create additional value. Furthermore, certain sustainable developments such as transit-oriented development, and urban adaptive re-use projects can offer superior returns for funds such as MEPT with development and project execution skills. At year-end 2007, MEPT had $368 million of LEED-certified operating assets and a pipeline of $1.4 billion of pre-development and development projects targeted for LEED certification.

Historically, MEPT has maintained a cash balance in the Fund to meet the obligations of new acquisitions and construction projects, and to honor withdrawal requests from investors. In 2007, MEPT's cash balance began to rise as the Fund maintained its careful and disciplined investment strategy and did not invest heavily in the heated market for existing properties. By mid-year, the cash reserves peaked at 11.7 percent and were higher than the Fund's target for 2007. In response, MEPT began to schedule investment into the Fund so that anticipated investment in real estate would be balanced with incoming participant deposits. At year-end 2007, MEPT's cash of 7.6 percent of net assets was in line with the annual goal of 7.5 percent of net assets.

Although it fluctuates, MEPT targets a long-term cash position of 5 percent of net asset value. MEPT's cash balance is fully committed to new investments that are either pending acquisition or under construction. All MEPT capital is allocated to core investment opportunities.

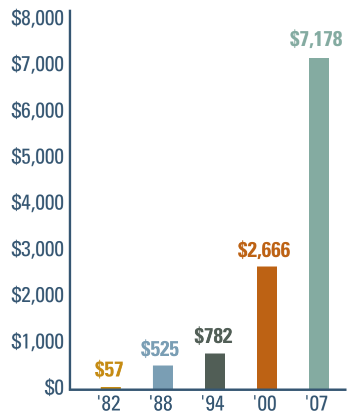
Outlook

In the last few years, commercial real estate has benefited from a protracted period of significant appreciation principally due to capitalization rate compression. Significantly slower economic growth (or a recession), rising unemployment, and reduced consumer spending will negatively impact the relatively healthy commercial real estate market conditions. MEPT's management anticipates that, for at least the next two to three years, appreciation will be realized more through improving net operating income and property performance, and less as a result of further capitalization rate compression.

In the last several quarters, the volatility in the capital markets has resulted in a severe disparity between the performance of stocks, bonds and real estate. Real estate has had significant positive contribution to investment portfolio performance, while stocks and bonds have disastrously underperformed expectations. This has resulted in the need for many investors to rebalance their portfolios to meet their target allocation models. MEPT is prepared to accommodate investors' needs as they rebalance their portfolios. MEPT has promptly honored every withdrawal request it has received throughout its 25-year history, and was one of the very few funds to do so during the 1989-1992 real estate downturn. MEPT is required to honor a withdrawal request in the year in which the request is received, but as a matter of practice has honored every request in the quarter in which it was received.

MEPT is well-positioned to capitalize on opportunities in the current market environment. As an equity, value-oriented investor, MEPT is an attractive and certain source of capital. Furthermore, MEPT's interest and skill in sustainable development should serve the portfolio well and resonate with developers and partners who understand the value of building and owning environmentally

MEPT Net Asset Value Growth
(December 31, 1982–December 31, 2007)



Values shown are for December 31 in each year.
Date of inception April 1, 1982.

friendly, energy-efficient properties. The focus for the Fund in 2008 will be on executing the investment strategy, enhancing net operating income and achieving Fund goals and objectives.

MEPT's Policy Board established goals and objectives for the Fund for 2008 based on expected portfolio performance given economic forecasts and real estate market conditions. **The Fund seeks to achieve a total net return of 8 percent to 10 percent in 2008.** MEPT's management believes that the operating portfolio, which comprises more than 88 percent of the overall Fund's assets, will contribute steady and stable income in 2008. The Fund could realize additional appreciation as property level operating income grows due to leasing activity, rental rate increases from contractual rent escalations, and the rollover of leases signed at market rents higher than in-place rents.

MEPT has set a target in 2008 for acquisitions of $1.1 billion, dependent on market conditions, to be allocated to projects in selective major markets characterized by high barriers to entry and steady demand. Acquisitions will be selected based on a combination of "top-down" research of supply/demand characteristics, employment and population growth projections, economic diversification, liquidity, and "bottom-up" market knowledge. For 2008, MEPT has also set a disposition target of $315 million, dependent on market conditions, in order to replace smaller, older, and/or "at-risk" assets with newer, higher quality assets that offer risk profiles that are consistent with portfolio objectives.

MEPT has the opportunity to use leverage judiciously (i.e., applying "positive leverage") in the next few years to enhance returns on individual assets and, by extension, MEPT portfolio returns, while adhering to the principles of "core" real estate investment and management. In 2008 the Fund will seek to prudently increase leverage up to 12 percent of gross assets by utilizing property-specific mortgage financing and/or fund level debt, while placing an emphasis on risk mitigation and flexibility. In addition, MEPT has set a target for cash of 2.5 percent to 5 percent of net assets by year-end 2008.

With many years of strong growth and performance, MEPT's management team is working to ensure that it has the resources to manage MEPT's growth in the future and to actively maintain the core strengths and disciplines that have served MEPT well over the last 25 years. To that end, in February 2007, Preston Sargent, Executive Vice President and Principal at Kennedy, was appointed to the role of MEPT Portfolio Manager with a focus on achieving MEPT's operating and performance objectives. Additionally, John Parker, who co-founded Kennedy, assumed the role of President and CEO in March 2007 replacing Jim Snyder, who continued to serve as Chairman until December 31, 2007, when he retired. Finally, Kennedy expanded its partnership with Bentall Capital, and effective January 1, 2008, Kennedy sold an additional interest to Bentall Capital, bringing Bentall's ownership of Kennedy to 65 percent. The remaining 35 percent is owned by senior officers of Kennedy. The structuring of the Bentall transaction enables Kennedy to broaden ownership at the firm and allows for additional senior officers to become partners.

The strategic partnerships that Kennedy and Landon Butler & Company, LP (LBC), MEPT's investor relations provider, established in 2006 with Bentall Capital are an important development in MEPT's history because they provide MEPT management with access to deep resources that are experienced in the same line of business. Bentall Capital, Canada's largest real estate investment advisor and property manager, has responsibility for real estate assets of approximately $17 billion and serves as fiduciary to more than 100 institutional investors. Bentall, Kennedy, LBC, and NewTower actively share best practices and ideas to enhance MEPT's management and performance. The combination of these firms creates one of the largest real estate investment advisory businesses in North America.

Rivergate Corporate Center III, Portland, OR, developed by MEPT in 2007, is the largest pre-certified LEED Silver industrial building in the US.

25 Years of Success

When Multi-Employer Property Trust (MEPT) began operations on April 1, 1982, the Fund had commitments totaling $16 million from five investors: Plumbers and Pipefitters National Pension Fund; Alaska Plumbing and Pipefitting Industry Pension Trust Fund; Hotel and Restaurant Employees Local 25 and Hotel Association of Washington, D.C. Pension Fund; Iron Workers Local Union #5 and Iron Workers Employers Association Employees Pension Fund; and Marble, Tile and Terrazzo Workers Pension Fund.

The five initial participating plans—all of which are still investors today—demonstrated courage and leadership since they were part of an emerging trend in pension plan investing. The trustees of the founding investors set out to prove that an equity fund comprised of high-quality commercial real estate investments developed from the ground up in the communities where participating plans were located could produce superior returns and create new jobs for plan beneficiaries. The investment community referred to this focused investment decision-making as "socially responsible investing" and many experts suggested it would not work. In the first year of operation, 19 other plans joined the five founding investors, and MEPT's net assets grew to more than $37 million. At year-end 2007, the Fund's net assets exceeded $7.2 billion and 328 plans were invested in MEPT.

The investment philosophy established by MEPT's co-founders—Duff Kennedy, Jim Snyder and Landon Butler—to deliver low-risk returns throughout all real estate cycles as well as reduce volatility to investors' overall portfolios resonated with pension plan investors. In order to achieve this strategy, the Fund maintained low leverage and remained focused on investments that would provide stable income, liquidity, and diversification. With a value investing strategy, MEPT sought to create top-quality, core, income-producing assets through development, rehabilitation, or acquisition and repositioning of undervalued assets.

The socially responsible or responsible property investing (RPI) principles of MEPT's strategy take into consideration the broader social ramifications of developing and owning properties and go beyond traditional investor and fiduciary goals. RPI provides the framework for MEPT to comprehensively develop and manage assets that are energy efficient and environmentally sustainable, while also being economically viable and financially rewarding investments that utilize contractors signatory to collective bargaining agreements with legitimate trade unions.

Celebrating 25 Years 1982–2007

25 YEARS OF INVESTING WITH MEPT:

Plumbers and Pipefitters National Pension Fund

Alaska Plumbing and Pipefitting Industry Pension Trust Fund

Hotel and Restaurant Employees Local 25 and Hotel Association of Washington, D.C. Pension Fund

Iron Workers Local Union #5 and Iron Workers Employers Association Employees Pension Fund

Marble, Tile and Terrazzo Workers Pension Fund

Bricklayers & Trowel Trades International Pension Fund

National Asbestos Workers Pension Fund

Alaska United Food and Commercial Workers Pension Trust

National Shopmen Pension Fund

Sheet Metal Workers' Pension Fund of Southeastern Pennsylvania

Bridge and Iron Workers Staff Retirement Plan

IBEW Local #64 Pension Fund

Sheet Metal Workers Local 100 Pension Fund

Sheet Metal Workers National Pension Fund

Chicago Regional Council of Carpenters Pension Fund

Bottom left: Alaska Plumbing and Pipefitting Industry Pension Trust Fund

Top right: Alaska United Food and Commercial Workers Pension Trust

Middle: Plumbers and Pipefitters National Pension Fund

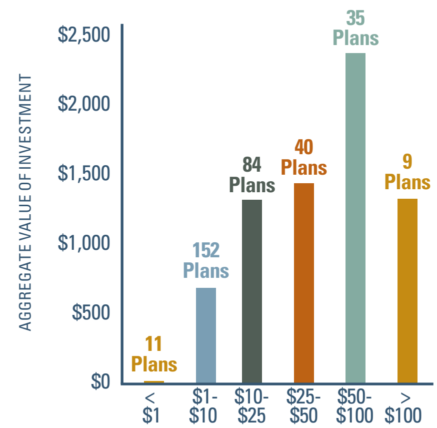
Lower right: Bricklayers & Trowel Trades International Pension Fund

Twenty-five years later MEPT has proven the concept can work and be extremely effective for pension plans looking to grow their pension fund dollars, generate employment, and have a positive impact on their local communities. The stable returns and RPI philosophy continue to resonate with investors. In 2007, 32 pension plans allocated new commitments to MEPT and invested $233.2 million. In addition, 24 existing MEPT participants added $165.2 million to their MEPT investment. Therefore, investments in MEPT in 2007 totaled approximately $398.4 million by 56 plans.

With MEPT's flexible liquidity features, 36 plans elected to make partial withdrawals, and two plans made complete withdrawals, for a total of $238.6 million of withdrawals. As a result, net new investment in MEPT totaled $159.9 million in 2007.

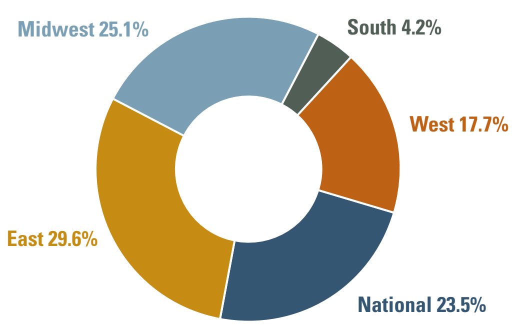
With the 2007 investor activity, MEPT's net asset value crossed the $7 billion threshold, and the Fund's net asset value was $7.18 billion in net assets, as of December 31, 2007. The total number of participating plans grew to 328. The Fund is now one of the largest open-end, commingled, real estate equity funds in the country.

MEPT Participating Plans By Size of Investment
(As of January 1, 2008)



Note: Based on Net Asset Value ($Millions).

MEPT Participating Plans By Geographic Location
(As of January 1, 2008)



Note: Weighted by Net Asset Value.

2007 Advisory Board Meeting

MEPT's Advisory Board, established in 2001 to provide trustees and professionals of participating plans the opportunity to meet annually with MEPT management, held its annual meeting in Chicago in June 2007. In addition to Advisory Board members, trustees, administrators and consultants representing MEPT participating plans were invited to attend the annual Advisory Board meeting as observers. MEPT management and the Advisory Board discussed fund strategy, direction and objectives, fund performance, market conditions, fund governance, personnel changes, and other topical issues.

The 2007 Advisory Board members are listed below.

2007 Advisory Board Members

CLAUDIA ALLEN, Port Authority of Allegheny County Retirement and Disability Allowance Plan for Employees Represented by Local 85 Amalgamated Transit Union

DAVID BLITZSTEIN, UFCW International Union-Industry Pension Fund

WILLIAM BOARMAN, CWA/ITU Negotiated Pension Plan

ROBERT BRISSON, San Diego County Construction Laborers Pension Fund

NEAL CAHILL, National Automatic Sprinkler Industry Pension Fund

BART CARRIGAN, Michigan Laborers' Pension Fund

BARBARA EASTERLING, Communications Workers of America Plan for Employees Pension and Death Benefits

MARK FLEISCHMAN, UNITE Staff Retirement Plan

EUGENE GEORGE, Bricklayers and Trowel Trades International Pension Fund

FRANK HURT, Bakery and Confectionery Union and Industry International Pension Fund

LARRY JACOBSON, Deferred Salary Plan of the Electrical Industry

BILL KROEGER, Iron Workers St. Louis District Council Pension Trust

WILLIAM MARTIN, International Brotherhood of Electrical Workers Local 654 Pension Fund

WARNER NELSON, Marine Carpenters Pension Fund

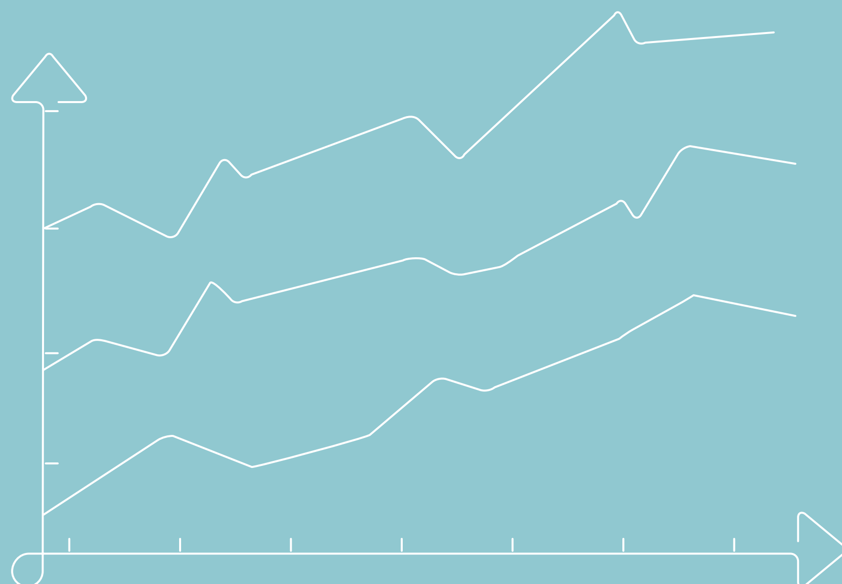
LARRY PARKS, Tri-State District Council of Carpenters of Chattanooga and Vicinity Pension Fund

WILLIAM PHARES, Sheet Metal Workers Local 100 Pension Fund

EDWARD SMITH, Central Laborers Pension Fund

MARLYN SPEAR, Building Trades United Pension Trust Fund

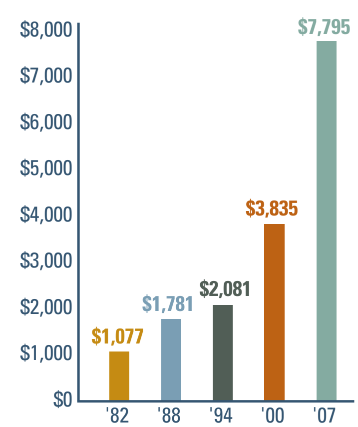
Competitive Performance



Multi-Employer Property Trust's (MEPT) Policy Board, in January 2007, set a 10 percent to 12 percent net return performance target for the Fund that assumed real estate prices and real estate market conditions would moderate in 2007. However, at mid-year, the Policy Board restated the Fund's return goals for 2007 to 14.5 percent to 15.5 percent (net of fees) for 2007 when it became evident that real estate market conditions and leasing activity in the portfolio positioned the Fund to perform better than originally expected. **MEPT's 2007 return, net of fees, was 15.18 percent—the third-highest one-year return in the Fund's history.**

The Fund's performance was attributable to the portfolio's stable and consistent rental income, active leasing in the portfolio and some additional gains from appreciation in value of a variety of MEPT's investment grade properties. MEPT's strong 2007 performance demonstrated that the Fund remains well-positioned to deliver competitive returns throughout all real estate cycles.

Unit Value Growth *(December 31, 1982–December 31, 2007)*



Values shown are for December 31 in each year.
Date of inception April 1, 1982.

Comparison to Benchmarks

Real estate, and specifically MEPT, continues to make an important and positive contribution to overall investment portfolio performance by diversifying returns and reducing risk. This was particularly evident in 2007 with the volatility in the stock and bond markets. **A comparison of MEPT to the Equity Benchmark and Fixed Income Benchmark over multiple time horizons shows that MEPT solidly outperformed the other asset classes.**

MEPT achieved a return, gross of fees, of 16.16 percent for the year ending December 31, 2007. MEPT outperformed its real estate benchmarks, including the NCREIF Fund Index—Open End Diversified Core Equity (NFI-ODCE), which had a 15.97 percent

Annualized Net Returns *(As of December 31, 2007)*				
	15 Year	**10 Year**	**5 Year**	**1 Year**
Income	5.60%	5.28%	4.97%	4.50%
Appreciation	3.66%	5.57%	8.30%	10.34%
Total*	**9.42%**	**11.07%**	**13.58%**	**15.18%**

***Due to compounding, totals are different than the sum of each period.**

MEPT vs Fixed Income vs Equity *(As of December 31, 2007)*			
	Multi-Employer Property Trust	**Fixed Income Benchmark: Lehman Brothers Government/ Corporate Bond Index**	**Equity Benchmark: S&P Index**
10 Year (Through 12/31/07)			
Annualized Gross of Fee Return	12.18%	6.01%	5.91%
Annualized Standard Deviation	2.55%	4.09%	16.63%
Sharpe Ratio	3.31	0.56	0.13
7 Year (Through 12/31/07)			
Annualized Gross of Fee Return	11.70%	5.93%	3.30%
Annualized Standard Deviation	3.00%	4.18%	15.54%
Sharpe Ratio	2.90	0.71	0.02
5 Year (Through 12/31/07)			
Annualized Gross of Fee Return	14.62%	4.44%	12.83%
Annualized Standard Deviation	2.24%	3.89%	9.70%
Sharpe Ratio	5.14	0.34	1.00
3 Year (Through 12/31/07)			
Annualized Gross of Fee Return	17.11%	4.44%	8.62%
Annualized Standard Deviation	2.08%	3.53%	6.34%
Sharpe Ratio	6.12	0.02	0.67
1 Year (Through 12/31/07)			
Annualized Gross of Fee Return	16.16%	7.23%	5.49%
Annualized Standard Deviation	**	**	**
Sharpe Ratio	**	**	**

**** Source: Russell/Mellon; does not provide measures of volatility for periods of less than three years.**

return for the year. MEPT also outperformed the NCREIF Property Index, which had a 15.85 percent return for the year, and the Russell/Mellon Equal Weighted Universe of Commingled Open End Real Estate Funds, which had a return of 15.30 percent for the year.

MEPT's fund level performance takes into consideration the effects of leverage and cash held in the portfolio. Excluding the effects of cash and leverage, MEPT's total real estate portfolio, including assets in different stages of development, produced a gross of fees return of 16.25 percent for the year. The operating real estate portfolio, as a subset of the overall portfolio, produced a gross of fees return of 15.74 percent for the year. These results stem from improving rents across the portfolio as well as healthy capital gains (at least through mid-year) driven by the highly competitive investment market.

Attribution Analysis Summary

NewTower completed a comparative analysis as of December 31, 2007 of MEPT's operating properties to the NCREIF Open-End Property Index (OPI), an index of those properties in the NCREIF Property Index (NPI) owned by open-end funds. The NPI and OPI indices exclude properties in pre-development, development, initial leasing, and re-development, as well as non-property assets. The OPI Index is the most applicable for the comparative analysis since it is currently the only industry benchmark that provides data on the unlevered real estate returns earned by open-end fund investors in the United States.

The comparison reveals that MEPT's real estate portfolio outperformed the benchmark for every time period. By asset

MEPT Operating Real Estate vs NCREIF Open-End Fund Property Index, by Property Type *(As of December 31, 2007)*

	Apartment	Office	Industrial	Retail	Hotel	Total
5 Year Annualized Gross of Fee Return						
MEPT	13.84%	14.07%	16.38%	20.32%	15.41%	**15.17%**
NCREIF OPI	13.22%	14.62%	13.30%	15.78%	16.60%	**14.38%**
3 Year Annualized Gross of Fee Return						
MEPT	14.37%	15.74%	17.96%	14.08%	18.56%	**16.76%**
NCREIF OPI	15.04%	19.05%	15.12%	14.38%	21.57%	**16.47%**
1 Year Annualized Gross of Fee Return						
MEPT	17.39%	15.29%	16.82%	12.99%	5.61%	**15.74%**
NCREIF OPI	11.24%	20.82%	13.80%	10.67%	18.38%	**15.21%**

MEPT Operating Real Estate vs NCREIF Open-End Fund Property Index, by Region *(As of December 31, 2007)*

	Northeast	Mideast	Pacific	Mountain	EN Central	Southeast	Southwest	WN Central	Total
5 Year Annualized Gross of Fee Return									
MEPT	18.37%	16.83%	17.15%	14.73%	9.29%	1.86%	10.52%	11.68%	**15.17%**
NCREIF OPI	14.98%	15.31%	16.19%	13.17%	10.59%	13.95%	11.76%	10.67%	**14.38%**
3 Year Annualized Gross of Fee Return									
MEPT	23.45%	17.17%	18.80%	17.47%	9.42%	4.08%	17.85%	13.17%	**16.76%**
NCREIF OPI	17.29%	16.34%	18.73%	17.18%	12.27%	15.17%	14.01%	11.08%	**16.47%**
1 Year Annualized Gross of Fee Return									
MEPT	21.40%	12.27%	18.95%	19.89%	8.09%	—	25.12%	12.84%	**15.74%**
NCREIF OPI	16.15%	12.75%	18.85%	12.85%	12.05%	11.02%	15.30%	10.53%	**15.21%**

class, MEPT's industrial and retail portfolios have consistently outperformed OPI in the one- and five-year periods, while flat in the three-year period. MEPT has experienced recent strength in its multifamily portfolio compared to the OPI.

MEPT's office portfolio, which has historically had a higher weighting in suburban office buildings than the OPI, underperformed in each period because of the relatively high appreciation achieved by office buildings located in central business districts (CBDs). Blackstone's privatization of Equity Office Properties Trust (EOP) created a flurry of transaction activity as the EOP portfolio was broken up and resold multiple times, helping to drive up CBD office values to a greater degree than suburban properties. As a result, MEPT's office returns lagged.

A combination of a higher allocation and prudent selection in the Northeast and Pacific NCREIF subregions resulted in MEPT outperforming the OPI in each of the three time periods on a regional basis. MEPT's lack of investment in the Southeast provided a marginal benefit as well for the one-year period due to the weak performance of the subregion. MEPT's higher geographic allocation to the East North Central region had a negative contribution to overall returns over all time periods. The Chicago metropolitan area is part of the East North Central region and generally, commercial real estate in the Chicago suburbs has not performed as well as coastal markets in the US in recent years. As a result, MEPT's overweighting in the region and Chicago, in particular, have been a moderate drag on the Fund's relative performance.

Property Performance

During the year, MEPT's Asset Management team at Kennedy was intensely focused on the fundamentals of property performance (i.e., leasing and operations) in order to create value for the Fund. As a matter of practice, Kennedy's Asset Managers take a very active and "hands-on" approach by developing specially tailored operations strategies and directing third-party service providers to implement the leasing and management plans for MEPT assets.

In 2007, the Asset Management team implemented several operational initiatives in order to enhance property revenue and reduce expenses. Asset Managers actively sought opportunities to make capital improvements to improve property performance as well as to increase property income either through expense management or replacing in-place rents with higher market rents through new and renewal leases signed.

Top Ten MSAs for Investment *(As of December 31, 2007)*

#	Metro Area	Market Value (NAV)*	% of Fund (NAV)*
1	Los Angeles	$1,183,594,833	17.45%
2	Washington, DC	$1,162,300,028	17.13%
3	Chicago	$862,706,836	12.72%
4	San Francisco	$691,045,110	10.19%
5	New York	$305,446,574	4.50%
6	Portland	$300,066,160	4.42%
7	Seattle	$263,093,992	3.88%
8	St. Louis	$202,175,996	2.98%
9	Denver	$199,511,931	2.94%
10	Kansas City	$195,850,000	2.89%

*NAV represents MEPT current value. It does not represent "as-complete" value for projects under construction, leverage (if any), or value of joint venture partners' share (if any).

Other initiatives aimed at enhancing property net operating income included structuring leasing arrangements to capture revenue from event parking, exploring solar power, and utilizing tax credits. The Asset Managers also targeted close to 150 potential expense reductions and realized approximately $4.5 million in savings. Areas of expense savings included lighting retrofits, installation of more energy-efficient equipment, and leveraging the size of MEPT's portfolio to enhance the Fund's purchasing power with vendors to achieve better pricing and lower fees.

MEPT owns many properties that reflect the kind of assets that were in demand by both institutional buyers and creditworthy tenants. As a result, further capitalization rate compression and strong leasing activity resulted in significant appreciation for these assets in 2007. Examples of some of MEPT's top performing assets in the portfolio include:

McClurg Court

MARKET: **Chicago**
TYPE: **Multi-Family**
SIZE: **Two, 45-story towers with 1,058 units**
STATUS: **Operating**

MEPT acquired McClurg Court Center, the second-largest apartment complex in downtown Chicago, for $123 million in May 2006. At the time of the acquisition, MEPT committed an additional $25 million to a long-term capital improvement plan to address deferred maintenance, enhance the exterior design, and add new retail amenities. Tenant amenities currently offered are an on-site health club with a pool and tennis courts, a laundry facility, retail services, and a 484-space parking garage.

Kennedy identified opportunities during due diligence to enhance the life safety systems of the building to ensure a higher level of safety and provide a significant marketing advantage to both existing and prospective residents. As part of the capital improvement plan for

McCLURG COURT

the building, in 2007, MEPT completed comprehensive conceptual plans, conducted systems analysis, and awarded a sprinkler retrofit contract. The project is anticipated to be completed ahead of schedule and below budget with all residential units fully protected by the summer of 2008.

In 2007, through property operations, MEPT improved the asset's performance by signing new leases at rents 7 percent higher than expiring terms. MEPT has employed an aggressive leasing strategy designed to increase rental rates while maintaining stabilized occupancy of just below 95 percent.

The property's location is exceptional. Centrally located in the Streeterville neighborhood, McClurg Court Center is within walking distance of Chicago landmarks such as Lake Michigan, Water Tower Place, Oak Street Beach, The Chicago Art Institute, The John Hancock Center, Navy Pier, and Michigan Avenue's Magnificent Mile. MEPT purchased McClurg Court Center for approximately $116,000 per unit but comparable (albeit newer) multi-family high rises in Streeterville in 2007 sold for $400,000 per unit.

As a result, McClurg Court gained $20.1 million in value in 2007 from appreciation due to strong market rent growth, positive leasing in response to MEPT's unit renovation work and continued strong demand for multi-family assets by institutional investors. The total one-year return for McClurg Court was 35.1 percent. The gross asset value for the property at December 31, 2007 was $156.8 million.

Haven Gateway

MARKET: **Los Angeles**
TYPE: **Industrial**
SIZE: **Three buildings totaling 978,482 square feet**
STATUS: **Operating**

MEPT developed Haven Gateway in 2000. The three-building suburban distribution facility has excellent visibility, access to the freeway and proximity to the Ontario International Airport. The project was built to address the needs of large, bulk distribution users and constructed with 30' clear heights, 699 parking spaces, and large truck courts. The project generated strong tenant interest from the start and is currently 100 percent leased to several very creditworthy tenants including Disney, The Children's Place, Oakley, Inc., and Sports Chalet, Inc.

The Inland Empire West submarket, where Haven Gateway is located, has been popular with investors for its low vacancy rate, above projected national average population growth, and deep, diverse pool of warehouse tenants. The vacancy rate for the submarket at year-end was a very low 1.5 percent.

Little new supply is expected to be delivered to the submarket because available land is hard to find, and finding land at a reasonable price is even more difficult. With a lack of available sites and the rate at which construction costs have escalated since 2000, there

HAVEN GATEWAY

PATRIOTS PLAZA I

would be a significant cost premium to build an asset comparable to Haven Gateway today.

Haven Gateway gained $12.3 million in appreciation in 2007 and the asset generated a total return for the year of 24.0 percent for MEPT. The gain in value was a result of the project's full occupancy, the high-quality tenancy, very strong market conditions, and high barriers to entry.

Patriots Plaza I

MARKET: **Washington, DC**
TYPE: **Office**
SIZE: **280,001 square foot office building**
STATUS: **Operating**

MEPT committed $78.7 million to build Patriots Plaza I, located in downtown Washington, DC, in the third quarter of 2002. Patriots Plaza was designed and built with added security measures to meet the post-September 11 requirements. It was anticipated that, with close proximity to Capitol Hill in Washington, DC, and special design features, the asset would be positioned to attract government agencies.

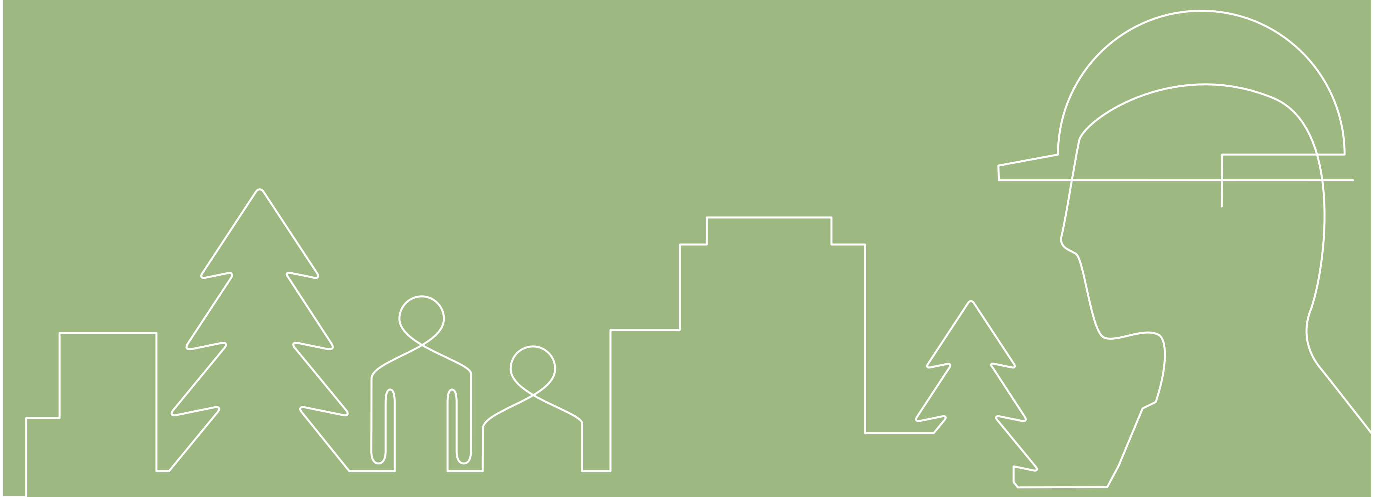
As a result, the 12-story office building has successfully attracted government tenants, and MEPT signed several long-term leases with the General Services Administration for federal agencies to occupy space in the building. The current tenant roster includes the Surface Transportation Board, the Office of the Comptroller of the Currency, the US Department of Health and Human Services, and the Federal Emergency Management Agency. The asset was 100 percent occupied at year-end 2007.

The Washington, DC market has been one of the best performing office markets nationwide for several years and investor interest has been extremely strong. At year-end 2007, Washington, DC's downtown vacancy rate was 7.6 percent—one of the lowest in the country.

The asset's fully leased status, coupled with strong investor demand for stabilized office properties in Washington, DC, drove up the value of Patriots Plaza by $17.4 million in 2007, and the asset achieved a 19.1 percent one-year return.

In the fourth quarter of 2006, MEPT announced a commitment of $141.6 million to the development of Patriots Plaza II and III, the second and third buildings in the Patriots Plaza office complex. Phases II and III, a total of 701,589 square feet, will also be constructed to incorporate enhanced security measures required post-September 11, and in furtherance of MEPT's commitment to create the most modern, flexible, and competitive assets designed to achieve LEED certification.

Responsible Property Investing



From its inception, Multi-Employer Property Trust (MEPT) has been focused, first and foremost, on delivering superior returns to investors. However, MEPT was established at a time when pension plan trustees began to insist that their pension plan assets could do more than generate returns. Trustees wanted their investments to also strengthen their communities, provide work for their industries, and create jobs for their members.

MEPT was designed to address the expanding investment goals of pension plan trustees, and the Fund's investment strategy incorporates a responsible property investing (RPI) approach that was somewhat unique when the Fund was founded in 1982. **Over the years, MEPT's management team has identified and adopted social, environmental, and governance principals that further MEPT's performance goals while also achieving the secondary objectives desired by its participating plans.** MEPT has become one of the only US real estate funds to be an asset owner signatory to the United Nations Principles for Responsible Investment and today, these governance, social and environmental principles are an integral part of MEPT's RPI philosophy.

GOVERNANCE: MEPT's legal structure, a bank collective trust, inherently creates a balance between the rights of participating plans, as unit holders of MEPT, with the responsibilities of the NewTower, Kennedy and LBC management teams to direct and effectively manage MEPT's long-term strategy and day-to-day operations. As trustee and fiduciary to MEPT, NewTower provides oversight, valuation and risk management for the Fund. Acting with prudence and care, NewTower fulfills its duties solely in the interests of the pension plan participants and their beneficiaries. Additionally, with the same degree of sensitivity to investor interests, Kennedy serves as the real estate investment advisor to MEPT, and LBC provides investor relations and marketing services to the Fund.

MEPT's governance structure requires a high degree of transparency. NewTower's fiduciary responsibilities are routinely reviewed since the Trust is licensed and regulated by the Maryland Division of Financial Regulation, a state government authority that supervises and regulates state-chartered banks and examines Maryland financial institutions with respect to, among other things, compliance with laws governing fiduciary activities by Maryland-chartered banks. Additionally, NewTower is governed by a seven person board of directors that includes a majority of independent directors.

In the last few years, the firms that collectively manage MEPT have taken steps to broaden their ownership and governance structures by adding additional resources and enhancing management and financial depth in order to further grow and maintain the MEPT investment platform. While these developments have resulted in several recent organizational changes, MEPT management has worked to provide extensive disclosure, consistency and transparency on all matters of governance.

SOCIAL: MEPT has always maintained a Responsible Contractor Policy, which states that MEPT only engages contractors for ground-up development or tenant improvement work that are signatory to collective bargaining agreements with legitimate trade unions. This has meant that workers on MEPT projects represent the best skilled and trained labor available, are receiving fair wages and benefits, and are afforded worker protections.

For MEPT's portfolio, the responsible contractor policy has ensured that MEPT has the best built and maintained buildings in its competitive set, projects are completed on time and on budget, and MEPT's buildings are the most desirable to tenants. As a result, MEPT-built properties generally lease up more quickly and garner competitive market rents and, as a result, will create value. The Fund believes that assets built and maintained by highly skilled, well-trained union labor hold their value better and longer than comparable non-union-built assets. This has meant that MEPT is maximizing returns for investors while having created close to $10 billion in economic impact in the markets in which the Fund operates, generating more than $75 billion in state personal income taxes and creating in excess of 52 million job hours for Building Trades members.

Additionally, through its strategy of developing or redeveloping high-quality projects, MEPT has participated from time to time in historic preservation and urban revitalization projects. MEPT has restored economic vitality to deteriorated properties and urban neighborhoods by emphasizing the historical and architectural features that make the assets appealing to tenants and visitors.

ENVIRONMENTAL: The economic drivers that led MEPT to engage in responsible contracting, historic preservation and urban revitalization are the same drivers for building sustainable and environmentally responsible projects. Energy conservation at the property level not only promotes environmental stewardship, but also results in better performance through reduced expenses and increased tenant demand. The Fund built its first green building in 1986 in Portland, Oregon, when it began to recognize the benefits of green design and energy-efficient design. The building was built to house Norm Thompson Outfitters. The tenant designated the building as its headquarters since the green features resonated with the company's eco-friendly policies and practices. Norm Thompson continues to be headquartered at the building today.

Achievements
22.2 million square feet of office and industrial buildings in ENERGY STAR benchmarking program
$328 million in LEED-certified operating assets
$1.4 billion targeted projects in pre-development or development for LEED certification
One of the only US real estate funds to be an asset owner signatory to the United Nations Principles for Responsible Investment

In the last few years, the issues of climate change have come to the forefront as the cost of sustainable development has become more economically viable, investor and tenant demand for green buildings has grown, and obsolescence of non-green buildings has become a portfolio management concern. In line with these trends, MEPT is an industry leader in "green building" and has made a meaningful commitment to incorporate sustainable development and energy conservation efforts into the Fund's RPI strategy. MEPT has played an active role in developing green building practices and identifying ways to capture the value created by Leadership in Energy and Environmental Design (LEED) projects. LEED is a national rating system of the US Green Building Council for energy-efficient, sustainable or "green" buildings. Furthermore, MEPT has sought to improve the energy efficiency of its existing portfolio by benchmarking properties in the US Environmental Protection Agency's ENERGY STAR program and aiming to earn ENERGY STAR labels whenever feasible.

Responsible Contractor Policy

For 25 years, Multi-Employer Property Trust (MEPT) has been investing to add value through development, redevelopment, and acquiring core properties by building at, or buying below, replacement cost. MEPT's new construction projects are built using 100% union labor. MEPT has maintained a policy of using responsible contractors to ensure that prevailing wages and benefits are paid to foster economic health and growth in the communities where the Fund invests. MEPT maintains frequent contact with local signatory contractor organizations and building trades councils in its portfolio markets.

Additionally, MEPT believes that its commitment to union labor ensures that its newly constructed projects are built with the highest-quality craftsmanship in a given market, since training for most union workers consists of years of apprenticeship programs, classroom and jobsite training, worksite safety training, and ongoing journeyman training. MEPT projects are routinely completed on-time and within budget as a result of the skilled and experienced union contractors responsible for each project. It also means MEPT's buildings are maintained by the most skilled labor in a given market. Consequently, MEPT assets consistently outperform the competition.

As a result of its investments in more than 220 assets over 25 years, MEPT has generated close to $10 billion in economic impact in the markets in which the Fund operates. For members of the Building Trades, more than 52 million job hours have been created. With over two million square feet in development, a substantial pipeline of additional development opportunities, and retrofit projects related to the greening of the portfolio, MEPT will continue to capitalize on a highly successful investment strategy of developing and purchasing core assets for income generation and appreciation over the long term while engendering fair, healthy and safe working environments for union members.

Responsible Contractor Policy

MEPT uses 100% union labor for all new construction, renovation or rehabilitation, and tenant improvements. Specifically, MEPT's contractor policy is as follows:

- As has been the policy since MEPT's inception in 1982, all on-site construction work controlled by, and/or paid for, by MEPT shall be performed by contractors a) that are a party to, or bound by, a collective bargaining agreement applicable to the geographic area in which the project is located, applicable to the trade or trades in which the work under the contract is to be performed, and entered with one or more labor organizations affiliated with the Building and Construction Trade Department of the AFL-CIO, or with an independent, nationally recognized labor organization, or one of its affiliated locals; b) that solely employ members of such labor organizations to perform work within their respective jurisdictions; and, c) that require each subcontractor of every tier who performs any work on the project to comply with a) and b).
- All office building custodial work controlled by, and/or paid for, by MEPT shall continue to be performed by cleaning contractors that are a party to a collective bargaining agreement. In markets where there are no such contractors, MEPT shall use cleaning contractors that provide the prevailing standard in wages and benefits, and that demonstrate a respect for labor, local, and national laws.
- MEPT will continue to make available to union leaders the names of its construction, third-party building systems maintenance service contractors, and custodial contractors, when their engagement is controlled by, and/or paid for, by MEPT.
- It is MEPT's policy to utilize union stationary engineers on MEPT properties, or to mandate that a card check program be encouraged, at the very least.
- MEPT will continue to make its Contractor Policy known to its development and property management providers.

Environmental and Sustainable Focus

Responsible property investing (RPI) provides the framework for Multi-Employer Property Trust (MEPT) to develop and manage assets that are energy efficient and environmentally sustainable, while also being economically viable and financially successful investments. MEPT has built a high-quality commercial real estate portfolio through new construction, and by acquiring existing assets at or below replacement cost. Both types of assets attract high-credit tenants to the portfolio: newly constructed, modern space traditionally earns higher rents and steadier demand from credit tenants, while acquiring existing assets at or below replacement cost allows MEPT to compete effectively for credit tenants. More and more, the most efficient buildings are built with energy and environmental design practices, and tenants are beginning to seek healthy, environmentally friendly work environments. It is a logical extension of MEPT's RPI strategy to incorporate these qualities into its acquisition and asset management criteria.

Sustainable buildings include design features that increase the efficiency with which buildings use energy, water and materials, and reduce a building's impact on human health and the environment through improved siting, design, construction, operation, and maintenance. LEED certified buildings typically use 25 percent to 30 percent less energy and 30 percent to 50 percent less water. At the same time, the Environmental Protection Agency's (EPA) ENERGY STAR program encourages improved operating and energy efficiencies in order to earn ENERGY STAR labels. **In both sustainable and ENERGY STAR buildings, a focus on energy conservation results in reduced operating costs and reduced waste, which can lead to higher net operating income, avoidance of obsolescence, and higher long-term property values.**

Kennedy's Asset Management team proactively seeks to improve the sustainability of the MEPT operating portfolio by focusing on improving energy efficiency and water conservation, improving indoor environmental quality, and waste management efforts. Kennedy was an early adopter and began focusing on ENERGY

STAR three years ago. It now conducts extensive quarterly ENERGY STAR benchmarking of MEPT's office and industrial buildings. Other RPI operational initiatives deployed at MEPT properties include using green cleaning supplies, recycling, lighting retrofits, and mechanical systems upgrades. By year-end 2007, 32 MEPT properties earned ENERGY STAR building labels for exemplary performance. MEPT's ENERGY STAR labeled office buildings represented one percent of all ENERGY STAR office buildings in the country. A total of 22 million square feet of MEPT operating office and industrial properties were in benchmarking at December 31, 2007.

At year-end 2007, MEPT's operating portfolio included $368 million of operating LEED certified projects. LEED is a national rating system of the US Green Building Council (USGBC) for energy-efficient, sustainable or "green" buildings. MEPT has established LEED Silver (or, as necessary, a similar nationally recognized rating) as its target for all new construction and major renovation projects that may combine a variety of strategies including energy conservation, recycling and waste management, transit oriented development, urban infill development, tenant well-being, and protection of open-space. At year-end 2007, MEPT had $1.4 billion of LEED targeted projects in its pre-development and development pipeline, seeking a minimum of LEED Silver certification. Additionally, in partnership with the USGBC, MEPT is participating in a pilot program for LEED-EB (Existing Building) Portfolio certification and has 45 office buildings totaling 7.8 million square feet enrolled in the program.

Of the top 10 performing properties in MEPT's portfolio in 2007, several assets were LEED certified or ENERGY STAR labeled, which undoubtedly helped the superior performance of these properties. Those assets include:

BREWERY BLOCKS 2

LEED GOLD
MARKET: Portland, OR
TYPE: Office
SIZE: 219,965 square feet
STATUS: Operating

Completed in September 2002, Brewery Blocks 2 was part of a major revitalization effort in Portland's Pearl District. The historic Blitz-Weinhard Brewery is at the heart of the redevelopment and integrated into the Brewery Blocks 2 office tower. Incorporating historic structures like the brewery into the site actually helped conserve resources and efficiently use materials. Additionally, 90 percent of the construction waste from pre-development demolition work was recycled during construction. The project benefited from $187,000 in state energy tax credits sold in July 2007.

The rehabilitation project at Brewery Blocks replaced several blocks of existing, low-density manufacturing buildings with high-density, mixed-use (office, retail and residential) buildings, and has transformed a Portland neighborhood into a vibrant, 24-hour urban environment. The development of Brewery Blocks 2, a 219,965 square foot office building, created more than 680,000 job hours for local Building Trades members and their signatory contractors. The project achieved LEED Gold certification.

The combination of historic renovation, new construction, and energy-efficient design attracted one of the most prestigious law firms in Portland, Perkins Coie, to sign a lease at Brewery Blocks 2. For the tenants in the building, going green means that their space was built with sustainable development concepts that result in high performance and energy cost savings. The property was designed to be 30 percent more efficient than code requirements.

"Green" measures incorporated in the building include highly efficient HVAC systems and glazing systems, centralized chilled water plant, high efficiency lighting systems with daylight controls and occupancy sensors, interior light shelves to promote natural interior light within tenant spaces, operable windows that promote natural ventilation and occupant comfort, use of water-efficient plumbing fixtures and landscaping, and utilization of low-toxicity building materials in construction of new buildings.

In 2007, the in-place rents at Brewery Blocks 2 were at the top of the market due to high demand for space in such an appealing and amenity-rich location. During the year, Ernst & Young signed a lease for 12,075 square feet, bringing the asset to 100 percent leased. Brewery Blocks 2's property income and investor demand for properties similar to Brewery Blocks 2 in the Pearl District drove an increase in value of $15.4 million, and the property delivered a one-year total return of 28.1 percent. The project's net asset value at December 31, 2007 was $90.6 million.

THE OCTAGON

LEED SILVER
MARKET: New York, NY
TYPE: Multi-Family
SIZE: 500 units
STATUS: Operating

The rehabilitation of The Octagon, a historic building on New York's Roosevelt Island, into a 500-unit apartment complex, was completed by MEPT in June 2006. MEPT committed $137.7 million in 2004 to finance the redevelopment. The project included the restoration of the exterior of the Octagon Tower as it appeared more than a century ago and reproduction of a five-story flying circular staircase that serves the common areas.

This redevelopment preserved a landmark while incorporating the latest energy-efficient technology to conserve natural resources by consuming 35 percent less energy than comparable new buildings. The Octagon has achieved LEED Silver certification and employs technologies such as solar power and fuel cells, high-efficiency boilers and heat pumps, and high performance windows and ventilation systems for indoor air quality. The use of natural light and building products made from recycled materials also reduce the environmental impact.

The construction activity created more than 1.5 million job hours for Building Trades members representing 26 different unions. Further, of the 500 apartment units, 100 are dedicated as affordable housing for middle-income New Yorkers; the balance are leased at the market rate.

The 13-story apartment building has sweeping views of the East River, Manhattan, and Queens and is accessible via public transportation including the New York City subway and the Roosevelt Island Tramway. Adding to the appeal of the units, the five-acre apartment community includes a full-day day care center, six public tennis courts, and a waterfront ecological park.

The Octagon's construction costs came in below budget, and the project reached stabilized occupancy in less than half of its projected lease-up time at rents above budget projections. In 2007, rents grew by 3.5 percent. As a result of the 2007 leasing activity, rent growth, and market demand for LEED-certified multi-family assets, The Octagon experienced $37.4 million in appreciation and a one-year total return of 26.1 percent. At year-end, the project's net asset value was $240.2 million.

303 SECOND STREET

ENERGY STAR

MARKET: **San Francisco, CA**

TYPE: **Office**

SIZE: **731,972 square feet**

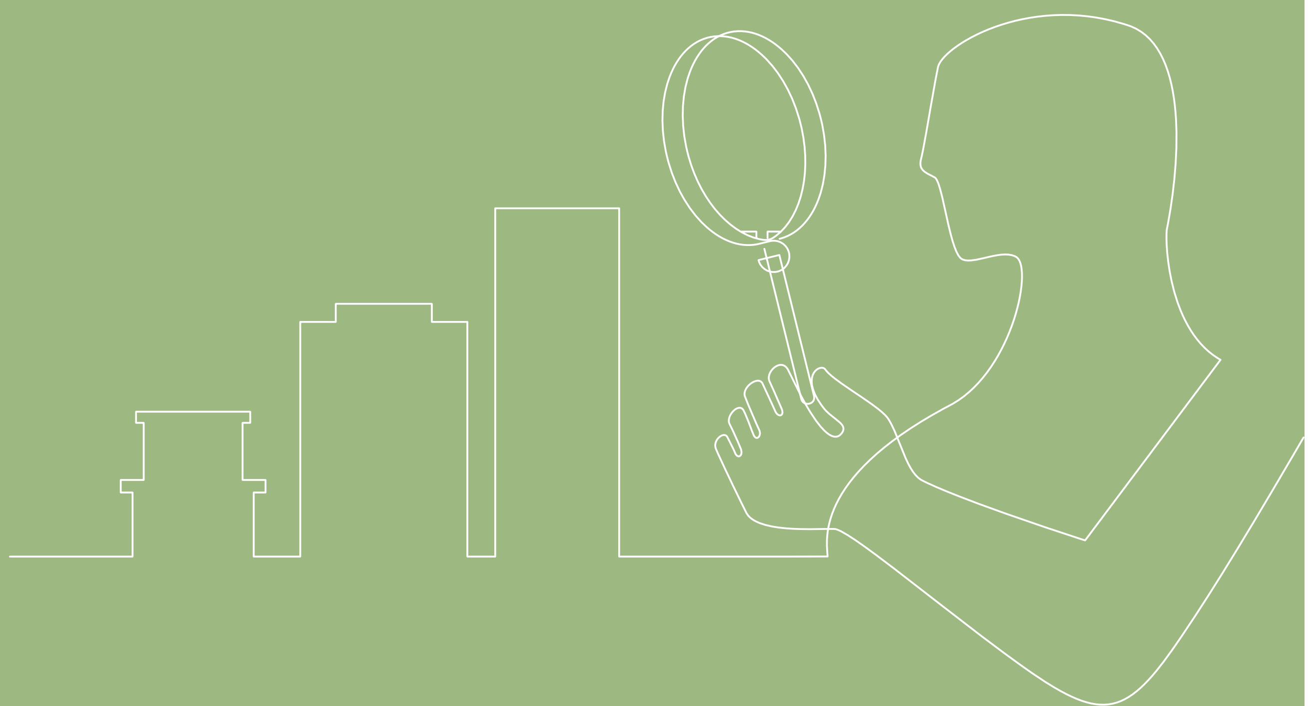
STATUS: **Operating**

303 Second Street was acquired in November 2005 and substantially expanded MEPT's presence in the San Francisco office market. The Class A property consists of two highly visible office towers totaling 731,972 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 as the South Financial District submarket was experiencing robust leasing activity, acceleration in absorption and rental rates, growth of the biotech market, and a solid economic environment.

The property was acquired for $237.8 million which, at the time, was approximately 25 percent below replacement cost. The asset would be difficult to replicate today—there are high barriers to entry (financial, physical and governmental) in the San Francisco office market and only a few downtown sites are entitled and 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. The current cost of construction would be nearly twice what MEPT's cost basis is in 303 Second Street and would require rents far in excess of current average market rents in order to make a project viable.

In 2007, 303 Second Street was recognized by BOMA San Francisco (Building Owners and Managers Association) for its leadership, policies and innovations in implementing sustainable business practices and awarded an Earth Award for Large Commercial Buildings. The award recognized MEPT's efforts at 303 Second Street to reduce water and energy usage, reduce or eliminate use of toxins that affect indoor air quality, educate commercial tenants in sustainable operating practices, promote the use of public transportation and bicycling in daily commuting, and implement a wide-scale recycling effort.

MEPT capitalized on a unique acquisition opportunity in 2005 with the purchase of 303 Second Street. The asset has provided stable operating income to the Fund, and has also positioned MEPT to benefit from improving market conditions in San Francisco and capture rising rents. **Consequently, the property had $86.5 million of appreciation in 2007 as a result of significant leasing activity, a focus on expense management and sustainability, and the very strong appetite for high-quality CBD assets in San Francisco by institutional investors.** MEPT earned a one-year total return of 34.9 percent at 303 Second Street. The project's net asset value at December 31, 2007 was $356.2 million.



Transparent Governance

Multi-Employer Property Trust (MEPT) is managed by three firms: NewTower Trust Company (NewTower), of Bethesda, Maryland, serves as the trustee and fiduciary of the Fund; Kennedy Associates Real Estate Counsel, LP (Kennedy), of Seattle, Washington, serves as the real estate investment advisor; and, Landon Butler & Company, LP (LBC) provides investor relations and marketing services to MEPT. Members of the management team have been working together to manage the Fund for over 25 years and, collectively, 100 professionals provide daily oversight of the Fund.

Firms Managing MEPT

NewTower has fiduciary responsibility for the management of MEPT. It is located in Bethesda, Maryland, and was established in June 2005 to serve as trustee and fiduciary to MEPT. NewTower is a limited purpose, non-depository trust company chartered and supervised by the State of Maryland. NewTower provides trustee, investment management, and independent fiduciary services to pension plans and their advisors through its oversight and management of MEPT.

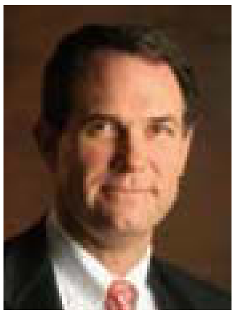
Kennedy, a full-service registered real estate investment advisor, is headquartered in Seattle, Washington, with additional offices in: Chicago, Illinois; Dallas, Texas; San Francisco, California; Los Angeles, California; and Bethesda, Maryland. The firm manages real estate assets of more than $9 billion. It has 30 years of experience as an institutional real estate investment advisor in all aspects of real estate investment management, including development, acquisition of existing assets, asset management, and property disposition. In addition to serving as real estate investment advisor to MEPT and three closed-end specialty funds, Kennedy is a full-service registered investment advisor to 12 separate account clients.

LBC is an institutional investor relations firm located in Washington, DC, with an additional office in Los Angeles, California. The firm provides investor relations services to MEPT and several other investment funds developed to meet the needs of US and foreign multi-employer, public employee, and corporate pension plans. Investment funds served by LBC have total net assets of approximately $7.6 billion.

2007 Real Estate Advisor Organizational Changes

In the first quarter of 2007, Preston Sargent, Executive Vice President and a Principal at Kennedy, was appointed to the role of MEPT Portfolio Manager. MEPT's management team believes that a dedicated Portfolio Manager at Kennedy enhances the focus on MEPT's operating and performance objectives. Mr. Sargent regularly reports on portfolio strategy and execution to MEPT's Policy Board, which is responsible for the overall strategic direction of MEPT and consists of representatives from NewTower, Kennedy and LBC.

As part of the establishment of a dedicated MEPT Portfolio Manager, Kennedy split its Asset Management team and aligned the teams according to client. Kennedy Asset Managers that have oversight



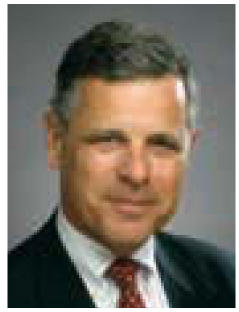
Preston R. Sargent
Executive Vice President,
MEPT Portfolio Manager, Principal
Kennedy Associates Real Estate Counsel, LP

for MEPT assets are now 100 percent dedicated to working on MEPT assets and ultimately report to Mr. Sargent. Additionally, Mr. Sargent participates on Kennedy's Investment Committee and reviews and recommends acquisitions to NewTower's Trust Real Estate Investment Committee for approval.

Kennedy notified NewTower and MEPT participants in August 2006 of a transaction whereby Bentall (US) Limited Partnership, an affiliate of Canadian-based Bentall Capital LP (Bentall), acquired a 30% interest in Kennedy, with the option to acquire an additional 35% interest over the subsequent two to three years. Bentall exercised its option, effective January 1, 2008, and Kennedy entered into an agreement to sell an additional 35% interest to Bentall, which increases Bentall's total ownership share in Kennedy to 65%. Both NewTower and Kennedy sent letters to plan participants informing them of Kennedy's strategic partnership with Bentall.

Bentall Capital is Canada's largest real estate investment advisor and property manager with responsibility for real estate valued at approximately $17 billion. Originally founded in 1911, Bentall currently serves as fiduciary to more than 100 institutional clients, including many of Canada's largest public sector pension funds and several private sector pension funds.

Through the transaction with Bentall, the Kennedy management team implemented a succession plan in which Jim Snyder, co-founder of Kennedy Associates Real Estate Counsel, Inc.,



John M. Parker
President and CEO, and Principal
Kennedy Associates Real Estate Counsel, LP

retired as Chairman, effective December 31, 2007. John Parker, who, along with Jim, co-founded Kennedy, assumed the role of President and CEO in March 2007, and Mr. Parker will continue to lead the company going forward.

Additionally, Ron Roberts, Executive Vice President—Portfolio Management, who led the development and management of Kennedy's Separate Account business and was a leader in promoting the strategy of Responsible Property Investing, also retired effective December 31, 2007. Bob Ratliffe, who joined Kennedy in 2002, assumed Mr. Roberts' responsibilities. As part of the succession plan, in late 2007, Kennedy added a new partner, Shobi Khan, as Chief Investment Officer and Executive Vice President of Acquisitions, and Jim Howard joined the firm as a principal and Senior Vice President, Southern California, Acquisitions.

For MEPT, Kennedy's partnership with Bentall has expanded the Fund's development and acquisition resources while enabling Kennedy to remain true to MEPT's investment strategy. Best practices are regularly shared among the directors, partners, officers, and managers of NewTower, Kennedy, LBC, and Bentall, which is a benefit for MEPT.

Future Management Strength and Stability

NewTower, Kennedy and LBC now each have ownership structures that provide a mechanism to extend equity ownership to senior managers. This creates continuity in the management team, an alignment of management team interests with investors' interests, and a smooth transition to the next generation of leadership. Further, the management platform—comprised of professionals that have worked together for many years—ensures that MEPT is well-positioned as a leader in the commingled real estate equity fund universe for years to come.

Appendix I: Returns

All MEPT returns are calculated in accordance with the National Council of Real Estate Investment Fiduciaries (NCREIF) Real Estate Information Standards. MEPT's real estate advisor, Kennedy, prepares schedules of investment performance that are independently verified for compliance with the Association for Investment Management and Research Performance Presentation Standards (AIMR-PPS). Kennedy complies with all the composite construction requirements of the AIMR-PPS standards on a firm-wide basis, and the firm's processes and procedures are designed to calculate and present performance results in compliance with the AIMR-PPS standards. The performance data presented in this report (which is as of December 31, 2007) is compiled from the same information sources Kennedy uses to prepare verified AIMR-PPS compliant schedules, and will be verified by the same firm using the same methodology. (Please contact Kennedy for a copy of the most recent verified AIMR-PPS report.)

MEPT's returns since inception are presented below.

Total Return

Total return is computed by adding the net operating income/loss and capital appreciation/depreciation for each property in the portfolio, as well as any realized gain/loss on asset dispositions. This valuation is done on a calendar quarter basis, and completed ten business days after the quarter end.

Net Operating Income

Net operating income is calculated on a property-by-property basis according to Real Estate Information Standards set forth by NCREIF. Operating income is recorded when it is contractually earned and billable.

Annualized Returns

Annualized returns are computed by chain linking, or compounding quarterly returns. Returns are annualized for periods over one year to time weight, and therefore more effectively compare returns with other indices.

Multi-Employer Property Trust Annual Returns Since Inception*

Year	Net Income Portion of Return	Net Capital Appreciation (Depreciation) Portion of Return	Total Net Return	Gross Income Portion of Return	Gross Capital Appreciation (Depreciation) Portion of Return	Total Gross Return
2007	4.50%	10.34%	15.18%	5.41%	10.34%	16.16%
2006	4.62%	9.68%	14.63%	5.56%	9.68%	15.64%
2005	5.02%	13.00%	18.49%	6.01%	13.00%	19.58%
2004	5.08%	5.95%	11.25%	6.09%	5.95%	12.30%
2003	5.65%	2.85%	8.62%	6.68%	2.85%	9.67%
2002	5.95%	-4.18%	1.58%	6.99%	-4.18%	2.59%
2001	6.05%	-0.20%	5.83%	7.12%	-0.20%	6.91%
2000	5.25%	6.02%	11.49%	6.39%	6.02%	12.67%
1999	5.21%	6.20%	11.64%	6.42%	6.20%	12.91%
1998	5.49%	7.19%	12.98%	6.81%	7.19%	14.36%
1997	6.60%	3.90%	10.69%	8.00%	3.90%	12.14%
1996	6.69%	1.98%	8.78%	8.08%	1.98%	10.20%
1995	6.34%	2.41%	8.88%	7.75%	2.41%	10.31%
1994	5.48%	-2.86%	2.50%	6.89%	-2.86%	3.89%
1993	6.15%	-5.37%	0.52%	7.56%	-5.37%	1.89%
1992	6.01%	-8.91%	-3.31%	7.40%	-8.91%	-1.97%
1991	6.00%	-4.24%	1.55%	7.40%	-4.24%	2.93%
1990	6.77%	0.78%	7.59%	8.20%	0.78%	9.03%
1989	7.30%	0.06%	7.36%	8.77%	0.06%	8.83%
1988	6.25%	0.91%	7.21%	7.75%	0.91%	8.71%
1987	6.21%	2.87%	9.22%	7.74%	2.87%	10.77%
1986	7.25%	0.85%	8.17%	8.84%	0.85%	9.76%
1985	8.07%	-0.08%	7.98%	9.66%	-0.08%	9.58%
1984	10.28%	0.52%	10.84%	11.90%	0.52%	12.46%
1983	8.81%	0.28%	9.09%	10.40%	0.28%	10.70%
1982	7.70%	0.00%	7.70%	8.66%	0.00%	8.66%

***From April 1, 1982 inception.**

Appendix II: Investment Management Fee

The Trustee of Multi-Employer Property Trust charges an annual, investment management fee based on the net assets of MEPT. The fee is determined as follows: 1.25 percent on the first $1 billion of MEPT total net assets, 1.0 percent on the second $1 billion of MEPT total net assets, and 0.75 percent on MEPT total net assets above $2 billion. Cash balances in excess of 7.5 percent of Property Trust net assets are excluded from the above fee calculation and will be subject to an annual fee of 0.15 percent. Therefore, the fee decreases as MEPT grows.

There are no charges for entry or exit. The Trustee charges no additional fees of any kind to the investors. There is no minimum required account balance.

The fee structure provides positive incentives and flexibility to concentrate on overall fund performance and liquidity in all market conditions.

As of December 31, 2007, the MEPT annual fee was approximately 0.854%.

Investment Considerations

Past performance is not indicative of future results. Performance objectives (whether based on market conditions that affect Multi-Employer Property Trust [MEPT] or on MEPT itself) reflect a variety of assumptions, which may not be realized and are subject to significant uncertainties and contingencies. MEPT makes investments in equity real estate. Performance goals, including investment returns, acquisition and disposition activity, leverage, portfolio diversification (including cash position), and leasing rates could be adversely affected if, for example, growth of the US economy slows or the economy falls into recession. Furthermore, MEPT's performance could be adversely affected by further rises in energy prices. In addition, less activity than expected in the commercial real estate market, slowing or declining property values, changes in interest rates, or lower than expected occupancy levels could affect MEPT's ability to meet its goals for 2008.

Other factors that could cause actual results to differ materially from MEPT's expectations include changes in economic conditions specifically affecting certain industries or geographic regions, the extent of any tenant bankruptcies and insolvencies, changes in property level operating costs, availability of competitive supply of space, and the ability to complete and lease current and future development projects on schedule, on budget and in accordance with expectations. Many of these factors are beyond MEPT's control or ability to predict. Additionally, the likelihood that MEPT would gain additional value from its environmental and sustainable focus depends in part on tenant and investor demand. MEPT's statements of current plans and goals for the MEPT portfolio are not commitments by MEPT to take any particular actions with regard to the MEPT portfolio, nor are they promises that any stated goals will be met. MEPT expressly reserves the right to change or eliminate any of its current plans or goals at any time. MEPT assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

MEPT's ability to reach its acquisition target could be affected if economic factors or the credit markets cause competition for available properties to increase, or cause a lack of assets available for sale and impact the financial feasibility of asset acquisitions. Moreover, if the service sector of the US economy does not grow as expected, or the sector's growth does not lead to a rise in demand for office space, MEPT's emphasis on the office sector could affect overall Fund growth. These factors could also affect leasing rates and earnings.

MEPT is intended to provide a vehicle for long-term investments. As compared with other asset classes, real estate is a relatively illiquid investment. MEPT is a bank collective trust and the MEPT Declaration of Trust, honors withdrawal requests within one year of receipt. While MEPT has historically honored withdrawal requests during the quarter following receipt of each such request, changes in investment commitments or in the level of withdrawals requested could adversely affect MEPT's ability to fund withdrawal requests.

MEPT is open to investments by qualified pension plans only. Questions regarding MEPT's past performance or current plans and goals should be directed to:

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