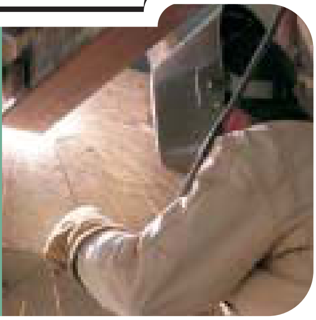
The Quarterly

Trust Report

Multi-Employer Property Trust



FIRST QUARTER | APRIL 2004 | VOLUME 19, NUMBER 1

The Multi-Employer Property Trust closed the first quarter of 2004 with a unit value of **$4,565.59,** up **1.94 percent** (net of fees) from the previous quarter. For the trailing four quarters, MEPT's net return is **8.87 percent**. MEPT generated a **2.19 percent** return (gross of fees) for the first quarter, and a **9.92 percent** gross return for the trailing four quarters.

As of April 1, MEPT's net asset value stood at $3.75 billion. MEPT's portfolio consists of 155 funded properties in over 25 major metropolitan areas. In the first quarter, seven new investors became participants in MEPT, bringing the total number of investors to 246.

Over the past five quarters, MEPT has seen leasing activity steadily increase. Tenants are committing to leases at a faster pace than a year ago. Some of the transactions are motivated by decision-makers who perceive this as the last opportunity to take advantage of favorable market conditions, while other leases executed were in response to pent-up demand, and users' needs for new and expansion space.

"The velocity of the first quarter leasing activity was particularly notable when compared to activity one year ago. MEPT completed 65 lease transactions (new, renewal and expansion) in the first quarter of 2003, but in the first quarter of 2004, MEPT executed 95 lease transactions—a 46 percent increase," said Preston Sargent, Senior Vice President of Kennedy Associates Real Estate Counsel, Inc., the real estate advisor to MEPT.

Many experts believe that real estate market conditions may have hit bottom in certain markets and those markets are beginning to see signs of improving fundamentals. Markets such as Washington, DC and San Diego, where government and defense spending are most focused, have continued to prosper well through the slow recovery.

Use Every Tool You Have

NEWS BRIEFS

IN FEBRUARY 2004, MEPT SOLD WEST 70 COMMERCE CENTER II, a 203,300 square foot industrial building, for $7.0 million in gross proceeds. When the sole tenant, True Manufacturing, a privately held manufacturer of commercial refrigeration equipment, began to search for a building to buy, MEPT took advantage of the opportunity to sell the St. Louis industrial property to True, mitigating leasing risk in a submarket with high vacancy. Additionally, the sale kept True in close proximity to its adjacent headquarters campus, and keeps the company as a tenant prospect for the other West 70 Commerce Center properties that MEPT owns.

Redevelopment at Baldwin Park

IN THE FIRST QUARTER, MEPT BEGAN REDEVELOPMENT OF BALDWIN PARK, an asset acquired in 2003 as part of the Western Industrial Portfolio. During acquisition due diligence, MEPT recognized that the three-building, 178,540 square foot industrial property could be reconfigured to better address the requirements of the typical user in this Los Angeles submarket. The goal is to create a much more functional and flexible building configuration to achieve substantially higher effective rents at the property. With a tenant leasing the front building, the remaining buildings are slated for a $1.25 million redevelopment that will include improved access, more loading docks and doors, new office build out for multi-tenant use, and other site improvements. The buildings are expected to be ready for occupancy in the fourth quarter of 2004.

MEPT IS PLEASED TO ANNOUNCE IT HAS LAUNCHED A REDESIGNED WEB SITE. MEPT.com improves investor communications, increases Fund transparency by expanding the disclosure of Fund information, and enhances the ways in which the Fund communicates with clients. The dramatically improved site not only offers an attractive, data-rich design, but also includes email alert functionality for investors about performance data, Fund announcements and MEPT in-the-news. Most importantly, the site provides a highly secure, password-protected area where investors have equal access to in-depth, timely data reports and account statements online. Plan administrators, their designated consultants, and those Trustees identified by plan administrators in a recent MEPT mailing request were assigned password access. For more information, contact Pamela Silberman at Psilberman@lbutler.com, or 202-737-8824.

ANNOUNCEMENT: THE MEPT ADVISORY BOARD MEETING IS SCHEDULED FOR TUESDAY, JUNE 15, 2004 in Washington, DC. The meeting will be held at The Madison, 15th Street, NW (at M Street), and will begin at 10:30 a.m. Observers must notify MEPT of their desire to attend no later than May 21, 2004. Highlights of the meeting will be included in the Trust Report following the meeting, and made available to all investors. **For more information regarding the meeting or to RSVP, please contact Philomena Paul at ppaul@lbutler.com or 202-737-7300.**

FIRST QUARTER RESULTS

Net Return, First Quarter:
1.94%

Net Return, 4/1/03–3/31/04:
8.87%

Net Asset Value:
$3.75 billion

Performance

First Quarter Commentary

"Pension plan investors continue to be attracted to real estate because of its steady income and consistent overall returns. Rising interest rates may have a negative impact on fixed income and equity returns. As the economy and employment levels continue to improve, real estate fundamentals should also improve, and we expect that demand for real estate products such as MEPT will continue."

Sarah Stettinius, Vice President, Landon Butler & Company.

MEPT is achieving its fair share of the leasing activity in its markets, and ended the first quarter with 85.6 percent occupancy in the operating portfolio. MEPT's first quarter performance was principally driven by the Fund's 28.4 million square feet of operating properties. The steady performance of the portfolio contributed 1.52 percent gross income to the overall 2.19 percent gross return.

Yield

	First Quarter 2004	Trailing Four Quarters (Compounded)
NET	**1.94%**	**8.87%**
INCOME	1.28%	5.53%
APPRECIATION	0.67%	3.20%
GROSS	**2.19%**	**9.92%**
INCOME	1.52%	6.56%
APPRECIATION	0.67%	3.20%

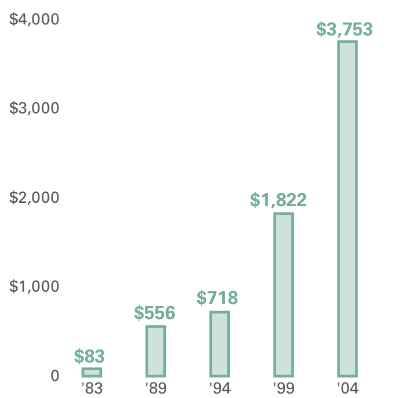
MEPT assets experienced value gains during the quarter, totaling 0.67 percent appreciation. The positive appreciation was attributable to the continued compression of capitalization rates for Class A properties and improved leasing at several MEPT assets. Valuation increases at Pacific Place, Seattle, WA; Corporate Pointe at West Hills, Los Angeles, CA; Hartford Office Building, Washington, DC; and Rivergate Corporate Center II, Portland, OR, significantly contributed to the first quarter appreciation.

Declines in valuations at several assets somewhat offset the appreciation gains and were the result of ongoing softness in markets such as San Francisco and suburban Chicago.

Net Asset Value Growth

April 1, 1983 — April 1, 2004

Based on Market Value ($Millions)

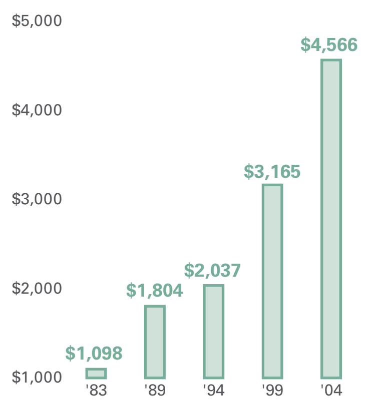


Values shown are for April 1 in each year.
Date of inception April 1, 1982.

Unit Value Growth

April 1, 1983 — April 1, 2004

Based on Market Value



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

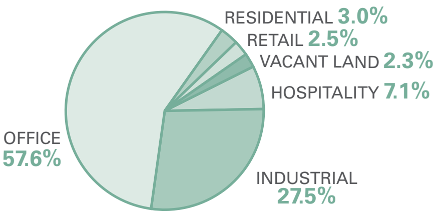
Portfolio Spotlight

Fund Overview

Inception Date	April 1, 1982	Average Age of Properties	7.5 years
Assets Held	155	Markets	25
Number of Buildings	309	Net Asset Value	$3.75 billion
Total Stabilized Square Footage	28.4 million	Unit Value	$4,565.59
Operating Occupancy	85.6%	Participating Plans	246

Diversification by Property Type

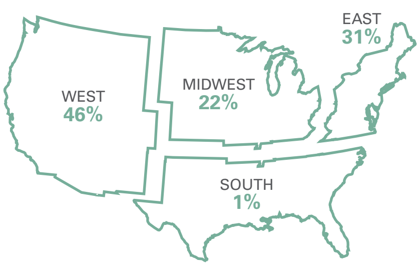
As of April 1, 2004



Note: Weighted by Asset Value.

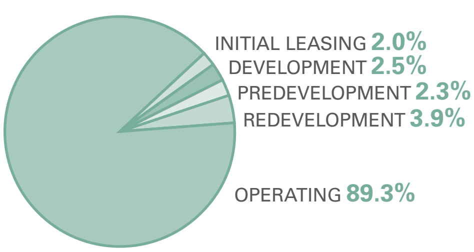
Geographic Distribution of Investments

As of April 1, 2004



Diversification by Life Cycle

As of April 1, 2004



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

No single industry accounted for the first quarter leasing in MEPT's portfolio. However, MEPT did sign several large leases during the quarter with tenants in the logistics, biotech and manufacturing industries. At Valencia Commerce Center III, a warehouse property in Valencia, CA, Certified International Corp, leased 206,930 square feet. At Westbrook Corporate Center, an office building in East Whiteland Township, PA, Cephalon, a biotechnology firm, signed a lease for 113,749 square feet.

Other major lease signings included Excel Inc.'s lease for 70,400 square feet at North by Northwest III in Indianapolis, IN, and China United Transportation's 65,433 square foot lease at Gale in the City of Industry, CA. At Meadows Business Park in Addison, IL, BorgWarner Transmission Systems leased 45,908. At some MEPT properties there were multiple leases signed during the quarter. Southwest Commerce I and II in Reno, NV saw three leases completed for a total of 58,388 square feet. Four leases totaling 20,813 square feet were executed at Pacific Place, a specialty retail center in Seattle, WA.

With an average of 9.4 percent of the leased space expected to roll over in each of the next five years, one of the highest priorities for MEPT's asset management team remains tenant satisfaction as a means to retain tenants and minimize future vacancy.

First Quarter Activity

New Participants

Laborers National Pension Fund

Western States Office and Professional Employees Pension Fund

Teamsters Allied Pension Fund of Maryland

WCIW-TOC Pension Fund

The Lumber Industry Pension Fund

St. Louis Graphic Arts Pension Fund

The Pension Plan for the Funds' Office Staff of the Chicago District Council of the Laborers' Health and Welfare and Pension Fund

Projects Committed

Redevelopment:
Baldwin Park
Los Angeles, CA

Projects Sold

West 70 Commerce Center II
St. Louis, Missouri

In-depth Market Profile: San Diego

The "Ever Vigilant" City Is Poised for Continued Growth and Strengthening Real Estate Conditions

While the 70 miles of beautiful breathtaking coastline, the scenic foothill mountains, and the abundant sunshine and pleasant climate may explain San Diego's rise as the 17th most populated area in the U.S., it is the region's rebounding economy and growth potential that has won it attention as one of the best performing real estate markets in the country.

Buoyed by the biotech and defense industries, the Gross Regional Product is expected to grow by 6.2 percent (4.2 percent adjusted for inflation) in the coming year. San Diego already boasts one of the lowest unemployment rates in the country at 4.1 percent and an additional 30,000 jobs are expected to be created in the region in 2004. An average of 33,600 new jobs are expected each year from 2005 to 2007. Further, the population is expected to grow by 1.7 percent.

For San Diego real estate markets, this growth bodes well for future demand. The office markets have already begun to benefit from increasing demand. In the first quarter, the office vacancy rate fell to 11.1 percent, the third consecutive quarter with a reduction in vacancy. With one of the lowest vacancy rates in the country, large tenants are finding it difficult to locate large blocks of available, contiguous space in San Diego. Minimal new supply is expected to be delivered during 2004. In the first quarter, only 104,000 square feet of new construction was completed. As a result of the increased demand, average asking rents have increased during the first quarter. Vacancy rates are expected to continue to decline as demand increases and rental rates trend upward.

Mission Trails Industrial Center, one of two MEPT assets in San Diego, is 94.2 percent leased. Mission Trails, a 653,922 square foot, five-building industrial park, has performed well since its development in 1999, and during 2003, MEPT renewed three existing leases totaling 89,000 square feet, and signed three new leases totaling 23,000 square feet. Tenants include: Seaworld, Airborne Express, Kaiser Foundation Health Plan, Cort Furniture Leasing, and Union Tribune Publishing Co. In 2003, the property produced a total gross return of 24.2 percent.

Cabrillo Technology Center, MEPT's 285,715 square foot office building in San Diego, is 100 percent leased to two national credit tenants, defense contractor Raytheon, and restaurant chain Jack-in-the-Box. Cabrillo's desirable attributes and amenities, along with its quality tenant roll, enabled it to produce a total gross return of 21.9 percent in 2003.

The 7.3 percent vacancy rate for industrial assets in the San Diego area is significantly lower than the national average. Vacancy has remained stable for about 10 quarters. Average asking rents have had little change. In the first quarter, approximately 410,000 square feet of new construction was completed, with nearly 1.9 million square feet expected later this year. About 80 percent of the new construction is in the northern area of the San Diego market since development is constrained by the price and lack of available land in other submarkets.

San Diego's retail market is extremely strong with a vacancy rate at the end of the first quarter of 3.1 percent and escalating rents. In response, 2.1 million square feet of new construction is expected in 2004. Future construction is constrained by a lack of available land. The San Diego retail market is expected to continue to be one of the best performers in the country.

For San Diego's apartment market, the increase in home ownership—driven by favorable interest rates—has resulted in decreased demand for rental housing. In response to the *(continued on back)*

Management Fee—MEPT's Trustee, Riggs Bank N.A., charges an annual investment management fee based on the net assets of the Fund. The current annual MEPT fee is approximately 0.953%. The fee is determined as follows: 1.25% on the first $1 billion of MEPT total net assets, 1.0% on the first $1 billion of MEPT total net assets, and 0.75% on the third $1 billion of MEPT total net assets. The fee decreases as MEPT grows. There are no charges for entry or exit, and the Trustee charges no additional investment management fees to its investors.

San Diego *(continued from inside)*

home ownership trend, an explosion in apartment to condominium conversions has occurred in San Diego, reducing the supply of apartment buildings. Lower demand for apartments has kept rental rates relatively flat: however, condominium conversions and the lack of new construction due to high land prices have reduced supply at a time when the population is expected to increase. If increasing interest rates discourage would-be homebuyers, the apartment market may be poised for rental rate increases as demand outpaces supply.

San Diego's hotel properties are thriving. According to the Visitors Bureau, San Diego hotels have the third highest occupancy rates and the fifth highest room rates in the country. In 2003, over 2,400 rooms were added to the market through new construction. Since the U.S. economic expansion is expected to continue to directly and positively affect hotel profitability in 2004, San Diego hotels should continue to perform well.

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

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