Built for Today Ready for Tomorrow

MEPT Annual Report and Outlook 2016–2017

Bentall Kennedy

“We believe the portfolio is well positioned to continue to benefit from the growth of the new economy.”

— David Antonelli, Executive Vice President, MEPT Portfolio Manager

MEPT Highlights	2016	2015	2014
Gross Asset Value	$8.0 billion	$7.5 billion	$7.0 billion
Net Asset Value	$6.5 billion	$6.0 billion	$5.5 billion
Participating Pension Plans	346	327	321
Committed Acquisitions[1]	$997.5 million	$1.25 billion	$410.6 million
Dispositions Net Proceeds[2]	$141.5 million	$251.5 million	$582.1 million
Real Estate Assets	103	101	92
Operating Portfolio (square feet)	31.5 million	30.9 million	29.8 million
Operating Portfolio (percent leased)	93.6%	92.2%	91.7%

[1] Committed Acquisitions includes both the gross purchase price of acquired existing assets and commitments to fund development projects.
[2] Disposition Net Proceeds is based on the total net sales price received, including partnership interests, if any.

REAL ESTATE ADVISOR AND INVESTOR RELATIONS

Bentall Kennedy

TRUSTEE

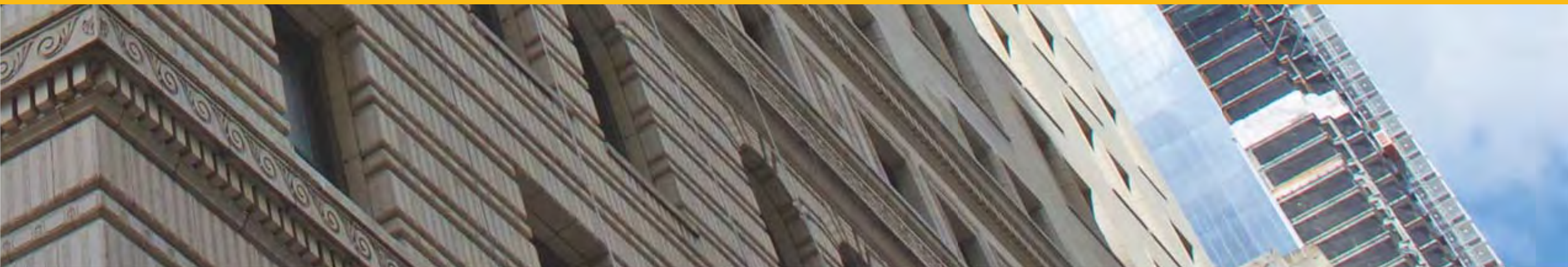
NEWTOWER TRUST COMPANY

101 Greenwich Street | New York

- 480,202 square foot office building
- Re-development asset

Interior shot of 101 Greenwich St.

In the first quarter of 2016, MEPT acquired 101 Greenwich Street (formerly Two Rector Street), a 480,202 square foot office building in the financial district of Manhattan. The Financial District, and more specifically the World Trade Center area, has emerged as a 24/7, highly accessible live/work/play environment. 101 Greenwich Street features unique Art Deco aesthetics, and MEPT intends to renovate and reposition the building as a class A office property with new elevators and a redesigned lobby and common areas in order to attract high-quality tenancy.



600 California | San Francisco, CA

- 359,883 square foot office building
- 98.4% leased operating asset

Investment Strategy

Multi-Employer Property Trust (MEPT) is a core, open-end private equity real estate equity fund. The Fund is advised by Bentall Kennedy and invests in a diversified portfolio of institutional-quality real estate assets across more than 20 major U.S. metropolitan markets. Founded in 1982, the Fund's research-driven investment strategy focuses on office, industrial, retail, and multi-family assets in U.S. primary markets and seeksto produce stable income and superior risk-adjusted total returns. MEPT executes this strategy with a commitment to industry-leading environmental sustainability standards, socially responsible investing practices, and superior governance principles.

This Annual Report highlights MEPT's strategic portfolio construction and how it is Built for Today, Ready for Tomorrow to continue to provide our investors strong performance into the future.

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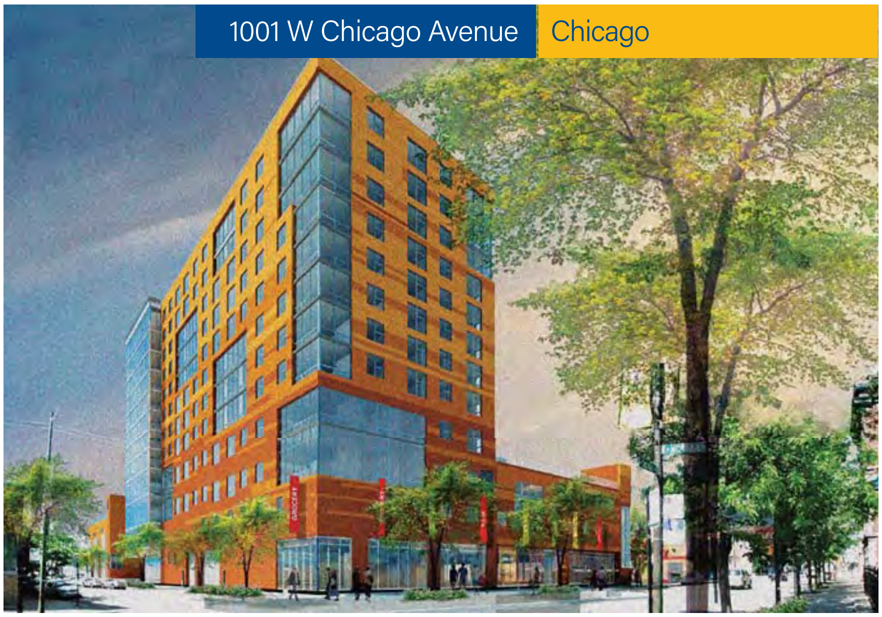


(rendering)

- 363-unit multi-family community
- Development asset

David Antonelli

Executive Vice President, MEPT Portfolio Manager

Bentall Kennedy

We are pleased to report another year of strong performance. In 2016, MEPT's total gross return of 8.96% (8.02%, net of fees) outperformed the NFI-ODCE benchmark total gross return of 8.77% by 19 bps. The Fund's 3-year total gross return of 11.71% (10.73%, net of fees) remains competitive with the benchmark total return of 12.07%. MEPT achieved this performance with a traditional core strategy, conservative capital structure and the lowest volatility of return in the peer group. MEPT is 85% invested in U.S. primary markets and the operating portfolio has an occupancy rate of 93.6%, which combine to provide stable income, strong appreciation, and superior risk adjusted returns. Additionally, MEPT was ranked number one globally in the Diversified—Office/Residential category for its sustainability practices by the Global Real Estate Sustainability Benchmark (GRESB) for the third year in a row and has been a consistent top-tier performer since GRESB's inception. We continually strive to be an industry leader in ESG practices and are extremely proud of the Fund's accomplishment.

As of year-end, MEPT's gross asset value was $8.0 billion and net asset value was $6.5 billion, which represent increases of 6.7% and 8.3%, respectively, from December 31, 2015. Fund growth was attributable to strong asset appreciation and income return. Additionally, MEPT and its subsidiaries accepted $625.8 million of new contributions while distributing $412.3 million in redemptions during the year. While the Fund does not make dividend distributions, certain investors elect quarterly redemptions (included in the above amount) typically equal to the Fund's income return.

MEPT's portfolio construction continues to emphasize sustainable assets in urban locations within U.S. primary markets; as such, the Fund is overweight CBD office and urban, high-rise multi-family assets. MEPT maintains a benchmark weight to industrial, and is underweight suburban

> MEPT's ongoing focus on stable income, risk management, prudent incorporation of alpha, and emphasis on diversification remain paramount.

office and retail assets. We believe the portfolio is well-positioned to continue to benefit from the growth of the new economy – knowledge and innovation-driven primary markets have received a larger share of U.S. economic activity as well as outsized job and population growth. MEPT's operating fundamentals are strong as portfolio occupancy increased 1.4% year over year on account of robust leasing activity that totalled 5.6 million square feet of new, renewal, and expansion leases across the portfolio. The Fund made 11 new investments and development commitments in 2016 totalling $1.0 billion and increased its commitments to primary markets and urban multi-family assets. At the same time, MEPT received repayment of a loan investment and sold five non-strategic investments for a combined total of $141.5 million.

The capital structure of MEPT remains conservative with a leverage ratio of 19.6% of GAV and an emphasis on fixed-rate debt, which comprises 85.4% of total debt at year-end. The weighted average interest rate was 3.76% and the average remaining loan term was 7.2 years. The year-end cash level was 1.5% of NAV. In 2016, MEPT accessed the private placement market and procured $300.0 million of unsecured, fixed rate debt with seven to 12-year terms. This facility will provide more operating flexibility by allowing the Fund to execute acquisitions, dispositions, and asset-level business plans without the restrictions or approvals typical of single-asset mortgage loans.

The current U.S. economic expansion is in its seventh year post-GFC. While this is long in an historical context, the economy continues to grow, albeit at a modest pace. While we are confident that MEPT is well-positioned to benefit from U.S. economic trends, we are aware of economic and political uncertainty due to the lateness of the cycle and the proposed policies of the new U.S. Presidential administration. These policies may result in higher growth from fiscal stimulus and regulatory reform or slower growth due to uncertainty around trade, immigration, and other policy impacts. In light of this uncertainty, the management team has reviewed and fine-tuned our investment and portfolio management strategies for 2017 and beyond. We are confident that these updates will position the portfolio to take advantage of opportunities and mitigate risks that may arise.

We have not made fundamental changes to our investment strategy or portfolio management execution. Our investment strategies are developed from continual assessment as to the appropriate balance between income growth, active alpha creation, and robust risk management. That core discipline remains entirely unchanged. Within that investment framework, however, we have fine-tuned the Fund's build-to-core objectives (e.g. reduced risk profiles), expanded existing acquisition targets for asset types we believe will decrease portfolio risk (e.g. medical office), and made other late cycle adjustments to the Fund's investment strategy we believe to be prudent (e.g. increase the target for structured debt investments). Given the stage of the business cycle, we were already considering most of these adjustments regardless of the potential policy changes.

Overall, we believe the U.S. economy will outperform most other developed countries in the near to medium term, particularly when factoring in risk. Further, we expect continued outsized growth in our targeted primary markets as their technology and innovation-led economies will continue to experience above-average job creation and capture an increased share of U.S. economic activity. Finally, while NFI-ODCE returns have declined following six years of considerably above-average performance, we expect total returns to be in the mid to high single-digit range with strong current income and attractive risk-adjusted performance relative to the other institutional asset classes.

As real estate returns moderate and economic uncertainty continues, MEPT's ongoing focus on stable income, risk management, prudent incorporation of alpha, and emphasis on diversification remain paramount. As always, our goal is to provide our investors with superior risk adjusted returns in all parts of the cycle. We appreciate your ongoing confidence in us and the opportunity to continue to be stewards of your capital.

David Antonelli

Executive Vice President and
MEPT Portfolio Manager
Bentall Kennedy

Rob Edwards

President
NewTower Trust Company
Trustee and Fiduciary

Built for Today: 2016 Portfolio Review

Solaire, Multi-family
San Francisco

MEPT's 2016 performance resulted in a one-year total return of 8.96% gross of fees (8.02% net of fees), comprised of 4.20% income and 4.62% appreciation, which was in line with the Management Team's 2016 return guidance of 8.00% - 10.00%. MEPT's 2016 total return outperformed the NCREIF Fund Index–Open-End Diversified Core Equity (NFI-ODCE) benchmark's 2016 return of 8.77% by 19 bps. Additionally, the Fund's 3-year total gross return of 11.71% (10.73% net of fees) is competitive with the benchmark total return of 12.07%, and MEPT achieved this performance with below benchmark leverage and the lowest volatility of return in the peer group. Furthermore, MEPT's since inception return of 8.12% gross of fees (6.90% net of fees) outperformed the NFI-ODCE total return of 7.68% over the same time period.

Appreciation

MEPT's 2016 appreciation return for the year was 4.62%, which exceeded the NFI-ODCE appreciation return of 4.12%. For the first time since the Global Financial Crisis ("GFC"), yield compression was not the most significant contributor to Fund appreciation. The primary driver was improving property-level fundamentals such as rent growth and increased occupancy. The Fund experienced significant appreciation from the industrial portfolio, which was the strongest performing property type. MEPT also received strong appreciation from Central Business District ("CBD") office assets in San Francisco, New York, and Portland. Furthermore, the rise in interest rates at the end of the year resulted in mark-to-market appreciation of MEPT's debt portfolio. The Fund's positive appreciation was partially offset by depreciation of multi-family assets in select markets due to reduced market rent growth assumptions from new supply and the Houston portfolio, which has been negatively impacted by the energy industry slowdown.

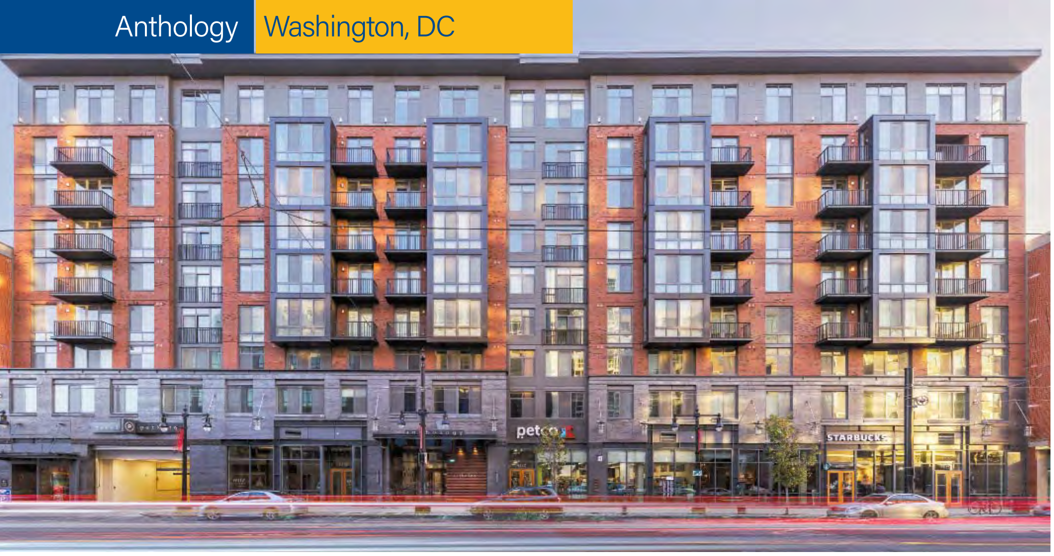
Income

The portfolio delivered an income return of 4.20% gross of fees (3.29% net of fees) in 2016, which compares to the NFI-ODCE income return of 4.50%. MEPT is 85% invested in primary market assets which tend to have lower cap rates due to strong investor demand attracted to the durable income streams and resilient asset values. MEPT's income return was generated by the 93.6% leased, 31.5 million square foot operating portfolio that produced $365.9 million in Net Operating Income (NOI) for the year. Throughout 2016, active asset management resulted in 205 executed leases resulting in gross leasing activity of 5.7 million square feet and over 950,000 square feet of positive net absorption. The Fund's controllable net tenant retention rate for the rolling four quarters as of December 31, 2016 was 87.4%.

Office

The office portfolio generated strong returns in 2016, delivering an annual unlevered property-level return of 8.2%, comprised of 4.3% income and 3.7% appreciation. Consistent with previous years, the top performers were CBD office buildings in primary markets;

Anthology Washington, DC



- 307-unit multi-family community
- Initial leasing asset

specifically, assets in San Francisco, New York, and Portland benefitted from strong market fundamentals. In lower Manhattan, 101 Greenwich Street generated $30.4 million of appreciation due in part to the partial execution of the value-add redevelopment strategy and rising market rents. Similarly, 600 California Street, an office high-rise in San Francisco's financial district, generated $25.8 million of appreciation due to the 70,000 square foot lease with WeWork and strong market fundamentals. Additionally, suburban assets across the portfolio appreciated in 2016 due to sustained positive leasing activity.

At year-end 2016, MEPT's office portfolio totaled 37 assets and represented 44.4% of MEPT's net asset value. The average stabilized cap rate for the office sector was 5.1% and the operating assets were 90.7% leased, up 1.1% from the previous year. MEPT's 2017 office outlook continues to emphasize the strength of best-in-class CBD office assets located in innovation-driven markets, which are well positioned to deliver stable and durable income.

Industrial

The industrial portfolio was the top performing property type in 2016, delivering an annual unlevered property-level return of 16.9%, comprised of 4.9% income and 11.5% appreciation. While income returns remained strong, the substantial industrial performance resulted primarily from significant appreciation generated by the Fund's California assets. The largest contributor to performance was Livermore Distribution Center, a recently developed, build-to-core warehouse in the San Francisco metro market. In 2016, Livermore generated $39.2 million of appreciation largely from leasing 1.3 million square feet to two tenants including a 1.0 million square foot lease with Tesla Motors, Inc. in the second quarter of 2016.

At the end of 2016, MEPT's industrial portfolio totaled 23 assets and represented 15.8% of the net asset value of the Fund. The average stabilized cap rate for the portfolio was 5.3% and the operating assets were 95.0% leased, up 1.5% from the previous year. Overall, MEPT's 2017 industrial outlook is positive as we expect rent growth, occupancy, and comparative sales metrics to show continued strength.

Multi-family

The multi-family portfolio delivered an unlevered property-level return of 3.2%, comprised of 3.7% income and -0.5% appreciation. The strongest performing multi-family assets in the portfolio were located in the West region, which continues to experience strong market rent growth and sustained tenant

MEPT vs. NFI-ODCE Performance

	MEPT	NFI-ODCE[1] (Dollar Weighted)	MEPT
	Gross	Gross	Net
4th Quarter 2016	**1.63%**	**2.11%**	1.41%
Year-to-Date	**8.96%**	**8.77%**	8.02%
1 Year	**8.96%**	**8.77%**	8.02%
3 Year	**11.71%**	**12.07%**	10.73%
5 Year	**10.69%**	**12.21%**	9.71%
Since Inception (4/1/82)	**8.12%**	**7.68%**	6.90%

[1] NCREIF, the National Council of Real Estate Investment Fiduciaries, is a trade association of institutional real estate professionals that includes investment managers, plan sponsors, academics, consultants, appraisers, CPA's and other services providers with significant involvement in institutional real estate investments. NCREIF collects and disseminates real estate performance information, most notably the NCREIF Property Index (NPI) but also the NFI-ODCE. NCREIF Fund Index – Open-end Diversified Core Equity (NFI-ODCE) is an index of investment returns reported on both a historical and current basis for open-end U.S. commingled funds with a core investment strategy. The NFI-ODCE index is capitalization-weighted and is reported gross of fees and measurement is time-weighted. Further information about this index is available at www.ncreif.org.

Via6 Seattle

- 654-unit multi-family community
- 95.6% leased, operating asset

MEPT's concentration in primary markets helps maximize liquidity and reflects the Management Team's assessment that U.S. economic growth will be concentrated in these markets.

demand. The Metro, a 415-unit apartment community located in the LoDo area of Denver, was a major contributor to performance, benefitting from rent growth and increased investor demand of comparable assets. The multi-family performance was muted by lower rent growth assumptions caused by new supply and increased real estate taxes across all primary markets, as well as particular weakness in the Houston market caused by the slowdown in the energy industry.

At year-end 2016, MEPT's multi-family portfolio totaled 23 assets and represented 28.6% of MEPT's net asset value. The average stabilized cap rate for the multi-family sector was 4.7% and the operating assets were 94.6% leased, up 2.8% from the previous year. Entering 2017, we believe urban multi-family assets in primary markets remain attractive as job growth and demographic trends create sustained tenant demand; however, further new supply could create downward pressure on net effective rents leading to minimal appreciation. Despite the slightly negative appreciation during the year, we remain confident in the strength, diversification and quality of the Fund's multi-family portfolio.

Retail

In 2016, the retail portfolio produced the highest income return in the portfolio, generating an annual unlevered property-level income return of 5.3% largely due to the stable income generated by the Fund's grocery-anchored centers. The total unlevered property-level return was 4.1%, comprised of 5.3% income and -1.1% appreciation. The top performing retail assets were located in the Midwest region, which experienced strong market rent growth and ended the year 99.6% leased. In general, the Fund's retail portfolio is designed to provide stable income returns and modest appreciation; however, in 2016 the portfolio experienced depreciation largely due to the bankruptcy of The Sports Authority, which was a major tenant at two assets in Los Angeles and Boston.

At the end of 2016, MEPT's retail portfolio totaled 12 assets and represented 8.0% of the net asset value of the Fund. The average stabilized cap rate for the portfolio was 5.5% and the operating assets were 91.9% leased. In 2017, we expect the retail portfolio to continue to produce stable income for the Fund and there is upside potential in leasing vacant space in the portfolio.

Diversification by Market

MEPT Top Markets

Market	Gross Asset Value In $ Millions	Percent of Portfolio
New York	1,714.1	18.1%
San Francisco	1,143.7	12.1%
Washington, DC	1,137.4	12.0%
Chicago	921.4	9.7%
Los Angeles	832.4	8.7%
Boston	748.2	7.9%
Portland, OR	599.2	6.3%
Denver	520.0	5.5%
Seattle	288.1	3.0%
Other Markets	1,563.3	16.5%
Total	**$9,467.9**	**100.0%**

Fund Diversification and Portfolio Characteristics

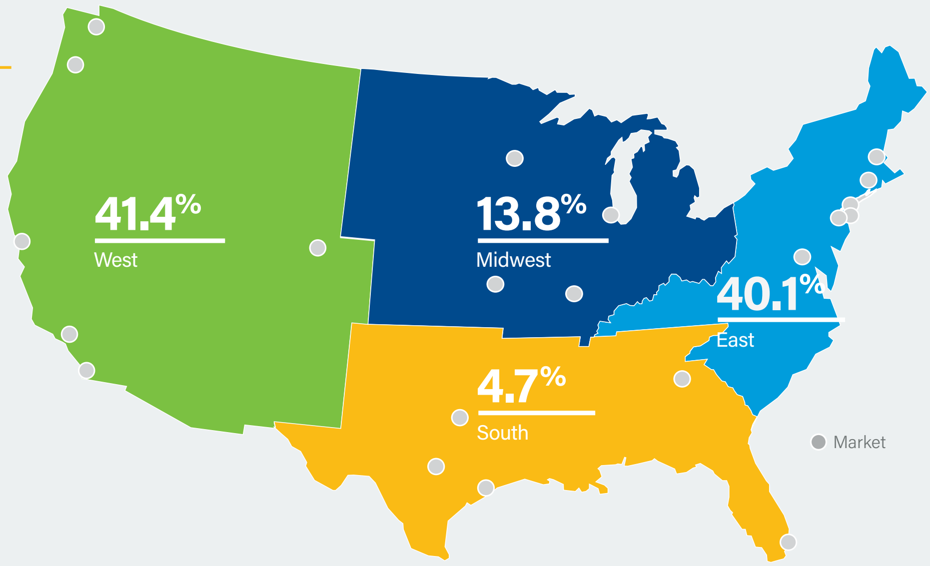
As real estate returns continue to moderate, MEPT's steadfast focus on risk management and diversification become particularly important. As of year-end 2016, the Fund is aligned with its strategic allocation targets. In terms of geographic diversification, MEPT continues to overweight the East, West, and Midwest regions and underweight the South region. While the Fund tracks regional diversification, geographic investment allocations are driven by MEPT's focus on primary markets. The Fund is currently 85% allocated to primary markets, which is a significant overweight in comparison to the benchmark's primary market allocation of 76%. MEPT's concentration in primary markets helps maximize liquidity and reflects the Management Team's assessment that U.S. economic growth will be concentrated in these markets.

In terms of portfolio weightings by asset class, MEPT maintains an overweight to the multi-family sector and, more importantly, maintains a significant overweight to urban, high-rise apartments serving millennial renters. The Fund is shifting towards benchmark weight to office, but will maintain a significant overweight to office assets in urban or CBD locations. The Fund utilizes primary market urban/CBD office holdings as a proxy for trophy regional malls as they share similar investment attributes including long-term leases, steady appreciation, stable income, and generational locations.

MEPT maintains an underweight in the

MEPT Diversification

BY GEOGRAPHIC REGION



Lease Rollover Summary*

	2017	2018	2019	2020	2021
Percent of Net Rentable Area	9.8	9.2	15.1	9.5	8.5
Percent of Total Revenue	6.0	11.0	10.7	9.3	12.9

* Consolidated Operating Industrial, Office and Retail

Brewery Block, Office
Portland, OR

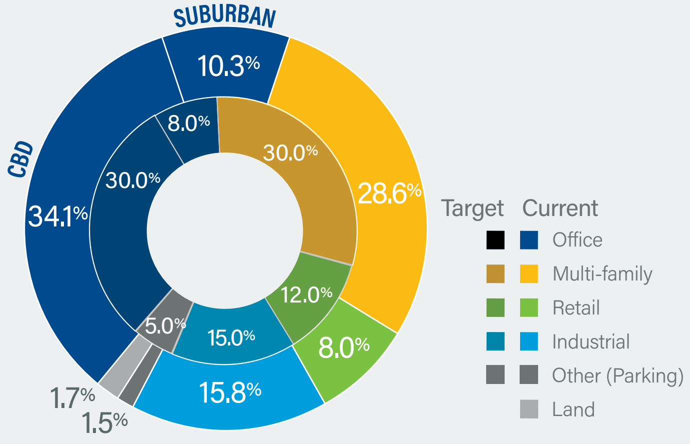
retail sector given the general inaccessibility of the aforementioned trophy regional malls and focuses on grocery-anchored retail centers in high-barrier-to-entry locations and select urban properties for the stable income characteristics. In the industrial sector, the Fund targets a benchmark weight focusing on distribution/ warehouse facilities situated near major population centers and key intermodal/port facilities, with a particular emphasis on serving the growing e-commerce sector. Finally, the Fund also maintains a small allocation to select other asset classes, which primarily consists of land/pre-development assets and urban parking assets.

MEPT's diversification by life-cycle continues to include a meaningful allocation to non-operating assets, which consists of 14 assets and represents 12.7% of net asset value (NAV) as of year-end. The non-operating portfolio consists primarily of build-to-core (development, pre-development, and re-development) assets and these investments are the main source of alpha generation for the portfolio. The current Fund target range for non-operating assets is 10%, which we seek to maintain during all points in the real estate cycle. By the second quarter of 2018, redevelopment and development assets will reach substantial completion and the non-operating allocation should be in the 5% to 10% range. We continue to seek accretive development opportunities for the Fund.

The Dylan, Multi-family
New York

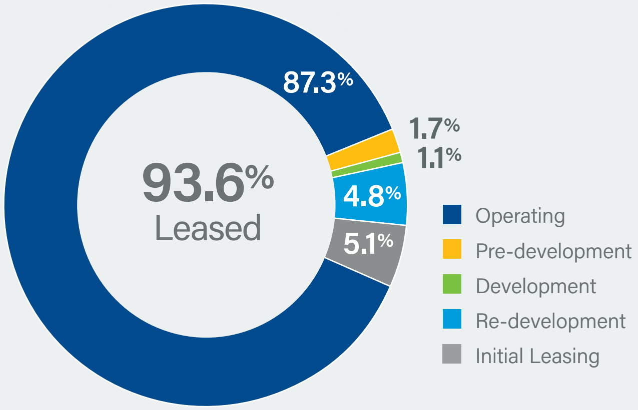
MEPT Diversification

BY PROPERTY TYPE



MEPT Diversification

BY LIFECYCLE (NAV)



2016 Transaction Activity

9th & Thomas, Office (rendering)
Seattle

2016 Acquisition Activity:

11

New investments

$1.0b

Total in new investments

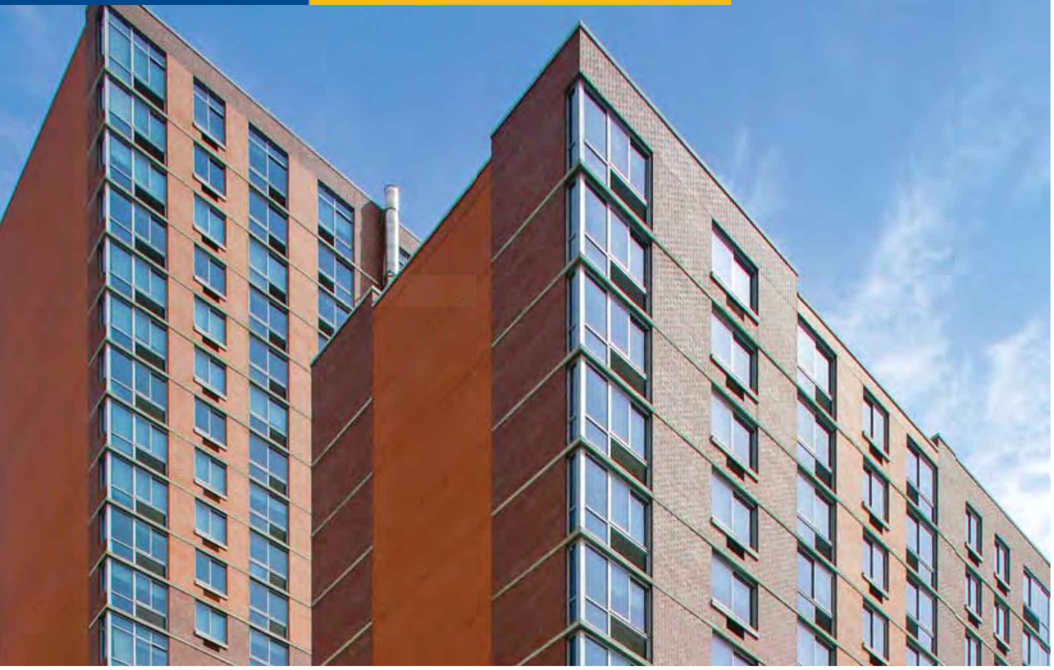
MEPT's 2016 Operating Plan set forth an acquisitions target of $1.25 billion to $1.5 billion. The Fund made 11 new investments totalling $1.0 billion. The Fund maintained discipline with its investment strategy and closed on only 5% of acquisitions reviewed. The new investments were located in six primary markets. The 2016 acquisitions consisted of six existing investments and five development assets.

Seattle

In the first quarter of 2016, MEPT committed $77.0 million to finance the construction of 9th & Thomas, a planned 12-story, 167,192 square-foot boutique, multi-tenant office building in Seattle. The investment is structured as a shared-appreciation mortgage wherein MEPT will help finance the construction as a lender while participating in the cash flow and appreciation of the asset once it is stabilized. The project will seek LEED® Gold certification. Additionally, the Fund committed $3.6 million toward the development of Capitol Hill Station, a planned 332-unit multi-family asset in the desirable Capitol Hill submarket in Seattle. Capitol Hill is Seattle's densest residential neighborhood and offers an eclectic mix of cultural and dining options, as well as easy transit access to employment in Seattle's CBD, Denny Triangle, and South Lake Union neighborhoods. Both 9th & Thomas and Capitol Hill Station are well-aligned with the Fund's focus on investments in transit-oriented locations within knowledge-driven Primary Markets.

New York City

In the first quarter of 2016, MEPT acquired 101 Greenwich Street (formerly Two Rector Street), a 480,202 square foot office building in the financial district of Manhattan for a total acquisition cost and re-development commitment of $323.8 million. The Financial District, and more specifically the World Trade Center area, has reemerged as a 24/7, highly accessible live/work/play environment. 101 Greenwich Street features unique Art Deco aesthetics, and MEPT intends to renovate and reposition the building as a class A office property with new elevators and a redesigned lobby and common areas in order to attract high-quality tenancy. As of year-end, the asset was the second highest contributor to appreciation for the Fund due in part to the projected lease rates post-re-development. Additionally, MEPT acquired The Addison, a class A, 271-unit multi-family high-rise with 6,610 square feet of ground-floor retail space conveniently located between the established Downtown Brooklyn and Boerum Hill submarkets for $153.8 million. The property benefits both from significant dining, shopping, and entertainment amenities of Boerum Hill as well as the proximity to the Downtown Brooklyn office market. The Addison is centrally located to New York City's transportation infrastructure, with a direct entrance to the subway system, and is well positioned to capture rising millennial demand for the Downtown Brooklyn submarket. Finally, MEPT acquired the billboard adjacent to the MEPT-owned industrial development site Lincoln


The Addison New York

- 271-unit multi-family community
- 86.0% leased, operating asset

Gateway for $7.0 million. This transaction was anticipated prior to the closing of the Lincoln Gateway project.

Chicago

In the second quarter of 2016, the Fund committed to 1001 W Chicago Avenue, a two-tower, 363-unit multi-family development located in Chicago's River West neighborhood, a transformative and rapidly growing submarket. The $143.2 million development will provide a modern livable space with extensive amenities and the asset will feature 44,000 square feet of retail space, which can accommodate a grocer and other resident-focused retailers. The site is easily accessible via multiple bus lines, the CTA metro line, and the new "Spoke Route" bicycle lanes and aligns well with MEPT's transit-oriented, urban multi-family strategy. The asset is expected to deliver in the fourth quarter of 2017.

Boston

In the second quarter of 2016, MEPT acquired 147 Milk Street, a 52,337 square foot medical office asset located in downtown Boston, for a gross purchase price of $33.3 million. Located one block from the heart of the Financial District, the building is ideal for medical office as it offers a convenient choice for the substantial daily-workforce as well as the rapidly growing resident population in the downtown area. Additionally, the Fund committed to a $31.3 million expansion at the MEPT-owned 22 Boston Wharf Road, a 58,132 square-foot office asset in Boston's Seaport District, which is built above a 583-space parking garage also owned by the Fund. The additional two stories of office space totals approximately 55,000 square feet and is expected to be completed in the fourth quarter of 2017.


147 Milk Street, Office
Boston

Washington, D.C.

In the fourth quarter of 2016, MEPT acquired Anthology for $162.4 million. The apartment community is a recently completed, 307-unit high-rise with 10,040 square feet of ground floor retail located in the rapidly evolving H Street neighborhood of Washington, D.C. Over the last five years, the H Street/NoMa submarket has developed into a live/work/play neighborhood, driven by strong local nightlife and proximity to Union Station and downtown D.C. Anthology is National Green Building Standard (NGBS) Bronze Certified, and the transaction aligns well with MEPT's transit-oriented, urban multi-family strategy. Additionally, MEPT acquired the fee interest at Residences at Congressional Village, a MEPT-owned multi-family asset in the Washington, D.C. area, for $32.2 million.

San Francisco

MEPT acquired the 5% partnership and promoted interest in MEPT-owned Livermore Distribution Center (asset is now 100% owned by MEPT), an industrial warehouse located in San Francisco's East Bay industrial market, for $31.8 million. The asset was originally a build-to-core development project and is now 100% leased with approximately 10 years of lease term remaining. Accordingly, the investment has been a top performer for MEPT and will contribute strong and stable income into the future.

Dispositions

The 2016 Operating Plan targeted $175 million to $225 million in net proceeds from dispositions. With the portfolio largely aligned with target allocations, the team was highly selective with regard to asset sales. Accordingly, MEPT sold six non-strategic investments totalling $141.5 million. The dispositions included two garden apartment complexes in suburban Chicago and Minneapolis, a suburban office building in Cincinnati, two land investments in Seattle and San Jose, and a partial sale of a parking asset in Boston. In addition to removing non-strategic assets from the portfolio, the disposition activity was accretive to Fund performance in 2016.

Disposition Highlights

During the second quarter of 2016, MEPT sold Pictoria Corporate Center, a 94% leased, 252,985 square foot office asset in Cincinnati. The asset was targeted for sale due to its location in a suburban office market with weakening leasing fundamentals and sold for total gross proceeds of $27.1 million.

During the third quarter of 2016, MEPT sold Jefferson at Plymouth, a multi-family asset in suburban Minneapolis, for total gross proceeds of $54.3 million. The 96% leased, 301-unit apartment asset was built in 2002 and acquired by MEPT in 2006. Jefferson at Plymouth was listed for sale since it no longer aligned with the Fund's multi-family strategy. The asset received multiple strong offers and the final sales price exceeded original pricing expectations.

During the fourth quarter of 2016, MEPT sold Coventry Glen, a multi-family asset in suburban Chicago, for total gross proceeds of $30.9 million. The 99% leased, 280-unit apartment asset was developed by the Fund in 2005. While the asset had reliably strong occupancy and performance, the asset's suburban, low-rise characteristics ware no longer in line with the Fund's strategic objectives.

Coventry Glen, Garden Apartment Community
Suburban Chicago, sold 4Q 2016

Acquisition Activity (in $ Millions)[1,2]

Name/Market	Quarter Acquired	Office	Industrial	Retail	Multi-family	Other	Total
The Addison, New York	4Q 2016				$153.8		
Anthology, Washington, D.C.	4Q 2016				$162.4		
Livermore Distribution Center Partnership Interest, San Francisco	4Q 2016					$31.8	
Residences at Congressional Village, Washington, D.C. (Purchase of Fee Interest)	4Q 2016				$32.2		
Capitol Hill Station, Seattle	3Q 2016				$3.6		
22 Boston Wharf, Boston (Re-development)	3Q 2016	$31.3					
1001 W Chicago Ave, Chicago	2Q 2016				$143.2		
147 Milk Street, Boston	2Q 2016	$33.3					
101 Greenwich Street, New York	1Q 2016	$323.8					
9th & Thomas, Seattle (Loan Receivable)	1Q 2016	$77.0					
Lincoln Crossing Billboard, New York	1Q 2016					$7.0	
Closed Total							**$997.5**

= EXISTING ASSETS = DEVELOPMENT AND RE-DEVELOPMENT PROJECTS

[1] Bentall Kennedy seeks investment opportunities for MEPT consistent with the Fund's investment strategy and manages the pipeline of potential investments. These acquisitions are in various stages of due diligence and many factors could affect the Fund's ability to close these transactions. This information is provided as a representative list of the type of assets that Bentall Kennedy is seeking on behalf of the Fund.

[2] The amounts committed to development projects represent fundings over the life of the project and are not expected to be funded all at one time.

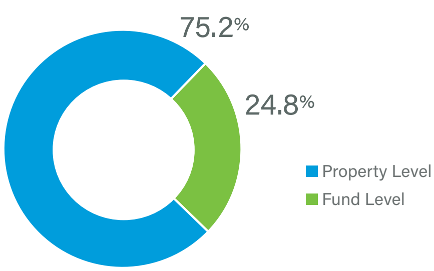
757 3rd Avenue New York

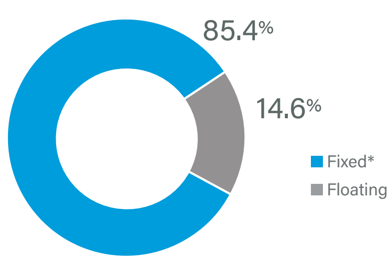
- 504,630 square foot office building
- 93.2% leased, operating asset

Fund Capital Structure Overview

MEPT consistently maintains a strong and conservative balance sheet. The Fund ended 2016 with 1.5% cash, which provides appropriate liquidity when combined with Fund credit facilities and minimizes the performance drag caused by excess cash holdings in a positive total return environment. At year-end, the Fund had a leverage ratio of 19.6%, which is slightly below the Fund's target leverage range of 20% to 25%. The weighted average interest rate for the Fund is 3.76% with an average remaining term of 7.2 years. In 2016, the Management Team procured $556.5 million of new debt to both replace maturing debt and to capitalize on historically low interest rates. Furthermore, MEPT accessed the private placement market and procured $300.0 million of unsecured, fixed rate debt with 7- to 12-year terms and an average weighted interest rate of 3.63%. This facility will provide more operational flexibility by allowing the Fund to execute acquisitions, dispositions, and asset-level business plans without the restrictions or approvals typical of single-asset mortgage loans.

Debt Structure





*Includes Swapped Floating Rate Debt

Current Leverage Ratio
19.6%

Average Interest Rate
3.76%

U.S. Commercial Overview: Where We've Been

The U.S. economy continued to grow at a modest pace in 2016. It has now been over seven years since the end of the Global Financial Crisis ("GFC"). The economic expansion has been long in an historical context, but not unprecedented. The U.S. economy remains one of the strongest and most stable in the world and should continue to be viewed as such by both domestic and foreign investors. In addition, U.S. commercial real estate remains attractive relative to other asset classes.

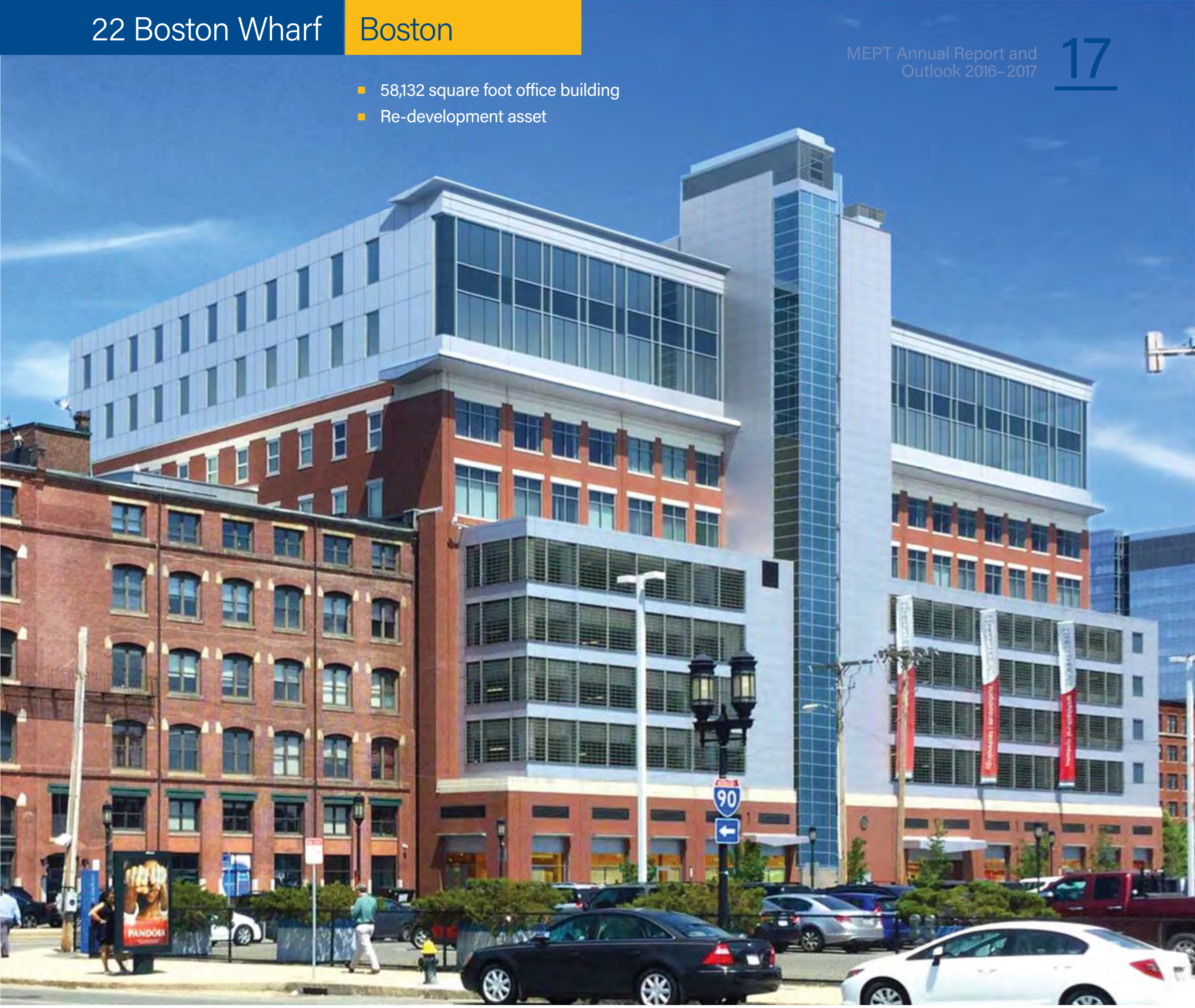
However, we are cognizant of the potential policy changes by the new U.S. Presidential administration and are vigilant with regard to the possible economic consequences. It remains to be seen which of the administration's policies discussed during the campaign will be implemented. While we are concerned about the uncertainty, which could lead to slower growth, the expected fiscal stimulus in the form of infrastructure and military spending and tax cuts increases the probability of both higher growth and inflation. It is simply too early to draw any conclusions.

The final quarter of 2016 showed signs of a cooling but the U.S. commercial real estate market remained strong, with industrial continuing to exhibit historic strength, office demand growth slowing but positive, and retail and multi-family holding steady. Broader economic indicators, including an unemployment rate of 4.7% and wages posting the largest gains in seven years, confirmed that economic conditions remain steady as the new administration takes office.

The fourth quarter of 2016 marked the lowest level of office occupancy growth

22 Boston Wharf | Boston

- 58,132 square foot office building
- Re-development asset



(rendering)

in two years, according to JLL, with 6.5 million square feet of net absorption. Construction activity rose once more and is now at 110.5 million square feet, the high for this cycle. The technology sector continues to drive office demand and accounted for 24.4% of all national leasing activity. Multi-family income growth slowed, with effective rents nationwide up 2.3%, compared to the more robust rent growth of 4.6% one year ago, as reported by Axiometrics.

The ongoing consumer shift to e-commerce is impacting both the retail and industrial markets. Retail developers are cautious as new construction is down 9.1% from a year ago, according to JLL. The limits on supply have kept vacancy rates low, at 5.0%, down 60 basis points (bps) from a year ago, and rents growing 2.8% over the previous year. Conversely, the demand for warehouse and distribution space is driving the industrial market to historic numbers, with U.S. vacancy at a new record-low of 5.6%, according to JLL. As we enter 2017, all signs point to continued strength in this market.

As real estate returns moderate, and we assess the economic impact of the new administration, Bentall Kennedy's ongoing focus on risk management and diversification becomes particularly important. We are confident that MEPT is well positioned to continue to deliver superior risk-adjusted returns.

Additionally, the Fund's pipeline of sustainable, new construction and redevelopment activity contributed to Fund performance as the assets moved through the development cycle. Moreover, the construction activity generated substantial levels of economic activity and jobs, strengthening MEPT's leadership position with regard to responsible investing.

Ready for Tomorrow: MEPT Outlook

The Management Team has reviewed the Fund's investment and portfolio management strategies as of January 2017 in the context of the current economic and political uncertainty. We have not made fundamental changes to MEPT's strategies; however, we continue to assess the appropriate balance among income growth, active value creation, and robust risk management. The portfolio remains well positioned to deliver strong risk-adjusted returns should new policies cause slower growth or other unfavorable consequences. In light of the above, the Management Team has established a total return target for MEPT in 2017 of 6.0% to 8.0% gross of fees (5.0% to 7.0% net of fees).

In 2017, we plan to continue to grow the Fund through new acquisition and investor contributions. The acquisition target for 2017 is $1.0 billion to $1.25 billion.

MEPT's general real estate strategies in 2017 will be as follows:

- For existing asset acquisitions, focus on high-quality properties in preferred micro-locations and within primary markets; in spite of the highly competitive acquisition environment, these assets maintain income and value better throughout all phases of the real estate cycle
- Continued commitment to seek development opportunities; at this point in the economic cycle, high quality assets in target markets are trading at or above replacement cost
- The Fund will continue to significantly overweight urban multi-family, overweight urban/CBD office, underweight retail, overweight the East and West regions and significantly underweight the South
- The Fund will prioritize multi-family, industrial, and retail investments; the Fund has a full allocation to office and will be highly selective with respect to that asset class
- Target structured transactions (e.g. shared appreciation mortgages, mezzanine loans, preferred equity) when risk-adjusted returns are superior to an equity investment

In particular, MEPT views the four core property types as follows:

Multi-family

- Supply growth remains below job growth in the target apartment markets
- Development continues to be the focus as pricing for existing assets in our preferred locations exceeds replacement costs. Transit-oriented locations with better walkability remain essential. The Fund remains upbeat on the long-term outlook for urban high-rise with full amenity packages in central locations
- Projects are beginning to differentiate between target users (i.e., Baby Boomers vs. Millennials), particularly relative to size and mix of units. Attention must be paid to proper design for target audience

Industrial

- Fund strategy will be to acquire modern, functionally efficient properties and, when prices exceed development costs, develop the same. Given the lower risk development characteristics of the Industrial sector, we like the opportunity to create alpha through Industria l development
- It is expected that the Fund will continue to see compelling E-commerce-driven opportunities, particularly as firms compete to offer customers ever shorter delivery times
- There is an increasing demand for high, clear height distribution centers located near major population centers/intermodal areas. The Fund will address this demand with active build-to-core development programs

Retail

- Acquire grocery-anchored centers in strong demographic locations
- Focus on high street retail in both urban and preferred town center locations
- Necessity-based retail such as grocery-anchored centers in strong demographic areas should remain more insulated from the threat of E-commerce while providing stable income
- The Fund will maintain an urban focus as live/work/play mixed-use locations continue to be developed. The Fund will also consider experiential/high street retail – both urban and in select suburban locations – as it is

anticipated that there will be increased demand for these centers and reduced threat from rising E-commerce sales

Office

- MEPT will be highly selective and only target urban acquisitions that complement the existing portfolio; the goal is to improve the portfolio, not grow it
- Consider medical office buildings given the strong risk adjusted return profile of the asset class and the mature phase of the current economic cycle
- It is anticipated that urban/CBD locations within primary and select secondary markets will continue to outperform as skilled labor is drawn to city and town centers where they can successfully live, work and play. The Fund will focus on targeting acquisitions with greater prospects for NOI growth
- Assets with green/sustainable features are demanding premium pricing, exhibiting superior performance, and are becoming a requirement for a larger share of corporate America and environmentally conscious knowledge workers

With MEPT's allocations largely in line with strategic targets, we will be selective and dispose of non-strategic assets in order to generate $150 million to $250 million in realized net proceeds. In order to continue to maintain a healthy balance sheet for MEPT, we will continue to be prudent in the use of debt and target a leverage ratio between 20% and 25% of GAV and target cash as a percentage of NAV between 2% and 5% throughout 2017.

The asset management team will continue their proactive approach to managing property operations for the Fund, by pursuing new tenants and renewing existing tenants well in advance of lease expirations, completing planned capital programs on time and on budget, and achieving sustainability initiatives to maintain MEPT's leadership in energy-efficiency. The asset management team has established a target of a 94.5% leased for the MEPT portfolio by year-end 2017.

As always, we will continue to actively grow the Fund's investor base. In 2009, NewTower established MEPT Edgemoor LP which allows other types of eligible institutional investors to invest in the MEPT strategy, including international investors, health & welfare funds, foundations, and endowments. Following the success of MEPT Edgemoor, the Bentall Kennedy team has developed a new offering in the MEPT suite of products, the Bentall Kennedy Daily Value Fund (DVF). It is a collective investment fund that offers defined contribution plans and other qualified investors the ability to invest in the MEPT strategy with daily valuation and enhanced liquidity. The DVF officially launched in January 2017 with two seed investors and $26.6 million of AUM.

2017 Commercial Real Estate Outlook

Doug Poutasse

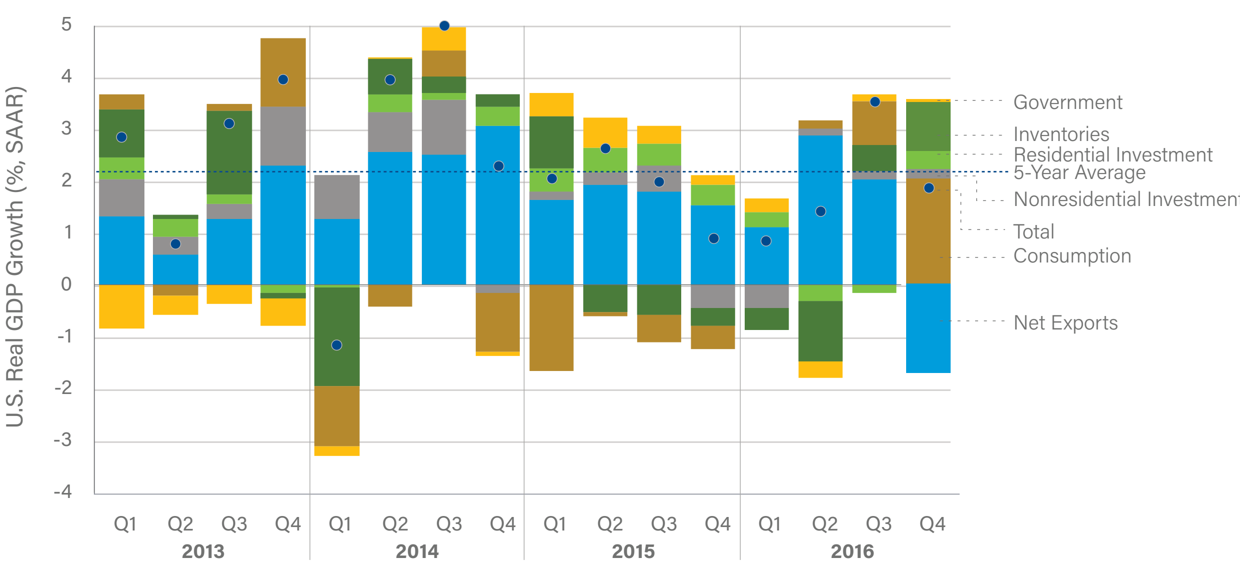
Executive Vice President, Head of Research and Strategy

Bentall Kennedy

As 2017 begins, the Bentall Kennedy Research Team has concluded that the U.S. sits in familiar territory as many of the headwinds and uncertainties facing the economy a year ago remain present today. In its yearly economic forecast, the Research Team notes that this uncertainty is amplified by the presidential election as policies under a Trump administration are difficult to predict. **Overall, the U.S. economy is fundamentally sound and there is potential for stronger GDP growth in 2017.** Furthermore, household incomes are rising, unemployment remains low, the personal savings is relatively elevated and consumer confidence appears solid. Importantly, the earnings recession that afflicted U.S. companies in the first half of 2016 seemed to abate in the third quarter. In 2017, Moody's is projecting a growth rate of 2.4%, which the Research Team believes is readily achievable given the underlying strength of the economy.

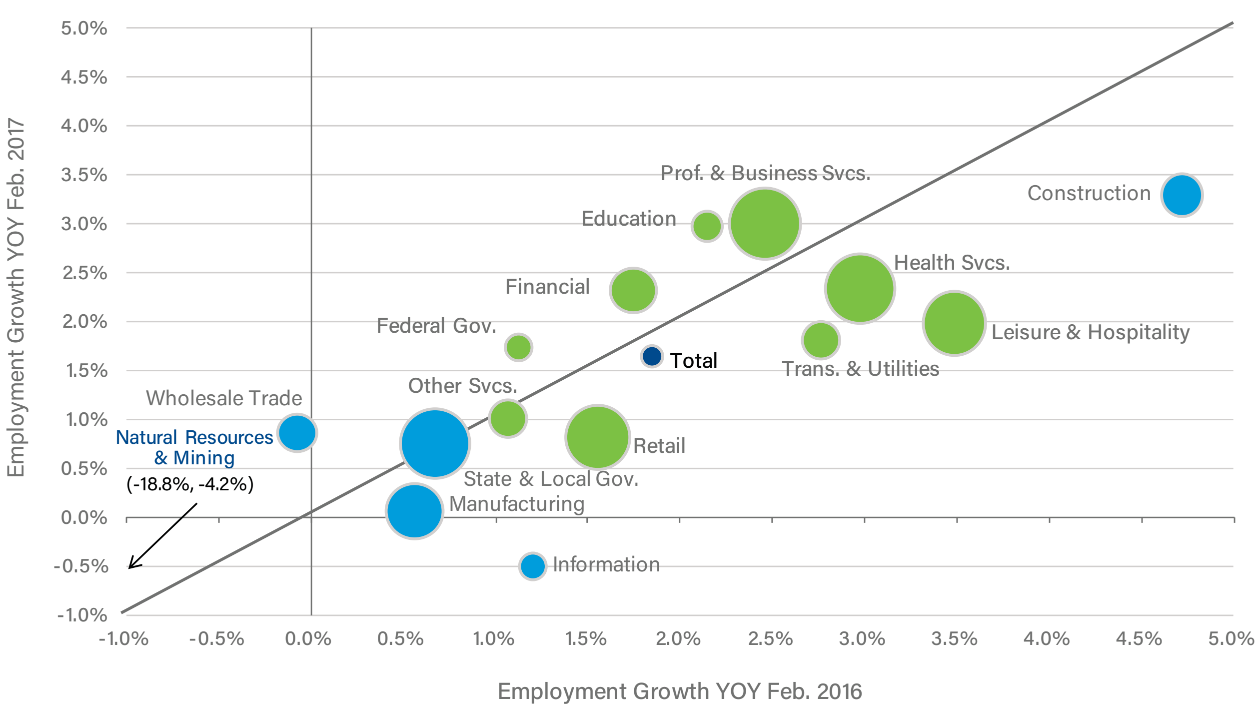
The unemployment rate remains low, at 4.8% at the end of January—a level that suggests the U.S. economy is near full employment. But numerous workers remain on the sidelines and the labor force participation rate is 62.7%, compared to 66.0%+ in the years leading up to the Great Recession. Initial unemployment claims are low and job openings are high, suggesting that many of the workers on the sidelines

U.S. Growth Trending Around 2.0%



Source: U.S. Bureau of Economic Analysis

Employment Growth Led by STEM/TAMI & Healthcare



Source: U.S. Bureau of Labor Statistics
NOTE: Blue below peak; green above peak

Double-digit, private real estate returns are likely a thing of the past, and performance should revert to the mean in the years ahead.

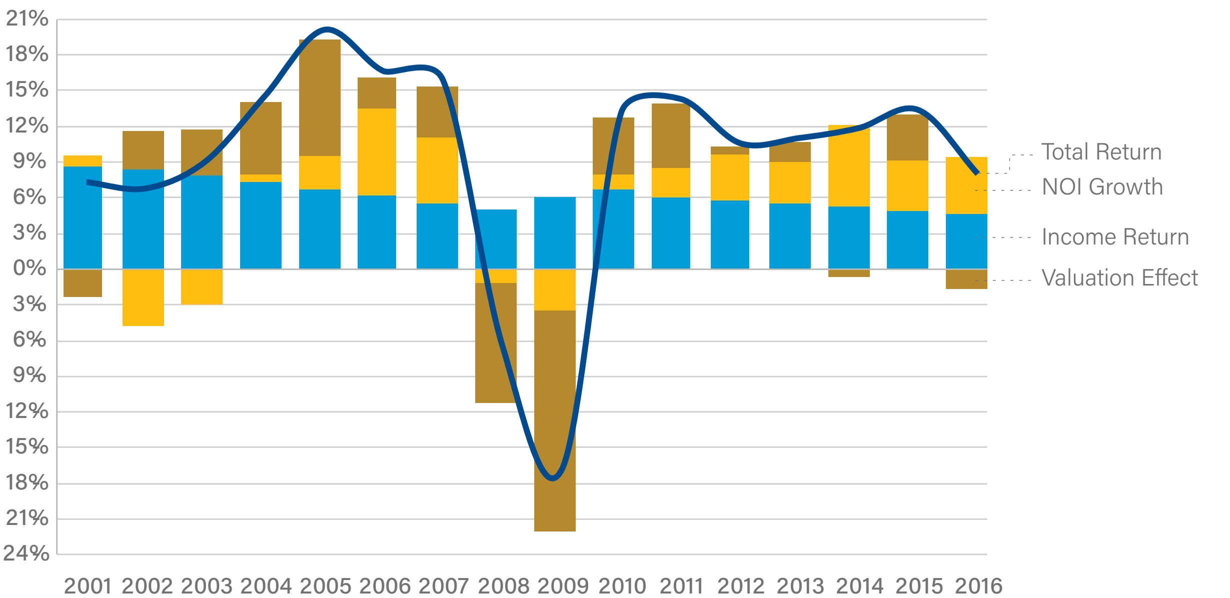
simply lack the skills to fill available jobs. Unemployment for professional, management, and financial occupations is less than 3.0%. Even in a tepid growth environment, the limited supply of available skilled labor will put upward pressure on wages, and may constrain growth in some of the fastest growing segments of the economy (e.g. technology and healthcare-related research). These labor market conditions heighten the potential risks associated with tightening immigration policies under the Trump administration.

The volatile and uncertain economic climate has undoubtedly impacted capital markets. Wide swings in stocks, including REITs, have been evident over the past several months and interest rates have fluctuated dramatically. In the U.S., expectations for higher inflation and rising interest rates, elevated by the prospect of increased fiscal stimulus under a Trump presidency, have spurred a sell-off in the bond market, sending long-term interest rates higher.

The 10-year Treasury rate had dipped below 1.4% in June 2016 and was tracking just under 2.5% at the end of January—a significant 110 basis point swing. Investment in commercial real estate remains strong, but economic uncertainty has weighed on the minds of investors over the past year. More recently, even as the economic outlook is positive and cap rates continue to offer a substantial spread over Treasuries, higher interest rates may be impacting pricing.

The rapid increase in interest rates in late 2016 and tightening loan standards could negatively impact property values—but one potential positive impact, at least as it pertains to operating properties, is the likelihood that construction activity will be constrained. Labor market conditions, land prices, and rising material costs were already impacting supply. But, anecdotally, lower loan proceeds and higher interest rates

Components of Returns



Sources: NCREIF, Bentall Kennedy

are deterring new construction projects. These conditions could prevent the over-building pattern that so frequently drives downturns in commercial real estate.

Desirable trends in property fundamentals, capital market volatility, and comparatively lower yields in other asset classes should all continue to support U.S. real estate performance. Tightening credit availability, rising interest rates, and a strong dollar may present headwinds, but these are not expected to be insurmountable. **Double-digit, private real estate returns are likely a thing of the past, and performance should revert to the mean in the years ahead.** The NPI's 10-year average return was 6.9% at the end of 2016. The team believes private U.S. real estate is an attractive investment alternative in the current uncertain, low-growth economic environment, but remains cognizant of the pace and magnitude of future interest rate increases.

Multi-family

Apartment vacancy rose slightly over the past year, as the Bentall Kennedy Research Team expected, due to heavy construction completions. For the first time since 2009 we are observing a concerted upward trend in apartment vacancy. It is important to keep these market trends in perspective. Apartment vacancy is still on a par with pre-recession lows and is well below its average over the past 20 years (6.1%). Market conditions continue to favor apartment landlords over tenants.

Demand for apartments remains strong as the percentage of households who rent is near levels last seen in the U.S. in the 1980's. The drivers of the slight uptick in apartment vacancy are primarily supply and the cost of renting, the latter of which—coupled with high student loan and credit card debt—is suppressing even more robust renter household formation, particularly among the younger population.

Multi-family housing starts appear to be peaking out around 400,000 units per year, well behind the recent annual pace of renter household growth (around a million a year over the past few years). The Research Team believes that this new supply is necessary in most markets and wage growth should help produce modest rent gains even as vacancy in the tracked inventory trends slightly higher. Still, it must be acknowledged that lenders and equity investors are showing signs of caution due to current pricing and concerns about fundamentals. This caution should only further crimp the development pipeline.

Office

Property owners of U.S. office assets continued to enjoy falling vacancy rates and rising rents in 2016, although the rate of improvement has slowed. As the Research Team anticipated, employment growth continues to drive substantial, albeit off peak, levels of office net absorption, and development has failed to keep pace.

Office-using employment growth may moderate over the next year, but the Research Team expects employers to continue hiring. Office landlords should be rewarded over the next year provided they have identified the locations and buildings most likely to draw in skilled

Healthy fundamentals and strong investment performance are encouraging new industrial construction.

workers and the companies that covet them. Although construction completions during 2017–18 should remain well below prerecession highs, new office construction is a growing risk. Tenants are finding existing available space in their desired locations often lacking the modern features and amenities they require. Investors must be mindful of both new projects and the potential backfill space they may create.

Midtown Crossing | Los Angeles

- 315,072 square foot retail center
- 88.2% leased, operating asset

Retail

Dramatic growth in e-commerce sales and shifting consumer preferences are disrupting the retail landscape and creating challenges for retailers. Firms unable to compete due to location, inferior product offerings or a failure to develop a competitive online presence are either reducing the number of stores or going out of business altogether. Perhaps the highest profile example in 2016 was Sports Authority's announcement that it would close all 450 of its stores.

The struggle for survival in the retail sector is not limited to retailers alone, as landlords have struggled to retain tenants and shoppers. Lifestyle preferences among Millennials and young families have left suburban shopping centers out in the cold, while walkable, small-format urban locations and destination centers capture much of the in-person retail sales volume.

The Bentall Kennedy team believes the overall market will struggle with a higher structural availability rate in the years ahead, heightening the importance of asset selection and attentive management. Underlying this expectation is the view that outdated suburban strip centers and outlying big-box centers will struggle—while walkable, landscaped lifestyle centers and other experiential retail in strong locations will flourish.

Rent growth may accelerate further in the coming year, but outsized rent growth will be difficult to achieve for many of the reasons outlined. The contrast between winners and losers among retailers and retail centers will remain stark.

Industrial

According to CBRE-EA, national industrial availability has fallen in each of the past 26 quarters. Nationwide availability was 8.2% at the end of 2016—its lowest level in more than two decades. Net absorption has been impressive, reaching a post-recession high. Healthy fundamentals and strong investment performance are encouraging new construction (industrial posted faster NOI growth and higher total returns than the apartment, office, and retail markets over the past year). But demand growth continues to outpace supply.

Traditional brick-and-mortar retailers have invested heavily to keep up with Amazon and meet rising consumer expectations for delivery. Shipping individual items and accepting returns from online orders has been challenging. Notably, up to 33% of all goods purchased online are returned, and retailers must accommodate this substantial backflow of goods within their e-commerce distribution infrastructure. To date, Wal-Mart has been one of the more successful Amazon competitors—its 2016 purchase of Jet.com for about $3 billion is a reflection of its desire to further bolster these efforts.

Near-historically low industrial availability has kicked rent growth into high gear, but future growth rates will almost certainly be more subdued. Though industrial rent growth has accelerated since 2012, supply growth is reaching levels that could adversely impact fundamentals. On the upside, e-commerce-driven demand should continue to grow, and the potential exists for stronger performances from traditional industrial drivers should economic growth accelerate in 2017 as we expect.

Responsible Property Investing

Responsible Property Investing has been an important cornerstone of the MEPT investment strategy since the Fund's inception in 1982. The principles of RPI are founded in the belief that, where consistent with fiduciary responsibilities, by including environmental, social, and governance (ESG) considerations into a fund's investment process it is possible to improve the risk management of a fund. MEPT's commitment to RPI has evolved over the years to reflect best-in-class practices, technology, and risk management tools, and the Fund has been consistently recognized as a global leader.

The leadership and track record established by MEPT and its real estate advisor, Bentall Kennedy, has created a cache of empirical data that validates the positive impact that RPI has on a portfolio.

Environmental

MEPT is a leader in developing green building practices and identifying opportunities to capture the value created by sustainable projects. MEPT's ESG management practices for its operating portfolio enhances long-term asset value by reducing risks, reducing operating costs and increasing tenant loyalty.

Social

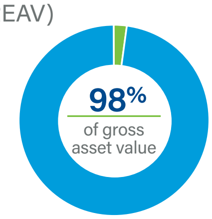
MEPT projects are well-built by trained craftsmen and craftswomen and completed on time and on budget. Since its inception, MEPT has required that all contractors working on its portfolio properties be signatory to collective bargaining agreements with recognized trade unions.

Governance

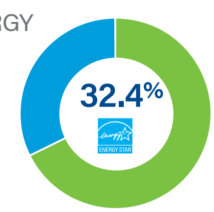
MEPT's governance structure is designed to ensure that the management of the Fund is solely focused on investor interests. This is accomplished through a dedicated trustee, industry-leading governance expertise, and a high level of transparency in investor communications.

2016 RPI Highlights

98.0% (based on GREAV) of gross asset value benchmarked with ENERGY STAR



32.4% of MEPT's portfolio has earned an ENERGY STAR label



$4.4 billion

value representing 53% of Fund GAV are LEED certified property assets

21 buildings

achieved LEED EBOM certification

2008 MEPT became signatory to the United Nations Principles of Responsible Investing (UN PRI).

$582.3 million

committed in 2016 to two development and two re-development projects seeking LEED certification

Ranked 1st

globally among its peer group on the Global Real Estate Sustainability Benchmark (GRESB) for second year in a row

2016 Achievements

Environmental

OBJECTIVE	RESULTS
Sustainable Development and Redevelopment:	
Achieve U.S. Green Building Council® (USGBC) Leadership in Energy & Environmental Design (LEED®) Silver certification or higher for all development and redevelopment projects Seek LEED certification on tenant build outs	15 assets achieved LEED NC/SC/ND certification, totaling $2.1 billion or 4.9 million square feet In 2016, MEPT made commitments to four investments that will seek LEED certification with the potential for more than $580 million of development activity.
High-performance, Energy-efficient Operations:	
Achieve the ENERGY STAR label for its operating assets.	240 buildings are benchmarked through the ENERGY STAR program, totaling $9.3 billion or 31.1 million square feet
Certify assets through the U.S.G.B.C.'s LEED for Existing Buildings: Operations &. Maintenance (EBO&M) Volume program and seeks to maintain a quality control and assurance program for all assets.	25 office and 10 industrial buildings earned the ENERGY STAR label, totaling $3.1 billion in value or 8.5 million square feet 21 buildings achieved LEED EBO&M certification and total $2.4 billion in value and 5.8 million square feet

Social

OBJECTIVE	RESULTS
Fair Labor Practices:	
MEPT's focus on environmentally-friendly assets means that tenants have a healthier and more productive building environment. MEPT seeks to use sustainable practices as a way to attract and maintain controllable tenant retention of more than 80%.	Development and re-development activity in process and new commitments in 2016 included two multi-family projects and three office projects, which are expected to generate approximately 4.4 million job hours for members of the Building Trades. Two other captive development projects—2015 acquisitions—should also create jobs and stimulate local economies when launched.
Tenant Well-Being and Satisfaction:	
MEPT's focus on environmentally-friendly assets means that tenants have a healthier and more productive building environment. MEPT seeks to use sustainable practices as a way to attract and maintain controllable tenant retention of more than 80%.	MEPT's operating portfolio is 93.6% leased at year-end 2016 MEPT's portfolio achieved a 87.4% controllable net retention rate in 2016

Governance

OBJECTIVE	RESULTS
The MEPT Management Team's commitment to industry-leading governance, including a dedicated bank trustee, seeks to ensure that the management of the Fund is solely focused on the interests of its investors and their beneficiaries.	One of only a few funds in the U.S. that employ the most independent valuation process, relying first on MAI appraisers, then third-party review appraisers each quarter for every asset.

Appendix I: Returns

All MEPT returns are calculated in accordance with the guidance provided within the National Council of Real Estate Investment Fiduciaries (NCREIF) Pension Real Estate Association (PREA) Reporting Standards, as sponsored by NCREIF and PREA (the Reporting Standards). MEPT's real estate advisor, Bentall Kennedy, prepares schedules of investment performance that are independently verified by Peterson Sullivan LLC for compliance with the Global Investment Performance Standards (GIPS) as governed by the CFA Institute. Bentall Kennedy complies with all the composite construction requirements of the GIPS 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 GIPS standards. The performance data presented as of December 31, 2016 is compiled from the same information sources Bentall Kennedy used to prepare previous GIPS compliant schedules; the performance data as of December 31, 2015 was audited by Peterson Sullivan and found to be compliant in all material respects. The 2016 audit is expected to be completed by July 2017.

Total Return

Total return, in accordance with the Reporting Standards, is computed by adding the NOI/ 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

NOI is calculated on a property-by-property basis according to GAAP. Real estate revenue is reported when contractually earned and billable to be consistent with the valuation methodology used to determine unrealized gains and losses.

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.

MEPT's returns since inception are presented below:

MEPT 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
2016	3.29%	4.62%	8.02%	4.20%	4.62%	8.96%
2015	3.80%	7.98%	12.01%	4.73%	7.98%	13.00%
2014	4.41%	7.55%	12.21%	5.36%	7.55%	13.21%
2013	4.77%	6.82%	11.83%	5.72%	6.82%	12.83%
2012	4.49%	0.20%	4.70%	5.42%	0.20%	5.63%
2011	4.41%	8.31%	12.99%	5.35%	8.31%	14.00%
2010	4.46%	9.14%	13.91%	5.47%	9.14%	14.99%
2009	5.07%	-32.66%	-28.89%	5.94%	-32.66%	-28.24%
2008	3.94%	-13.94%	-10.41%	4.80%	-13.94%	-9.63%
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%	12.99%	18.49%	6.01%	12.99%	19.58%
2004	5.08%	5.95%	11.25%	6.09%	5.95%	12.30%
2003	5.65%	2.85%	8.61%	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%	12.69%
1999	5.20%	6.20%	11.64%	6.42%	6.20%	12.91%
1998	5.49%	7.19%	12.97%	6.81%	7.19%	14.36%
1997	6.60%	3.90%	10.69%	8.02%	3.90%	12.15%
1996	6.69%	1.98%	8.77%	8.10%	1.98%	10.20%
1995	6.34%	2.42%	8.87%	7.75%	2.42%	10.31%
1994	5.48%	-2.87%	2.50%	6.89%	-2.87%	3.89%
1993	6.15%	-5.39%	0.52%	7.56%	-5.39%	1.89%
1992	6.01%	-8.91%	-3.31%	7.40%	-8.91%	-1.97%
1991	5.99%	-4.26%	1.54%	7.40%	-4.26%	2.93%
1990	6.76%	0.79%	7.59%	8.20%	0.79%	9.03%
1989	7.31%	0.06%	7.37%	8.77%	0.06%	8.83%
1988	6.26%	0.92%	7.22%	7.75%	0.92%	8.71%
1987	6.22%	2.88%	9.22%	7.74%	2.88%	10.77%
1986	7.26%	0.86%	8.16%	8.84%	0.86%	9.76%
1985	8.06%	-0.08%	7.98%	9.66%	-0.08%	9.58%
1984	10.27%	0.52%	10.83%	11.90%	0.52%	12.45%
1983	8.80%	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% on the first $1 billion of MEPT total net assets,
- 1.0% on the second $1 billion of MEPT total net assets, and
- 0.75% on MEPT total net assets above $2 billion.
- Cash balances in excess of 7.5% of MEPT net assets are excluded from the above fee calculation and are subject to an annual fee of 0.15%. 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.

As of December 31, 2016, the MEPT annual fee was approximately 0.87%.

Investment Considerations

Past performance is not indicative of future results. Performance objectives (whether based on market conditions that affect 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 equity and debt position investments in commercial real estate. Performance goals, including investment returns (i.e., changes in MEPT's Unit Value), acquisition, disposition, and leverage levels, portfolio diversification (including cash position), portfolio occupancy and leasing rates could be adversely affected and may not meet expectations due to factors including, but not limited, to the U.S. economic recovery and job growth falling short of expectations, changes in economic conditions specifically affecting certain industries or geographic regions, demand for commercial real estate space not meeting expectations, certain markets experiencing oversupply of competing product, shifts in current demographic trends, consumer spending not meeting expectations, consumer and business confidence falls, rising interest rates and increased borrowing costs, rising energy costs, declining occupancy rates, unexpected tenant bankruptcies, insolvencies, or defaults, changes in government regulations, failure of rent growth to meet expectations, unexpected increases in property tax assessments, unexpected changes in retail and warehouse demand due to the evolution of e-commerce, unexpected increases in property level operating costs, or construction and leasing of current and future development projects failing to meet schedule and budget expectations.

Furthermore, MEPT's ability to meet its liquidity objectives could be adversely affected by higher than expected redemption requests or portfolio cash requirements or an inability to achieve disposition goals. Additionally, the likelihood that MEPT could gain additional value from its environmental and sustainable focus depends in part on tenant and investor demand, and government policies.

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 is intended as a vehicle for long-term investments. Compared with many other asset classes, real estate is a relatively illiquid investment. MEPT is open to investments by qualified pension plans only.

Questions regarding MEPT's performance or current plans and goals should be directed to:

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