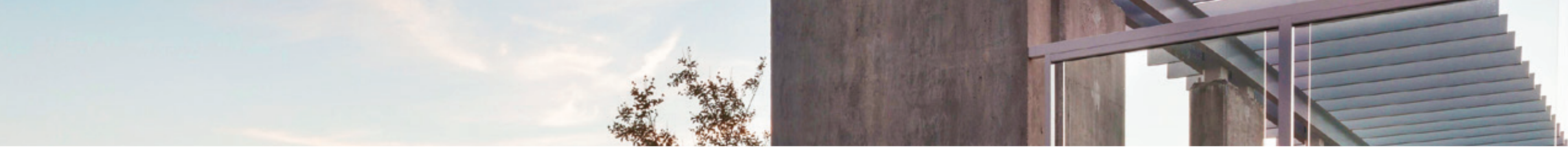
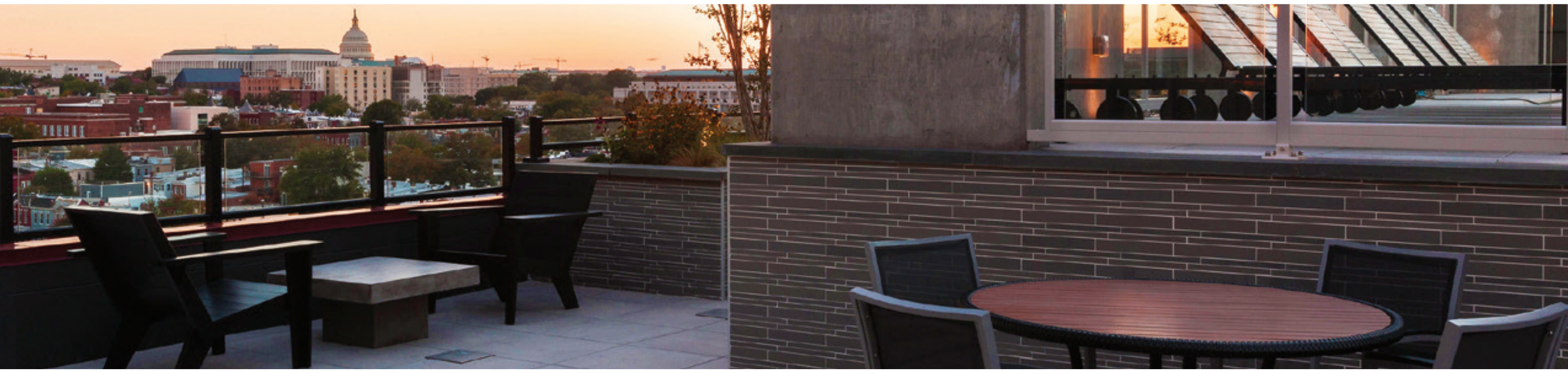


QUARTERLY
TRUST REPORT

MEPT

Fourth Quarter
January 2017
Volume 32, Number 4



View from a terrace of *Anthology*, Multi-family, Washington, DC

INSIDE:

LETTER TO INVESTORS

FOURTH QUARTER RESULTS

(Gross of Fees)

QUARTER

1.63%

TRAILING 1-YEAR

8.96%

GROSS ASSET VALUE

$8.0b

(Net of Fees)

QUARTER

1.41%

TRAILING 1-YEAR

8.02%

NET ASSET VALUE

$6.5b

THE U.S. ECONOMY CONTINUES to grow at a modest pace. The current economic expansion is in its seventh year post-Global Financial Crisis, which is 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 returns remain attractive relative to other asset classes and real estate markets.

However, we are cognizant of the uncertainty surrounding the new U.S. Presidential administration and are vigilant with regard to potential 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 spending and tax cuts increases the probability of both higher growth and inflation. It is simply too early to draw any conclusions.

We have reviewed our investment and portfolio management strategies as of January 2017 in the context of the current environment. The portfolio remains well positioned to deliver strong risk-adjusted returns should the administration's new policies cause slower growth or other unfavorable consequences. 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. Additionally, the Fund's capital structure remains conservative with low leverage levels and an emphasis on long-term, fixed rate debt.

Within the existing strategic framework, we have adjusted the Fund's development objectives (e.g. the size and nature of new development), 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 that we believe to be prudent (e.g. increased target for structured debt investments). We were already considering most of these adjustments given the stage of the business cycle; however, the new political and economic environment makes them particularly timely.

For the fourth quarter, MEPT delivered a total gross return of 1.63% (1.41%, net of fees) and a 2016 gross return of 8.96% (8.02%, net of fees), which exceeds the preliminary 2016 NFI-ODCE total gross return of 8.72% by 24 basis points. The Fund's 3-year total return is competitive with the benchmark. MEPT's strong performance is due to strategic portfolio positioning as the Fund is 85% invested in primary markets, which receive an outsized share of U.S. economic growth. The Fund's primary market strategy, along with a 93.6%-leased operating portfolio, provides durable income as well as more resilient asset values through all the points in the real estate cycle.

As real estate returns continue to 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. We appreciate your continued confidence in our stewardship of your capital. ■

David Antonelli,
Executive Vice President & MEPT Portfolio Manager

Bentall Kennedy

PERFORMANCE

U.S. COMMERCIAL REAL ESTATE OVERVIEW

THE FINAL QUARTER OF 2016 showed signs of a cooling but the U.S. commercial real estate market remained strong, with office growth slowing, retail and multi-family holding steady, and industrial continuing to exhibit historic strength. 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 office market ended 2016 with the lowest level of occupancy growth in two years, according to JLL, with 6.5 million square feet of absorption. Construction volume 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 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 continued to impact both the retail and industrial markets. Retail developers continue to be 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 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. ■

FUND OVERVIEW

GROSS ASSET VALUE	$8.0 BILLION	AVERAGE AGE OF PROPERTIES	14.6 YEARS
NET ASSET VALUE	$6.5 BILLION	MARKETS	24
INCEPTION DATE	APRIL 1, 1982	LEVERAGE AS A % OF GAV	19.6%
NUMBER OF ASSETS	103	CASH AS A % OF NAV	1.5%
TOTAL OPERATING SQUARE FOOTAGE	31.5 MILLION	UNIT VALUE	$10,160.52
PERCENT LEASED (OPERATING)	93.6%	PARTICIPATING PLANS	346

ANNUALIZED RETURNS

THROUGH DECEMBER 31, 2016

		MEPT		PRELIMINARY NCREIF NFI-ODCE[1] (DOLLAR WEIGHTED)
		GROSS OF FEES	NET OF FEES	GROSS OF FEES
4Q 2016	Total	1.63%	1.41%	2.07%
	Income	0.95%	0.73%	1.05%
	Appreciation	0.68%	0.68%	1.01%
1 Year	Total	8.96%	8.02%	8.72%
	Income	4.20%	3.29%	4.48%
	Appreciation	4.62%	4.62%	4.09%
3 Year	Total	11.71%	10.73%	12.05%
	Income	4.76%	3.83%	4.76%
	Appreciation	6.71%	6.71%	7.02%
5 Year	Total	10.69%	9.71%	12.20%
	Income	5.09%	4.15%	4.99%
	Appreciation	5.40%	5.40%	6.94%
Since Inception (4/1/82)	Total	8.12%	6.90%	NA
	Income	7.05%	5.84%	NA
	Appreciation	1.01%	1.01%	NA

[1] NCREIF is an industry trade association that collects and disseminates real estate performance information. NCREIF Property Index is a quarterly time series total rate of return measurement of investment performance of unlevered commercial real estate properties acquired in the private market, largely by tax-exempt institutional investors, for investment purposes only. 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 35 open-end U.S. commingled funds with a core investment strategy. The NFI-ODCE index is capitalization-weighted and the leverage metric represents total leverage held by the open-end funds. NFI-ODCE total leverage includes loans by open-end funds to entities controlled by such funds.

MEPT PERFORMANCE

MEPT'S FOURTH QUARTER TOTAL RETURN WAS 1.63%, which consisted of 0.95% income and 0.68% appreciation. The key drivers of appreciation included the Fund's debt mark-to-market, which generated significant appreciation due to rising interest rates, the industrial portfolio, assets in San Francisco, and select suburban office assets, which experienced strong leasing activity. The Fund's positive performance was partially offset by depreciation of multi-family assets in select markets due to reduced market rent growth assumptions and the Washington, D.C. portfolio, which continues to lag other Primary Markets in capital appreciation. During the quarter, the Fund's operating portfolio occupancy increased by 1.5% to 93.6% and the Fund remains 85% invested in Primary Markets.

INDUSTRIAL

95.0% LEASED

3.1% TOTAL RETURN[1]

MEPT's industrial portfolio represents 15.8% of the total portfolio and delivered a fourth quarter total return of 3.09% comprised of 1.24% income and 1.85% appreciation. The average appraised cap rate for the portfolio was 5.3% and the operating assets were 95.0% leased, which was up 2.3% from the previous quarter. The industrial portfolio consisted of 23 assets; 19 had positive appreciation, 1 had no change in value, and 3 experienced depreciation. For the sixth consecutive quarter, the industrial portfolio was the best performing property type in terms of total return. Across the country, rent growth, occupancy and comparative sales metrics remained strong for industrial assets due to tightening supply and increasing demand from the e-commerce sector.

Rivergate IV
Portland OR, Industrial

RETAIL

91.9% LEASED

0.8% TOTAL RETURN[1]

MEPT's retail portfolio represents 8.0% of the portfolio and delivered a fourth quarter total return of 0.84% comprised of 1.25% income and -0.41% appreciation. The average appraised cap rate for the portfolio was 5.5% and the operating assets were 91.9% leased, which was down 2.2% from the previous quarter. The retail portfolio consisted of 12 assets; 6 had positive appreciation, 2 had no change in value, and 4 experienced depreciation. Despite modest depreciation, the retail portfolio delivered positive overall return due to the durable and consistent income, which is the core purpose of the grocery-anchored and urban retail focused portfolio.

Penn Mar Shopping Center
Washington D.C., Retail

OFFICE

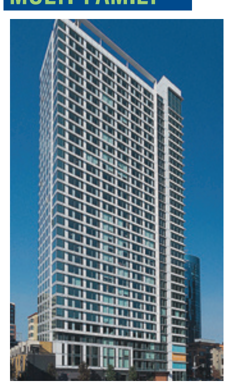
90.8% LEASED

1.2% TOTAL RETURN[1]

MEPT's office assets represent 44.4% of the net asset value of the total portfolio and delivered a fourth quarter total return of 1.15% comprised of 1.02% income and 0.13% appreciation. The average appraised cap rate for the office sector was 5.1% and the operating assets were 90.7% leased, which was up 2.1% from the previous quarter. The office portfolio consisted of 37 assets; 23 had positive appreciation, 2 had no change in value, and 12 experienced depreciation. Consistent with previous quarters, the top performers were CBD office buildings in primary markets; specifically, assets in San Francisco and Boston benefited from strong market fundamentals. The positive performance in the office sector was offset by depreciation due to valuation assumption changes at several assets. Overall, we believe the office portfolio is well-positioned to generate attractive risk-adjusted returns as over 75% of the assets are in CBD locations within Primary Markets.

200 W Madison
Chicago, Office

MULTI-FAMILY



Solaire
San Francisco, Multi-family

94.6% LEASED

-0.3% TOTAL RETURN[1]

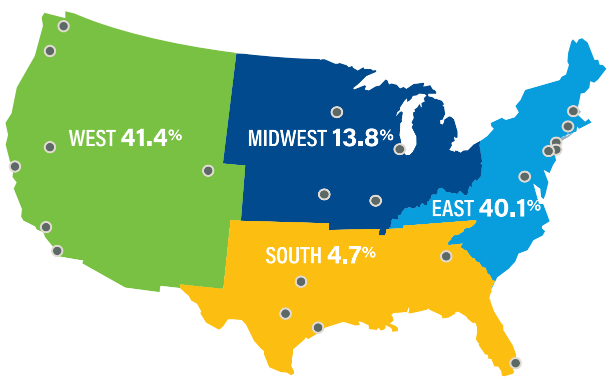
MEPT's multi-family assets represent 28.6% of the net asset value of the total portfolio and delivered a fourth quarter total return of -0.33% comprised of 0.73% income and -1.07% appreciation. The average appraised cap rate for the multi-family sector was 4.6% and the operating assets were 94.6% leased, which did not change from the previous quarter. The multi-family portfolio consists of 23 assets; 14 had positive appreciation, 1 had no change in value, and 8 experienced depreciation. The top performing asset was located in Denver, which benefited from rent growth and increased investor demand. Despite the fact that over 60% of the portfolio had appreciation, certain assets in Houston, Washington D.C., and Portland experienced significant depreciation during the quarter due to reductions in market rent growth assumptions and increases in forecasted operating expenses. The depreciation of these assets follows several years of strong performance and we believe the high quality of the multi-family portfolio will produce attractive risk-adjusted performance going forward.

[1] Property sector returns are shown on an unlevered basis.

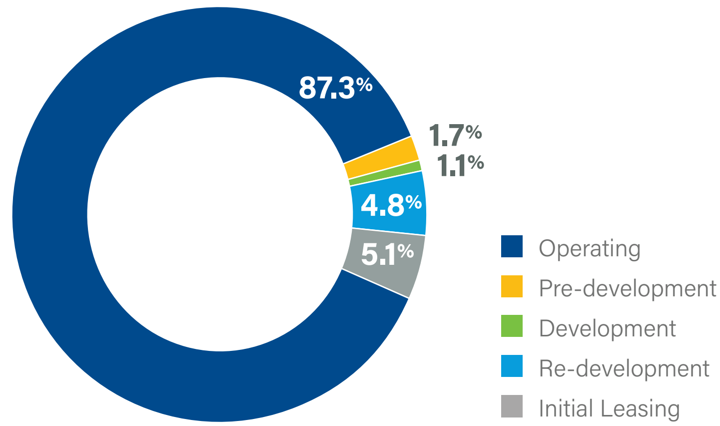
MEPT BY THE NUMBERS

Diversification and Portfolio Characteristics

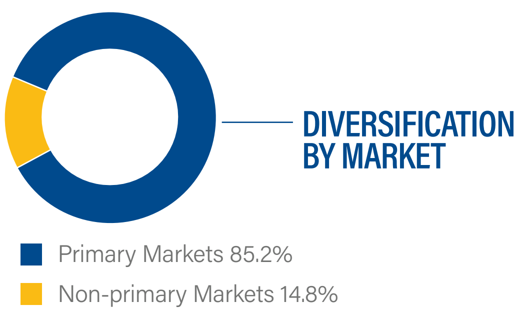
DIVERSIFICATION BY GEOGRAPHIC REGION (NAV)



DIVERSIFICATION BY LIFECYCLE (NAV)

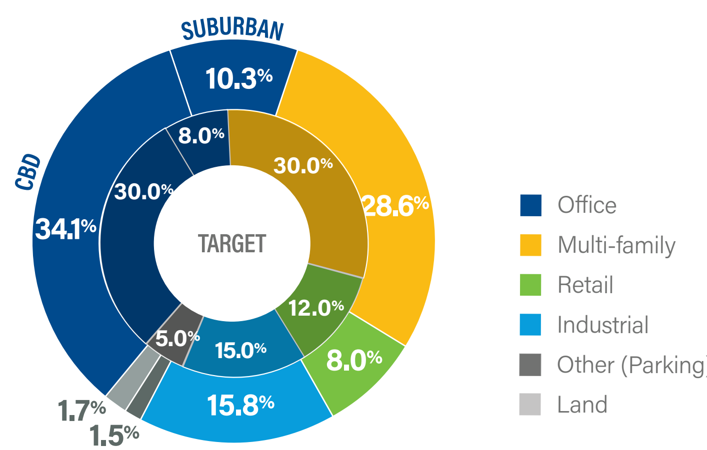


MEPT TOP MARKETS (NAV)



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%**

DIVERSIFICATION BY PROPERTY TYPE (NAV)



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

ACQUISITION ACTIVITY (IN $ MILLIONS)[1,2]

NAME/MARKET	QUARTER ACQ.	OFFICE	INDUSTRIAL	RETAIL	MULTI-FAMILY	TOTAL
Closed 2016						
The Addison, New York	4Q 2016				$153.8	
Anthology, Washington, D.C.	4Q 2016				$162.4	
Residences at Congressional Village, Washington, D.C. (Purchase of Fee Interest)	4Q 2016				$32.2	
Capitol Hill Station, Seattle	3Q 2016				$7.0	
22 Boston Wharf, Boston (Re-development)	3Q 2016	$31.3				
1001 W Chicago Ave, Chicago	2Q 2016				$145.1	
147 Milk Street, Boston	2Q 2016	$33.4				
101 Greenwich Street, New York	1Q 2016	$323.8				
9th & Thomas, Seattle (Loan Receivable)	1Q 2016	$77.0				
Closed Total						**$966.0**
In Process						
Atlanta				$31.3		
Chicago				$3.9		
Miami			$92.2			
In Process Total						**$127.4**

= 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.

DISPOSITION ACTIVITY

FOURTH QUARTER 2016

NAME/MARKET	PROPERTY TYPE	NET PROCEEDS (IN $ MILLIONS)
Coventry Glen, Chicago	Multi-family	$30.4
Necco Garage, Boston (Partial Sale)	Parking	$2.1
Total		**$32.5**

DISPOSITIONS 2016

QUARTER	NUMBER OF ASSETS	NET PROCEEDS (IN $ MILLIONS)
1Q 2016	0	$0.0
2Q 2016	3	$55.4
3Q 2016	1	$53.6
4Q 2016	1 (+1 Partial)	$32.5
Total	**5 (+1 Partial)**	**$141.5**

PORTFOLIO SPOTLIGHT

FOURTH QUARTER TRANSACTION ACTIVITY

The Addison, Multi-family, New York

DURING THE FOURTH quarter, MEPT acquired two multi-family assets, Anthology in Washington, D.C. and The Addison in New York, NY for a total gross purchase price of $163.0 million and $155.0 million, respectively. Additionally, MEPT acquired the minority interest in a currently held industrial asset in San Francisco and the fee interest in a currently held multi-family asset in Washington, D.C.

Anthology is a recently completed, 307-unit multi-family 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 is aligned well with MEPT's focus on responsible investment in transit-oriented locations within knowledge-driven Primary Markets.

The Addison is a Class A 271-unit multi-family high-rise with 6,610 square feet of ground-floor retail space conveniently located in between the established Downtown Brooklyn and Boerum Hill submarkets. The property benefits both from the significant dining, shopping, and entertainment amenities of Boerum Hill, and the proximity to the Downtown Brooklyn office market. Additionally, The Addison is centrally located to New York's transportation infrastructure, with a direct entrance to the New York subway system. The Addison is well positioned to capture rising millennial demand for the Downtown Brooklyn submarket, and aligns well with our current investment thesis. ■

IN-DEPTH FEATURE

BENTALL KENNEDY: 2017 ECONOMIC PERSPECTIVE

AS 2017 BEGINS, the Bentall Kennedy Research Team has concluded that the U.S. economy faces many of the same headwinds and uncertainties from a year ago. In its yearly economic forecast, the Research Team also notes that this uncertainty is amplified by the U.S. Presidential election as policies under the new administration are difficult to predict. Overall, the U.S. economy is fundamentally sound and there is significant 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 2.8%, which is in line with the Research Team's expectations.

Solid property fundamentals, low capital market volatility, and comparatively lower yields in other asset classes should all continue to support U.S. commercial 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 commercial real estate returns are unlikely to continue and future performance should revert to the mean in the coming years. The Research Team believes U.S. commercial real estate is an attractive investment option in the current uncertain, low-growth economic environment, but remains cognizant of the pace and magnitude of potential increases in interest rates.

Multi-family

Multi-family housing starts appear to be peaking at approximately 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). Even though vacancy in the tracked inventory trends slightly higher, the Research Team believes that this new supply is necessary in most markets and that wage growth should help produce modest rent gains. Lenders and equity investors are showing signs of caution due to current pricing and concerns about fundamentals, which should only further hinder the development pipeline.

Solid property fundamentals, low capital market volatility, and comparatively lower yields in other asset classes should all continue to support U.S. commercial real estate performance.

Office

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 attract skilled workers and the companies that covet them. Although construction completions during 2017–18 should remain well below pre-recession highs, new office construction is a growing risk. Tenants are finding the existing space available in their desired locations often lacks the modern features and amenities they desire. As such, investors must be mindful of both new projects and the potential backfill space they may create.

Retail

Dramatic growth in e-commerce sales and shifting consumer preferences are disrupting the retail landscape and creating challenges for retailers. The Bentall Kennedy Research 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

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 if economic growth accelerates in 2017, as expected. ■

475 Sansome Street, Office, San Francisco

MEPT FOURTH QUARTER RPI ACCOMPLISHMENTS

IN 2016, MEPT WAS RANKED 1st globally among its peer group on the Global Real Estate Sustainability Benchmark (GRESB) and has been a top tier ranked fund with GRESB for the last six years. In order to emphasize the Fund's commitment to responsible investment strategies, Bentall Kennedy continues to procure ENERGY STAR and Leadership in Energy Efficiency and Design (LEED) certifications for MEPT assets. As of the fourth quarter, 35 buildings had achieved ENERGY STAR certifications, and the number of LEED EBOM buildings increased to 21 from 19 in the previous quarter. Even as responsible investment strategies have become more widespread, MEPT remains a global leader in sustainable investing practices.

NUMBER OF LEED EBOM BUILDINGS

21

NUMBER OF ENERGY STAR CERTIFIED BUILDINGS

35

NEWTOWER TRUST COMPANY'S BOARD OF DIRECTORS WELCOMES NEW MEMBER

WE ARE PLEASED to report that Douglas Gansler will be joining the NewTower Trust Company ("NewTower") Board of Directors. Mr. Gansler brings a wealth of experience including having served as Attorney General of the State of Maryland, the state in which NewTower is chartered.

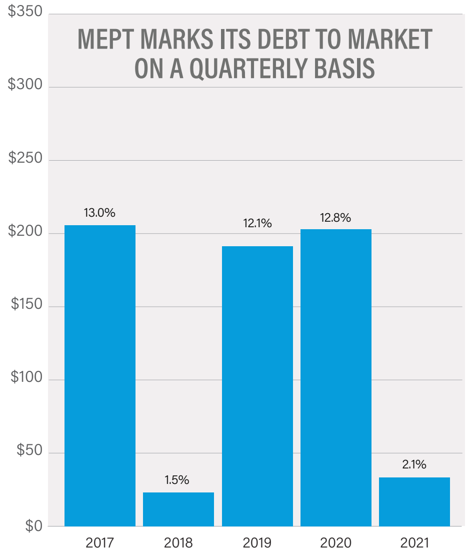
Doug Gansler

Additionally, former Board Observer Gary Whitelaw, CEO of Bentall Kennedy Group, will become Chair of the NewTower Board. Mr. Whitelaw assumes the role from Mike McKee, who retired from Bentall Kennedy at the end of 2016. Finally, Dan Toohey will be stepping down from the Board after 11 years of service. We are pleased to report that Dan will continue as Director Emeritus. We would like to thank both Dan and Mike for contributing their knowledge and talents to the NewTower Board of Directors and wish them well. ■

DEBT STRUCTURE

MEPT'S LEVERAGE RATIO decreased to 19.6% from 20.8% during the quarter, which is slightly below the Fund's target leverage range of 20% to 25%. The weighted average interest rate for the Fund is 3.8% with an average remaining term of 7.2 years. No new financing activity occurred during the quarter; however, the Fund procured $556.5 million of new debt in 2016. In 2017, the Fund's management team will continue to evaluate new financing opportunities to achieve the greatest flexibility to operate an individual asset's business plan while incurring the lowest cost of debt for the Fund. ■

DEBT MATURITY SCHEDULE (IN $MILLIONS)

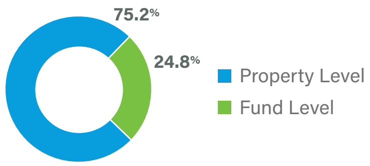


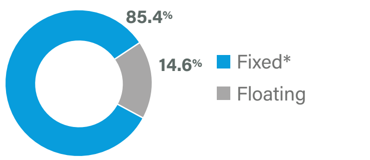
CURRENT LEVERAGE RATIO

19.6%

AVERAGE INTEREST RATE

3.76%





*Includes Swapped Floating Rate Debt

MEPT

7315 Wisconsin Avenue
Suite 200W
Bethesda, MD 20814

REAL ESTATE ADVISOR

Bentall Kennedy

www.bentallkennedy.com

TRUSTEE

NEWTOWER TRUST COMPANY

www.newtowertrust.com

MEPT engaged a printer for the production of this report that is 100% wind powered, and employs qualified union craftsmen and women. This report was printed with 100% environmentally friendly soy-based ink. The paper used in this publication was manufactured with a minimum of 30% postconsumer waste, and is Forest Stewardship Council® certified for chain-of-custody.

BUG

MULTI-EMPLOYER PROPERTY TRUST 4Q 2016 SUMMARY FUND FINANCIALS

CONSOLIDATED STATEMENT OF NET ASSETS

AS OF DECEMBER 31, 2016

UNAUDITED

Assets:	
Real estate investments—at fair value:	
Direct equity investments	$ 7,358,761,996
Joint venture investments	1,687,789,020
Mortgages and other loans receivable	186,644,080
Escrow deposits	1,632,850
Cash and cash equivalents	114,514,064
Other assets	128,070
Total assets	**$ 9,349,470,080**
Liabilities:	
Mortgages and other notes payable—at fair value	1,632,260,000
Accounts payable and accrued expenses	2,735,589
Total Liabilities	**1,634,995,589**
Net Assets	7,714,474,491
Less Net Assets Attributable to Noncontrolling Interests	1,234,654,783
Net Assets Attributable to MEPT Participants	**$ 6,479,819,708**

CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS

UNAUDITED

	QUARTER ENDED DECEMBER 31, 2016	YEAR TO DATE DECEMBER 31, 2016
Investment Income:		
Income from direct equity investments in real estate	$ 66,918,143	$ 274,716,504
Income from joint venture investments	12,394,455	50,816,133
Income from investments in mortgages and other loans receivable	2,464,480	10,942,628
Interest Income	305,100	804,227
Total Investment Income	**82,082,178**	**337,279,492**
Expenses:		
Trustee's fee	14,051,008	55,145,190
Interest expense	8,222,987	31,576,613
Other operating expenses	2,082,505	6,078,003
Total expenses	**24,356,500**	**92,799,806**
Net Investment Income	**57,725,678**	**244,479,686**
Net realized and unrealized gain (loss)	52,278,195	332,724,278
Increase in Net Assets from Operations	**110,003,873**	**577,203,964**
Less Net Income Attributable to Noncontrolling Interests	(20,197,766)	(95,374,274)
Increase in Net Assets Attributable to MEPT Particpants	**$ 89,806,107**	**$481,829,690**