SECOND QUARTER AUGUST 2018 VOLUME 34, NUMBER 2

TRUST REPORT

MEPT
A Bentall Kennedy Fund

Portfolio Spotlight: **Rediscovering the Seaport District Pg.10**

LETTER TO INVESTORS

The Dylan, Multifamily, New York

SECOND QUARTER RESULTS

(Gross of Fees)

QUARTER	TRAILING 1-YEAR	GROSS ASSET VALUE
1.78%	7.00%	8.2B

(Net of Fees)

QUARTER	TRAILING 1-YEAR	NET ASSET VALUE
1.56%	6.08%	6.5B

IN THE SECOND QUARTER, MEPT (the "Fund") continued to post strong, consistent performance with a total gross return of 1.78% (1.58%, net of fees).The Fund's 1-year total return stands at 7.00% (6.08%, net of fees), the 3-year return is 8.59% (7.65%, net of fees), and the 5-year return is 10.55% (9.58%, net of fees). MEPT's performance in the 5-year timeframe is competitive with the ODCE peer group, demonstrating the success of the Fund's strategy over longer timeframes. The Fund's recent performance, which is competitive with the peer group, is consistent with a strong, core strategy late in an economic cycle. We have conviction in our approach and will maintain a core investment discipline with the following key features:

- Over-allocation to Primary Markets
- Over-allocation to industrial, multifamily and CBD office assets
- Limited or no exposure to non-traditional asset classes such as senior housing, student housing, self-storage, hotels and data centers

During the second quarter, MEPT's performance was driven by its high-quality industrial portfolio, which provided the majority of Fund appreciation. Other key drivers of appreciation were debt mark-to-market and positive leasing activity in select CBD office assets in Primary Markets. In particular, MEPT's Seaport District office portfolio in Boston continues to be a relative strength.

To optimize performance for the current stage of the market cycle, we are working to implement the following tactical adjustments while prudently managing risk:

- Maintain overweight to multifamily while diversifying beyond primary market urban high-rise
- Reduce office overweight while increasing allocation to medical office
- Increase industrial overweight while maintaining pricing discipline
- Maintain significant underweight (half-weight) to retail
- Increase exposure to structured debt and equity investments for development projects

MEPT's target performance range for 2018 remains 6.0% to 8.0% (5.0% to 7.0%, net of fees). MEPT, and core private equity real estate in general, will continue to offer attractive relative returns as continued economic growth – driven by the 2017 tax plan, strong corporate balance sheets, and low unemployment – extends the current economic cycle. Potential headwinds exist though; they include the U.S. nearing full employment, political uncertainty regarding economic and foreign policy, and the expectation of rising rates leading to higher borrowing costs. We believe the core construction of our portfolio will provide relative outperformance during periods of market correction. We appreciate your continued confidence in our stewardship of your capital. ■

David Antonelli,
Executive Vice President &
MEPT Portfolio Manager

Mike Keating,
Senior Vice President &
Associate Portfolio Manager.

FUND OVERVIEW[1]

As of June 30, 2018

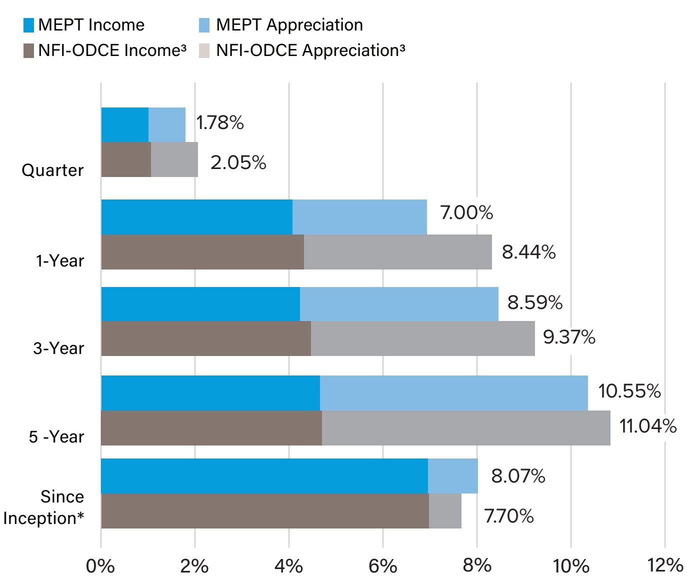
MEPT FUND METRICS

Gross Asset Value $8.2B

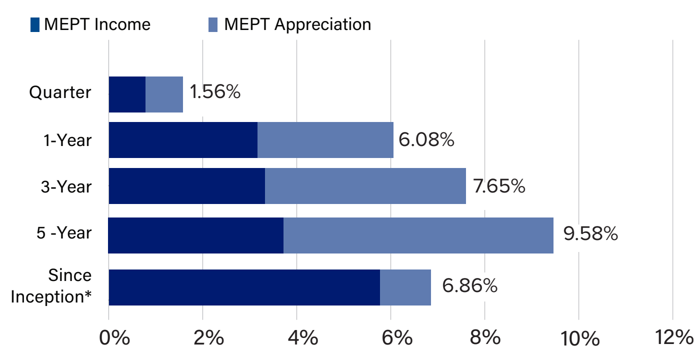
Net Asset Value $6.5B

MEPT RETURNS 2Q 2018[2]

Gross of Fees



Net of Fees



INVESTOR ACTIVITY

2Q CONTRIBUTIONS	2Q REDEMPTIONS
$2.1M	$132.3M

[1] Asset values and performance returns set forth in this report are based upon and consistent with the methodologies used for calculating such information described in the current Private Placement Memorandum for MEPT. Schedules of investment performance for MEPT are prepared by NewTower Management 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). Real estate revenue is reported when contractually earned and billable to be consistent with the valuation methodology used to determine unrealized gains and losses

[2] Please note: 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. Performance goals, including investment returns (e.g., Unit Value), acquisition and dispositi on activity, leverage, portfolio diversification (including cash position), and leasing rates could be adversely affected and actual results could differ materially from the Management Team's expectations.

[3] 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.

* Inception date (4/1/1982).

U.S REAL ESTATE MARKET OVERVIEW

IN THE SECOND QUARTER OF 2018, the U.S. economy experienced robust growth, as real GDP increased at an annual rate of 4.1%, reflecting positive contributions from personal consumption expenditures, exports, nonresidential fixed investment, federal government spending, and state and local government spending. Additionally, the labor-force participation rate remained stable at 62.9%, and the unemployment rate ended the quarter at 4.0% after dropping to an 18-year low in May.

The U.S. industrial outlook remains extremely strong, as the national availability rate declined 10 basis points to 7.2%, the lowest level since 2001 according to CBRE. Additionally, as demand outpaces supply, net asking rents increased 1.7% in 2Q and 5.5% year-over-year. The U.S. office outlook remains stable; while national vacancy increased by 10 basis points to 14.9% during the quarter according to JLL, national average effective rents only increased 0.1% over the quarter and 2.3% year-over-year.

The U.S. multifamily sector remains strong and stable. The national apartment vacancy rate rose slightly to 4.8% according to Reis, but average effective rents increased by 1.2% over the quarter. The retail sector outlook is mixed, as driven by Toys 'R' Us store closings, the vacancy rate increased to 10.2%, the highest level since 2014.

Via6, Multifamily, Seattle

MEPT PERFORMANCE AND PROPERTY SECTORS

MEPT'S SECOND QUARTER total gross return was 1.78%, which consisted of 0.97% income and 0.80% appreciation. Debt mark-to-market was a key driver of appreciation during the quarter, generating approximately 35 bps of performance. Market rent growth and yield compression across the industrial portfolio were also large drivers, particularly in assets in the West. Additionally, California office assets experienced outsized market rent growth and yield compression. However, Fund appreciation was lessened by real estate tax increases and tempered market rents at select multifamily and CBD office assets in New York and Washington, D.C. ■

PORTFOLIO METRICS

Through June 30, 2018

	ASSETS	% OF ALLOCATION (NAV)[1]	TOTAL RETURN[2]	LEASED[3]	AVERAGE STABILIZED CAP RATE
INDUSTRIAL	23	17.5%	2.9%	94.3%	5.3%
OFFICE	38	44.5%	1.7%	89.1%	5.4%
MULTIFAMILY	22	27.9%	0.3%	94.7%	4.3%
RETAIL	14	8.3%	1.5%	95.8%	5.5%

INDUSTRIAL

MEPT's industrial portfolio delivered a second quarter total return of 2.9% comprised of 1.1% income and 1.8% appreciation. Industrial has been MEPT's best performing property sector for twelve consecutive quarters due to the transformative effect of e-commerce, and all signs indicate that demand for modern warehouse space will continue to outpace supply in the near term. In the second half of 2018, MEPT's high-quality, primary-market focused industrial portfolio remains well-positioned to benefit from the continued growth in warehouse demand.

OFFICE

MEPT's office portfolio delivered a second quarter total return of 1.7% comprised of 1.1% income and 0.6% appreciation. MEPT's CBD office in San Francisco, Boston, and Denver again generated the majority of portfolio appreciation in the second quarter through increased market rent growth and strong leasing activity. However, this positive performance was moderated by CBD office assets in New York and Washington, D.C., as well as a few specific asset challenges. MEPT's high-quality, CBD office portfolio remains focused on innovation markets, which should continue to benefit from an outsized share of U.S. economic activity.

MULTIFAMILY

MEPT's multifamily assets delivered a second quarter total unlevered return of 0.3% comprised of 0.8% income and 0.5% depreciation. MEPT's multifamily portfolio depreciated slightly over the quarter primarily due to real estate tax increases and tempered rent growth at assets in the East; however, multifamily assets in development experienced market rent increases and yield compression. The Fund plans to diversify the portfolio by selling a portion of the Class A urban high-rise portfolio, and redeploying the proceeds into high-quality garden and mid-rise assets in select submarkets that we believe possess greater rent-upside potential.

RETAIL

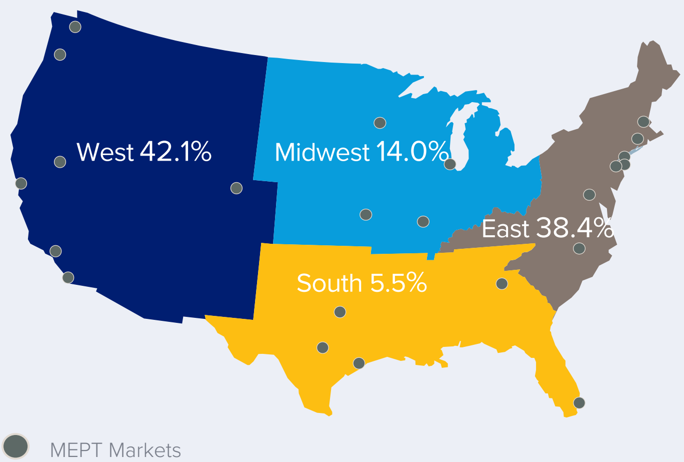
MEPT's retail portfolio delivered a second quarter total return of 1.5% comprised of 1.3% income and 0.2% appreciation. MEPT remains tactically underweight the retail sector due to continued disruption from e-commerce trends, and the Fund's modest retail allocation is designed around grocery-anchored, necessity-based retail centers, with minimal exposure to power centers and no exposure to malls. MEPT's retail portfolio remains well-leased, and in the second half of 2018, is expected to continue to generate strong and stable income yields.

[1] Excludes land and parking assets.
[2] Property sector returns are shown on an unlevered basis.
[3] Excludes non-operating assets

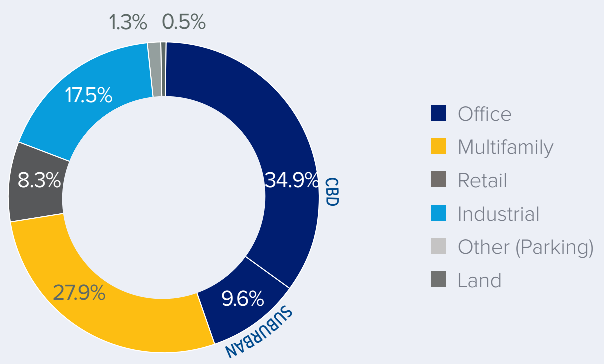
MEPT BY THE NUMBERS

Diversification and Portfolio Characteristics as of 2Q 2018

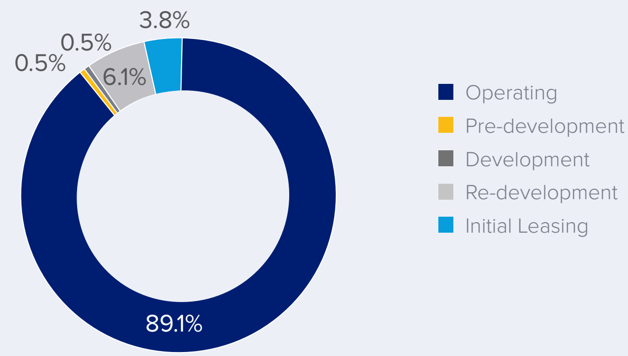
DIVERSIFICATION BY GEOGRAPHIC REGION (NAV)



DIVERSIFICATION BY PROPERTY TYPE (NAV)



DIVERSIFICATION BY LIFE CYCLE (NAV)

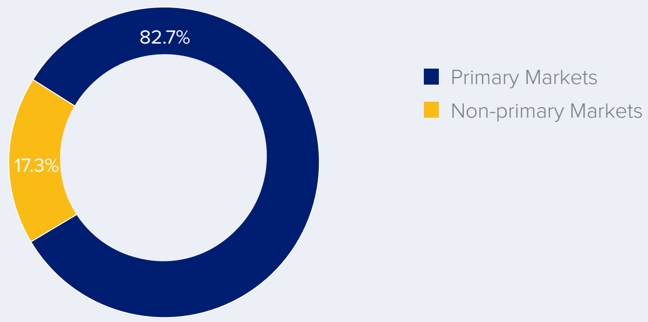


MEPT TOP MARKETS BY INVESTMENT

As of June 30, 2018

MARKET	GAV (IN $M)	% OF GAV
NEW YORK	$ 1,782	17.7%
SAN FRANCISCO	1,183	11.7%
CHICAGO	1,139	11.3%
WASHINGTON, DC	1,055	10.5%
BOSTON	881	8.7%
LOS ANGELES	860	8.5%
PORTLAND, OR	792	7.8%
DENVER	538	5.3%
SEATTLE	363	3.6%
ALL OTHER MARKETS	1,500	15.0%
TOTAL	**$ 10,093**	**100.0%**

PERCENTAGE OF PORTFOLIO INVESTED IN PRIMARY MARKETS (NAV)



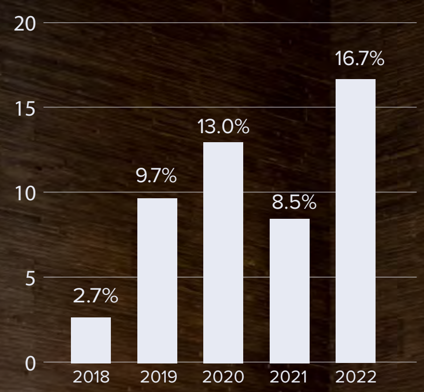
Notes

Asset values and performance returns set forth in this report are based upon and consistent with the methodologies used for calculating such information described in the current applicable fund documents for MEPT.

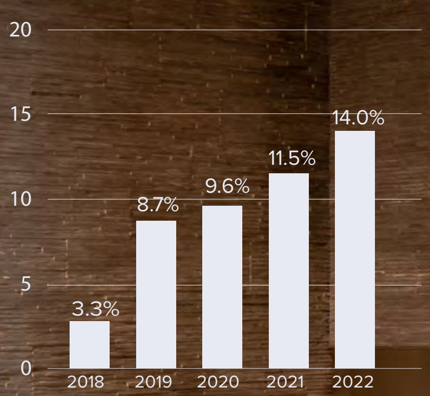
Forward looking statements found in this report are subject to change and applicable only as of the date made. Many of the factors affecting such statements are impossible to predict with certainty, and as such, are outside the control of MEPT. Further, past performance is not indicative of future results.

Lease Rollover Summary*

PERCENT OF NET RENTABLE AREA



PERCENT OF TOTAL REVENUE



* Consolidated Operating Industrial, Office and Retail

The Windward, Multifamily, Oregon

The Windward is a brand-new 200-unit mid-rise multifamily project located in the Portland metro market. The apartment community features a modern village atmosphere with comprehensive fitness, bike and pet amenities, along with on-site restaurants and shops.

Transactions

SECOND QUARTER ACTIVITY

In the second quarter of 2018, MEPT acquired or committed $321.8 million to four transactions. Below are summaries of selected transactions:

Kearny Square presented the opportunity to acquire a fully-leased, urban retail center in the New York City metropolitan area at an attractive basis.

- 2016-built retail center (138,895 sf) in Kearny, NJ
- Infill, high barrier-to-entry submarket, with a population of 1.35 million within a seven-mile radius
- Expecting delivery of a 280 unit multifamily development across the street at the end of 2018, and 2,400 multifamily/condominium units in neighboring Harrison along with a $300 million PATH station renovation
- Strong national and regional tenant roster with long-term leases (weighted average lease term of 14.7 years)
- Anchored by BJ's Wholesale Club (51.4% of revenue)

145 South Wells offered the opportunity to provide a senior construction loan on a mid-rise office development in Chicago's financial district. The loan represents 77% LTC and has a 9.0% interest rate.

- Located in the heart of the financial district within the Chicago CBD
- Experienced local developer in Moceri + Roszak, with total development projects exceeding $2.0 B
- Designed to feature creative aesthetic with exposed structural elements and an emphasis on community spaces
- Cast in-place construction approach allows for a shorter construction timeline, with delivery expected by the end of 2019
- Attractive risk-adjusted yield relative to capital stack positioning

Capitol Hill Station presented the opportunity to develop a LEED Platinum multifamily high-rise community in Seattle's Capitol Hill neighborhood.

- Located in amenity-rich Capitol Hill neighborhood immediately east of Seattle's CBD
- Centrally located at the site of the Capitol Hill Link station and along main thoroughfares
- Designed to be LEED Platinum with higher-level finishes and top-of-the-line amentities
- Experienced sponsor in Gerding Edlen Development

WHILE THE FUND MAINTAINS a disciplined and measured approach to acquisitions, MEPT continues to source attractive opportunities both on and off-market. The Fund currently has one retail asset, one industrial asset, one structured debt investment and one mixed-use development under contract or LOI, all of which are expected to close in 2018.

Additionally, MEPT continued to take advantage of aggressive market pricing to realize value and exit non-strategic assets. Although there were no dispositions during the quarter, the Fund currently has one office asset and one industrial asset under contract and expected to close in 2018. As always, MEPT continues to evaluate its portfolio and pursue opportunities to maximize asset value through accretive disposition activity.

2018 ACQUISITION PIPELINE OF EXISTING AND DEVELOPMENT OPPORTUNITIES IN $MILLIONS

$614.2M
CLOSED

$606.5M
IN PROCESS

$1,220.7M
ACQUISITION PIPELINE TOTAL

Closed

BOSTON
- Harrison/Albany Block $220.0

CHICAGO
- Stony Creek Outlots $7.5
- 145 South Wells (Loan) $71.4

RALEIGH
- The Marlowe Lake Boone $68.1

SEATTLE
- Capitol Hill Station $201.0

NEW YORK
- Kearny Square $46.2

In Process

SAN FRANCISCO
- Multifamily[2] $136.3

SEATTLE
- Debt/Multifamily $150.0

RENO
- Industrial[1] $18.5

PITTSBURGH
- Retail $103.3

CHARLOTTE
- Retail $34.2

ATLANTA
- Multifamily $55.5

MIAMI
- Industrial $108.7

$403.5M
TOTAL CLOSED DISPOSITION

5
ASSETS

Disposition Activity

STAGE

CLOSED	IN PROCESS	POTENTIAL
$110.8	$147.3	$418.0
$157.0	$390.1	$8.8
$135.7	$90.0	
	$2.7	

KEY: Office, Multifamily, Retail, Industrial, Other (Parking), Land

[1]Expansion of an existing asset
[2]Partnership buyout

Portfolio Spotlight:

Transform

REDISCOVERING THE SEAPORT DISTRICT AND CREATING VALUE AT 22 BOSTON WHARF

Property Stats[1]

$168.0M
asset value

$123.6M
total cost

120,798
office sf.

100%
office leased

MARKET OVERVIEW

THE SEAPORT'S TRANSFORMATION into a viable "live-work-play" location has been a decades-long process. Aided by Boston's strong economic performance and the migration of major tenants to the area, the Seaport has been the focal point of Boston's growth since 2010.

The dramatic increase in development between 2010 and 2014 virtually guaranteed Boston's Seaport District would be more heavily trafficked in the years ahead than at any point in the area's history, as thousands of new renters, workers, shoppers, and restaurant patrons were moving to the area.

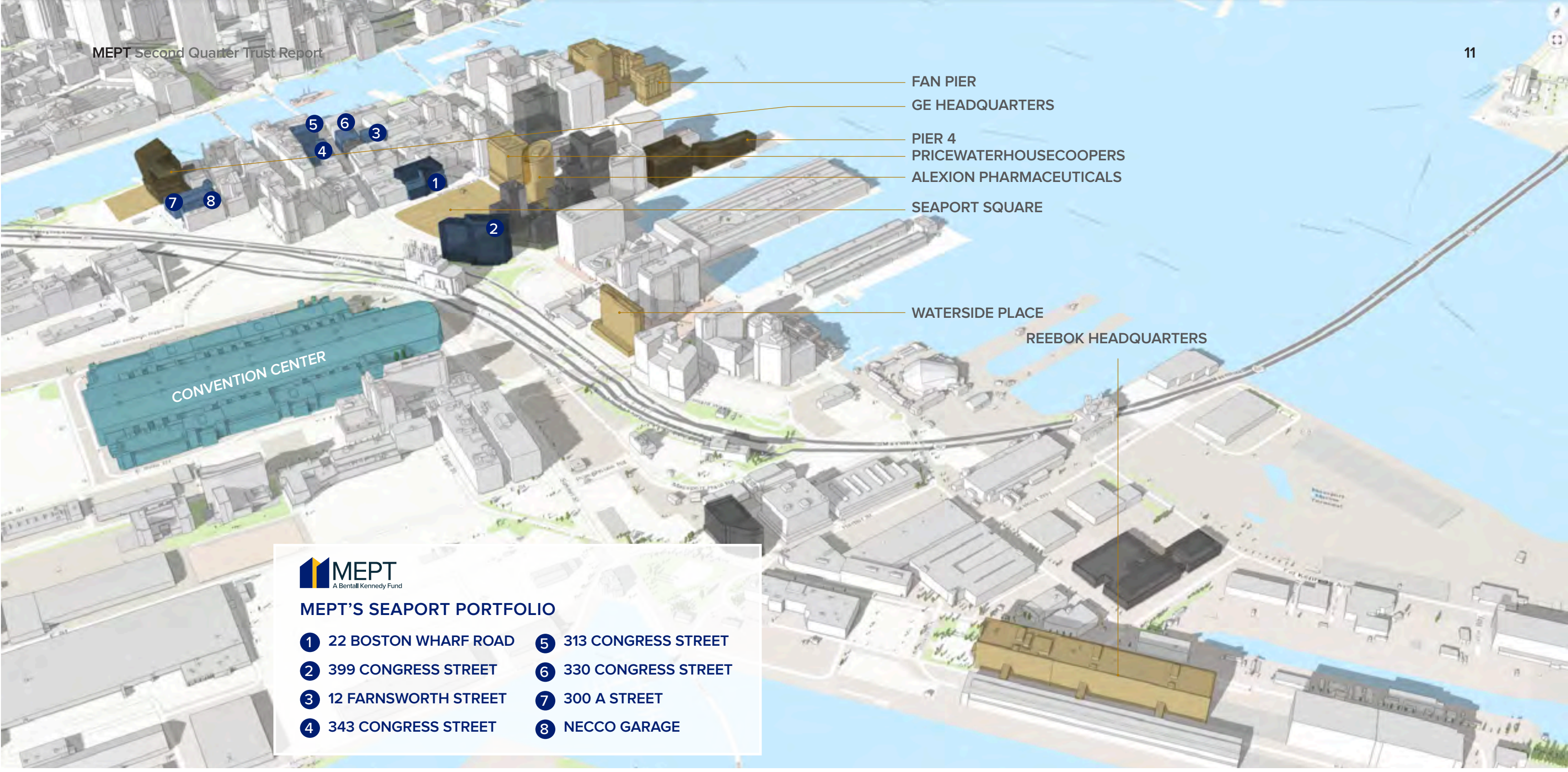
As anticipated, the South Station/Fort Point Channel submarket matured into a more developed and well-rounded neighborhood, the appeal of which was enhanced by additional development of all types and high-profile leases. In 2016, General Electric announced they would be moving their headquarters to the Seaport District, joining Vertex Pharmaceuticals, PricewaterhouseCoopers, and a host of other biomedical and corporate businesses in the area.

In late 2016, Reebok also announced they would relocate their headquarters to the Seaport District in order to appeal to and tap into the city's young workforce. More recently, in May 2018, Amazon signed a lease for 430,000 sf at Seaport Square, which is expected to bring 2,000 new tech jobs to the submarket. The strong and sustained demand for office space continues to raise the profile of Seaport office assets and drive healthy demand for all asset classes across the entire Fort Point area.

SEAPORT PORTFOLIO

In late 2015, MEPT completed the acquisition of its Seaport portfolio, a $396.0 million portfolio of office and parking assets in the Seaport District of Boston. 22 Boston Wharf, acquired in the portfolio, offered the opportunity to develop a two-story, vertical expansion on the existing eight-story building at 22 Boston Wharf Road. The existing building was developed in 2001 and consisted of two floors of office space above a six-story parking garage, known as Stillings Garage.

[1]As of June 30, 2018



22 Boston Wharf

Strategy → **Execution** → **Results**

Strategy

- Identified desirable office location in the heart of Boston's Seaport District, which was undergoing a transformation into a true "live/work/play" location
- Targeted the Seaport Portfolio for its mix of unique brick-and-beam office space, well-located parking assets
- 22 Boston Wharf offered the opportunity to develop high-end class A office space over an existing garage

Execution

- Selected Consigli Construction as the General Contractor
- Designed modern, LEED certified Class A space which would provide an alternative to the existing brick-and-beam product and command a price premium relative to existing assets

Results

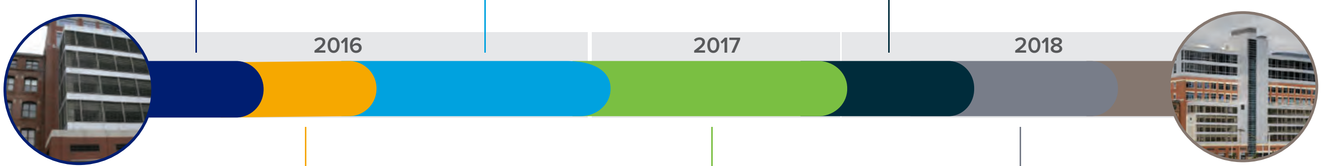
- Office space is 100% leased and asset is 97.4% leased as of 2Q18
- Average leased rent represents a 9% premium to base case proforma rents at acquisition
- Gross asset value as of 2Q18 is $168.0 M

MARCH 2016
Received BRA Approval

OCTOBER 2016
Commenced Construction

APRIL 2018
Certificate of Occupancy-Core and Shell

AUGUST 2018[1]
Building Fully Leased & Stabilized



JUNE 2016
Received Fort Point Landmark Commission Approval

OCTOBER 2017
Substantial Completion-Core and Shell

JULY 2018
Final Completion-Core and Shell

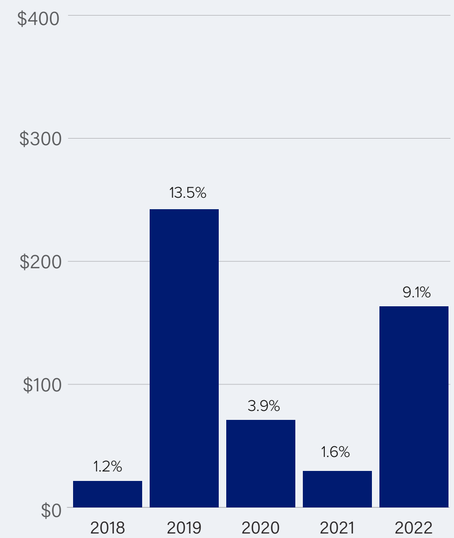
[1]Current projection

DEBT STRUCTURE

MEPT'S LEVERAGE ratio increased to 21.4% from 20.7% due to draws on the Fund's revolving credit facility to fund acquisition and development activity, and remains within the Fund's target leverage range of ±3% of peer group leverage, which was 21.1% as of 2Q18.

Over the quarter, MEPT completed the expansion of its credit facility to $650.0 M from $500.0 M while extending the term to 2023 from 2020. The Fund's weighted average interest rate is 3.7%, with a weighted average remaining term of 6.1 years. MEPT's management team will continue to identify and evaluate new financing opportunities to achieve the greatest flexibility to operate an individual asset's business plan while seeking to incur the lowest cost of debt for the Fund. ■

DEBT MATURITY SCHEDULE (IN $ MILLIONS)



CURRENT LEVERAGE RATIO
21.4%

WEIGHTED AVERAGE INTEREST RATE
3.67%

Property Level	51.0%
Fund Level	49.0%

Fixed	75.8%
Floating	24.2%

ESG HIGHLIGHTS

MEPT

$5.4B
LEED CERTIFIED ASSETS

1st
RANKED 1ST GLOBALLY BY **GRESB**[1] AMONG ITS PEER GROUP FOR THE THIRD YEAR IN A ROW

BENTALL KENNEDY

7year
ENERGY STAR AWARD WINNER

70.9M kWh
CUMULATIVE SAVINGS (2013-2017)

12.1%
DECREASE IN NORMALIZED WATER CONSUMPTION ACROSS RETAIL PORTFOLIO (2013-2017)

$3.77M
TOTAL UTILITY COST SAVINGS ACROSS NORTH AMERICA (2016-2017)

MEPT
A Bentall Kennedy Fund

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[1] Global Real Estate Sustainability Benchmark.