BentallGreenOak

4Q 2019

Quarterly Report

MEPT Fund

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Property Sector Analysis
U.S. Market Overview

PORTFOLIO SPOTLIGHT

The Octagon

THE METRO
Multifamily, Denver

Fourth Quarter

(Gross of Fees)

Quarter	Trailing 1-Year	Gross Asset Value
0.85%	4.57%	$8.4B

(Net of Fees)

Quarter	Trailing 1-Year	Net Asset Value
0.63%	3.66%	$6.4B

In the fourth quarter, the MEPT Fund ("MEPT" or the "Fund") generated a total gross return of 0.85% (0.63%, net of fees). The Fund's 1-year total return now stands at 4.57% (3.66%, net of fees), the 3-year return is 6.38% (5.47%, net of fees), and the 5-year return is 8.19% (7.25%, net of fees). The Fund trailed the NFI-ODCE Index ("ODCE") total return in the fourth quarter; however, we are confident that the Fund is appropriately positioned given the late stage of the economic expansion and will generate attractive risk-adjusted returns consistent with a traditional core strategy.

The Fund's positive overall return in the fourth quarter was due to MEPT's durable income return, which is driven by the Fund's 92.3% leased operating portfolio, as well as strong performance from assets in West Coast markets, with industrial assets once again leading all property types. The Fund experienced modest depreciation for the first time in seven years mainly due to softness in the New York, Chicago, and Washington, DC office markets. Heading into 2020, we do not expect these markets to continue to negatively affect Fund performance to the extent recognized in the fourth quarter.

Additionally, several property-level events (leasing, dispositions, legal settlement, etc.) were delayed into 2020; these have the potential to enhance performance in the first quarter and thereafter. Further, the Fund committed to amenity upgrades in several of its office holdings; the increase in budgeted capital expenditures caused modest depreciation in the fourth quarter but, we believe, will result in increased leasing, retention, and revenue in the future. Finally, we also expect improvement in multifamily occupancies and potentially rental rates as we enter the spring leasing season.

During the quarter, the Fund acquired AVE Aviation & Commerce Center, capping an active year in which both acquisition and disposition activity exceeded 2019 targets. During the year, the Fund acquired or committed to $921.5 million of acquisitions, including over $370.0 million of industrial assets and over $200.0 million of structured debt investments. Disposition activity in 2019 primarily consisted of office properties. During the year, the Fund sold over $770.0 million of office assets, thereby reducing its office allocation by over 750 bps, from 45.3% to 37.7%. These 2019 transactions strategically position the portfolio for 2020 by decreasing the Fund's office allocation and increasing the Fund's overweight to industrial and the Fund's allocation to structured investments.

MEPT's portfolio positioning is strong, especially considering the uncertainty facing continued economic expansion, with an overweight to Primary Markets and industrial, multifamily, and CBD office assets while significantly underweighting retail and suburban office assets. Additionally, the Fund is projecting over 7.0% same store NOI growth in 2020 due to contractual rent increases and expected leasing activity.

The current U.S. economic expansion seems likely to continue in 2020. This coupled with MEPT's portfolio positioning and the NOI growth expectation of the operating portfolio should drive performance in 2020, which is projected to be 5.0%–7.0% (gross). As always, we remain vigilant in our management of MEPT and we greatly appreciate your continued confidence in our stewardship of your capital. ■

David Antonelli,
Managing Partner
Senior Portfolio Manager

Mike Keating,
Managing Director
Portfolio Manager

On the Cover: **THE OCTAGON**, *Multifamily*, New York

MEPT Fund Overview[1]

As of December 31, 2019

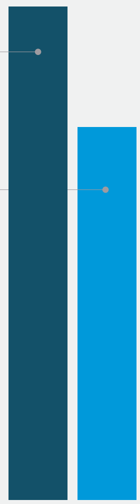
Fund Snapshot

Gross Asset Value

$8.4B

Net Asset Value

$6.4B



109 Assets

27 Markets

336 Investors

92.3% Leased

34.0M Operating Square Feet

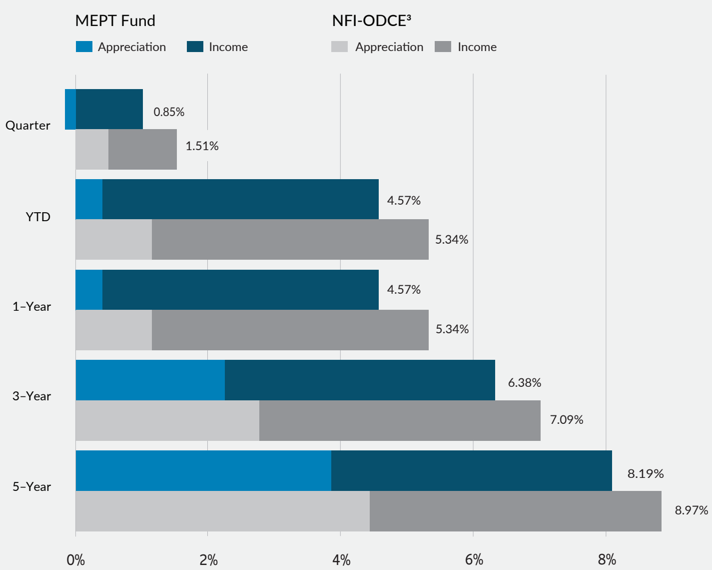
23.4% Leverage as a % of GAV

1.6% Cash as a % of NAV

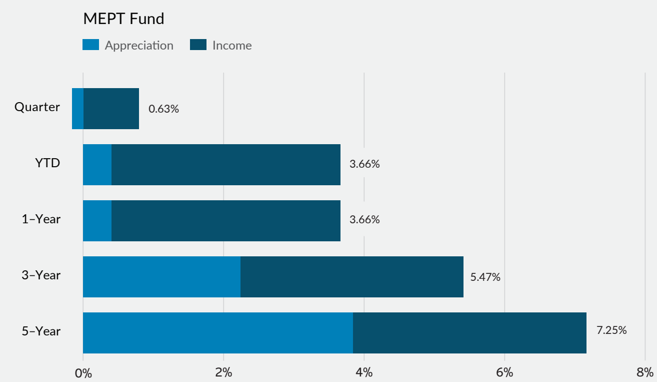
14.4YRS Average Property Age

Fund Returns 4Q 2019[2]

Gross of Fees



Net of Fees



Investor Activity

4Q Contributions	4Q Redemptions
$4.3M	$93.3M

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 applicable fund document for MEPT. Schedules of investment performance for MEPT are prepared by NewTower Trust 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 Fund or on MEPT Fund 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 disposition 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.

U.S. Market Overview

The U.S. economy continued to expand during the fourth quarter, however economic growth has slowed from 2018. According to the government's advance estimate, real GDP increased by 2.1% on an annualized basis. In all, GDP increased by 2.3% in 2019, down from 2.9% in 2018. The economy added over 550,000 nonfarm payroll jobs over the quarter and the unemployment held steady at 3.5%, its lowest level in 50 years. Wage growth continues to outpace inflation. The health of the U.S. consumer, coupled with low interest rates and recent positive momentum on international trade with the signing of the Phase 1 deal with China and the U.S.-Mexico-Canada agreement, bode well for growth in 2020.

The outlook for the U.S. industrial real estate sector continues to be very positive. The national availability rate held constant at 7.2% in the quarter as net absorption accelerated from earlier in the year, according to CBRE-EA. High levels of new construction will mean a moderation in industrial rent growth but most markets will remain very tight in a historical context. The U.S. office outlook is positive as the overall vacancy rate held constant at 12.1%, while national asking rents increased on both a quarterly and annual basis.

The U.S. multifamily sector strengthened over the past year as the vacancy rate decreased 40 bps to 4.2%, according to RealPage, while average effective rents rose by nearly 3.0%. Retail was relatively unchanged as the availability rate for neighborhood, community and strip centers decreased slightly to 8.6%, according to CBRE-EA.

Market Overview Highlights

2.1%
GDP increase

550k
Non-farm payroll jobs added

3.5%
Unemployment rate

7.2%
Industrial vacancy rate

12.1%
Office vacancy rate

4.2%
Multifamily vacancy rate

MEPT Property Sector Metrics and Performance

As mentioned in the Portfolio Manager's letter, MEPT's fourth quarter total gross return was 0.85% (0.63%, net of fees), consisting of 1.01% income and 0.16% depreciation and the breakdown of property-level performance is detailed below.

Portfolio Metrics

As of December 31, 2019

	Assets[1]	% Of Allocation (GAV)[1]	Total Return[2]	Leased[3]	Average Stabilized Cap Rate
Industrial	29	19.9%	1.8%	97.0%	4.9%
Office	33	37.7%	0.3%	87.7%	5.3%
Multifamily	26	32.3%	0.6%	86.6%	4.4%
Retail	17	9.1%	1.2%	95.8%	5.6%

Industrial

The Fund's industrial portfolio delivered a total return of 1.78% in the fourth quarter, comprised of 1.11% income and 0.67% appreciation. The majority of the industrial portfolio realized further appreciation during the quarter, driven by continued market rent growth. The Fund's top-performing asset was AVE Aviation & Commerce Center, which was acquired in an off-market transaction and appraised for $5.4 million higher than its purchase price. The Fund's industrial portfolio is concentrated in supply-constrained distribution markets and is expected to benefit from continued growth in warehouse demand in 2020.

Office

The Fund's office portfolio realized a total return of 0.28% in the fourth quarter, comprised of 0.95% income and 0.67% depreciation. The Fund's New York, Chicago, and Washington, DC portfolios detracted from performance as softness in these markets contributed to cap rate expansion and reduced market rents. Nevertheless, MEPT's office portfolio remains well-positioned following over 200,000 sf of net absorption during the quarter. Additionally, the Fund continues to benefit from strong performance in innovation markets such as San Francisco, Denver, and Boston. In 2020, we expect the Fund's office portfolio to benefit from continued demand for Class A office space in innovation markets.

Retail

The Fund's retail portfolio delivered a total return of 1.18% in the fourth quarter, comprised of 1.30% income and 0.13% depreciation. The Fund has strategically maintained a significant underweight to the retail sector due to the disruptive effects of e-commerce. The Fund's retail allocation is almost entirely comprised of grocery-anchored, necessity-based retail centers, and includes minimal exposure to power centers and no exposure to malls. As a result, the Fund's retail portfolio remains well-leased at 95.8% and outperformed the ODCE retail return by 640 bps in 2019.

Multifamily

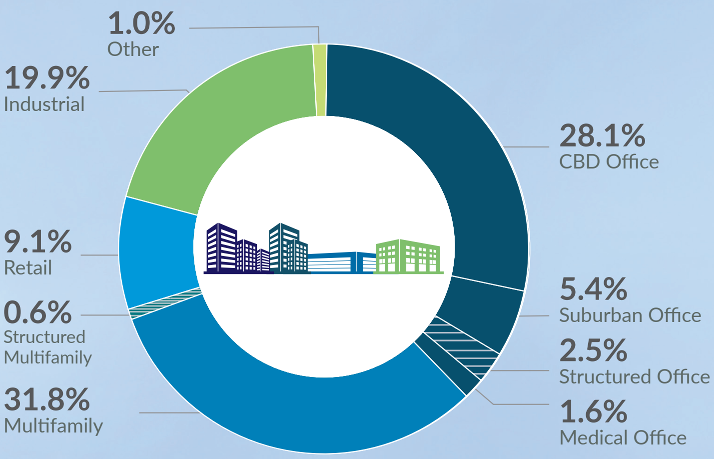
The Fund's multifamily assets delivered a total return of 0.61% during the quarter, comprised of 0.86% income and 0.25% depreciation. The Metro, a mid-rise apartment community in Denver, CO, was the Fund's top-performing asset following continued market rent growth in the Denver market. The Fund's Washington, DC assets also benefited from increased market rents and strong leasing activity during the quarter. This was offset by increases in operating expenses at assets in Seattle, Atlanta, and New York. The Fund's multifamily portfolio primarily consists of Class A assets in dynamic live/work/play locations and should continue to provide attractive risk-adjusted performance.

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

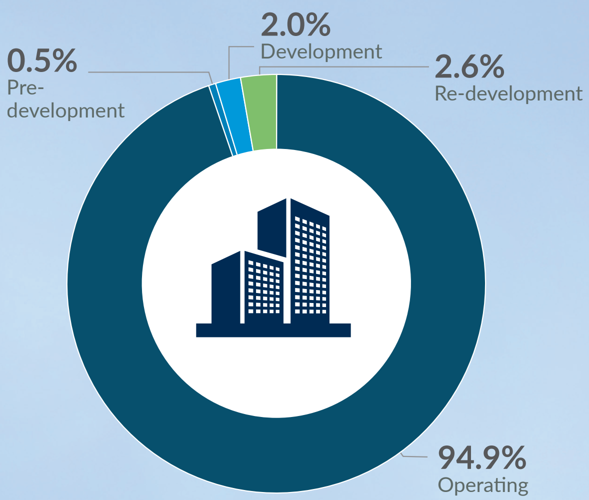
MEPT by the Numbers

Diversification and Portfolio Characteristics as of December 31, 2019

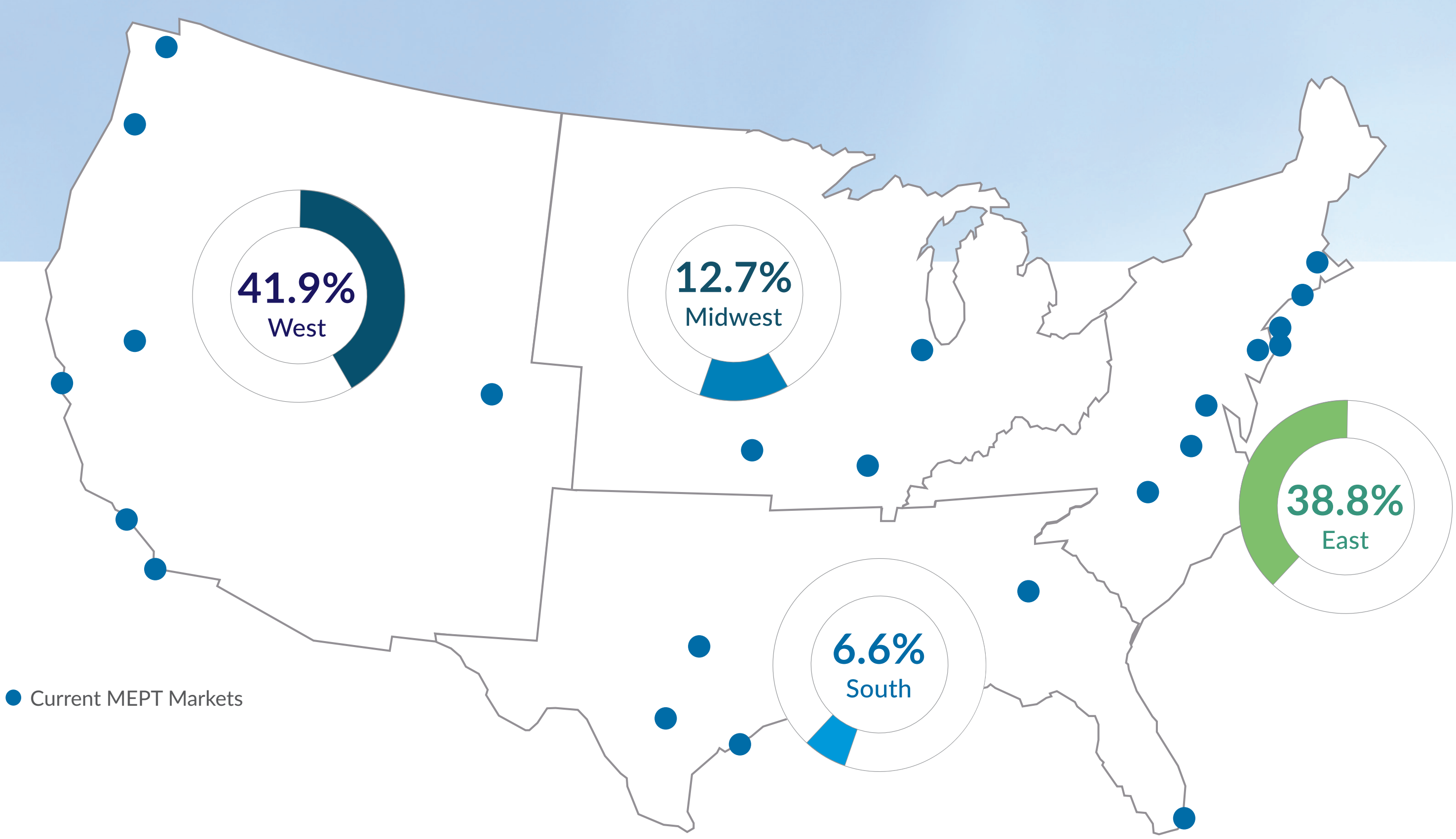
By Property Type (GAV)



By Life Cycle (GAV)



By Geographic Region (GAV)



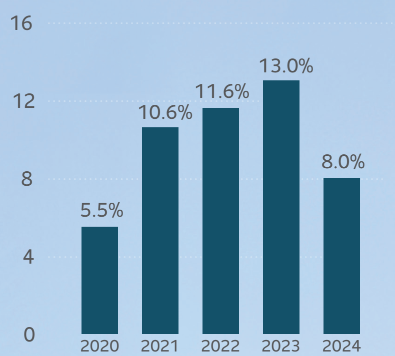
Notes

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.

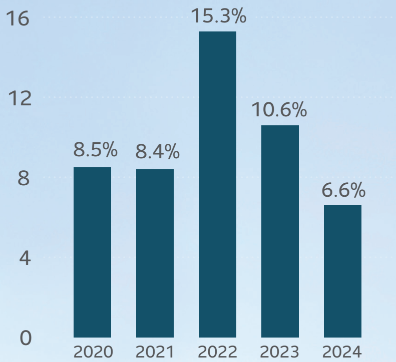
Forward looking statements found in this report are subject to change and applicable only as of the date made. Many of the factors affecting such statements are impossible to predict with certainty, and as such, are outside the control of MEPT. Further, past performance is not indicative of future results.

Lease Rollover Summary[1]

Percent of Total Revenue



Percent of Net Rentable Area



[1]Consolidated Operating Industrial, Office and Retail

1200 STEWART (MEZZANINE LOAN)
Multifamily, Seattle

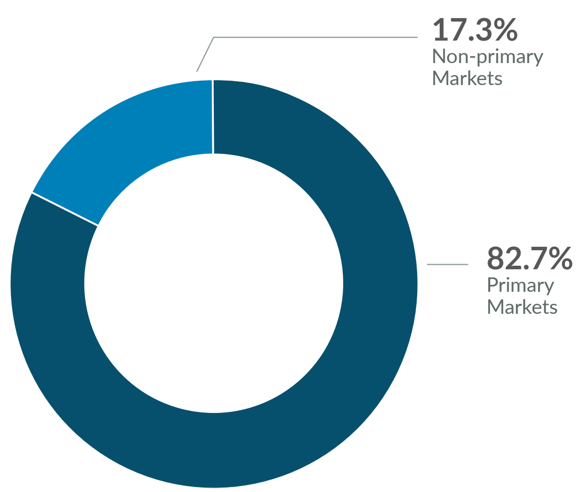
Top Markets by Investment

As of December 31, 2019

MARKET	GAV (IN $M)	% OF GAV
New York, NY	$ 1,825	17.2%
Chicago, IL	1,119	10.6%
San Francisco, CA	1,103	10.4%
Washington, DC	972	9.2%
Los Angeles, CA	847	8.0%
Portland, OR	837	7.9%
Boston, MA	823	7.8%
Denver, CO	753	7.1%
Seattle, WA	472	4.5%
Other Markets	1,857	17.5%
Total	**$10,609**	**100.0%**

Primary Market Secondary Market

By Market (GAV)



Fourth Quarter Activity

Transactions

In the fourth quarter of 2019, MEPT acquired one industrial asset, which is detailed below:

AVE Aviation & Commerce Center is an industrial asset in Miami, FL, consisting of the leasehold interests in three small-bay industrial buildings and three ground lease parcels. The property is encumbered by a master ground lease with Miami-Dade County Aviation Department.

- Built between 2010–2015, the three existing assets have building specifications that broadly appeal to institutional investors and tenants, including 24 ft clear heights, shallow building depths (152 ft to 229 ft), and suite sizes that appeal to smaller users
- Attractive leasing profile with 100% occupancy and staggered lease expirations
- Stable and growing income stream from ground lease parcels with weighted average remaining lease term of 26 years and attractive rental rate increases
- Well-located on the southeast side of Miami-Opa Locka Executive Airport with direct access to Gratigny Parkway, which provides a connection to I-95, I-75, the Florida Turnpike, and Palmetto Expressway
- Acquired off-market at an attractive basis representing a $5.4 million discount to the fourth quarter appraised value

Acquisitions

In 2019, the Fund committed to $921.5 million of acquisitions, comprised of $622.2 million of operating assets and $299.3 million of development commitments. Operating assets were almost exclusively comprised of industrial and multifamily properties, resulting in a 430 basis point increase in the Fund's industrial allocation and a 370 basis point increase in the Fund's multifamily allocation. The Fund's development commitments consisted of a $200.0 million mezzanine loan on a Seattle residential development and a $99.3 million mixed-use development in Pittsburgh's Strip District, which is outperforming underwriting following the signing of a 100,000+ sf lease during the quarter.

Dispositions

In the fourth quarter, the Fund sold 3500 Lacey Road, a suburban office asset in Chicago for $128.5 million. As part of the transaction the Fund provided a $33.0 million preferred equity position that will generate a fixed 10% return. Additionally, the Fund is currently under contract to sell a land parcel zoned for industrial development in the New York City MSA for $63.5 million, representing a $13.5 million premium to its current carrying value.

In 2019, the Fund completed nine dispositions generating gross proceeds of $869.7 million. Office dispositions accounted for over $770.0 million of gross proceeds, reducing the Fund's office allocation by over 750 bps to 37.7%.

AVE AVIATION & COMMERCE CENTER
Industrial, Miami
$107.5M

2019 Transaction Pipeline of Existing and Development Opportunities

$921.5M
Acquisitions Closed

$35.0M
In Process

$956.5M
Pipeline Total

Acquisition Activity

Closed

CITY	ASSET NAME	LIFE CYCLE	COMMITMENT (IN $M)	ASSET CLASS
Seattle	1200 Stewart (Mezzanine Loan)	Development	$200.0	Multifamily
Stockton	NorCal Logistics Center	Operating	$103.7	Industrial
Boston	3 Distribution Center	Operating	$44.9	Industrial
Boston	140 Depot Street	Operating	$31.9	Industrial
Boston	30 Superior Drive	Operating	$51.6	Industrial
Pittsburgh	Strip District Portfolio	Re-development	$99.3	Retail/Office
Portland	Windward Retail A (Loan)	Operating	$6.9	Retail
Portland	Windward Land (Purchase Option)	Operating	$8.1	Multifamily
Denver	Alameda Station	Operating	$109.0	Multifamily
Chicago	McClurg Land (Partial Acquisition)	Operating	$14.4	Multifamily
Boston	1 Technology Drive	Operating	$33.5	Industrial
Atlanta	The Five (fka Broadstone Ridge)	Operating	$68.2	Multifamily
Miami	AVE Aviation & Commerce Center	Operating	$107.5	Industrial
Chicago	Stony Creek Promenade – Phase II	Operating	$9.5	Retail
Chicago	3500 Lacey Road Preferred Equity	Operating	$33.0	Office

In Process

CITY	ASSET NAME	LIFE CYCLE	COMMITMENT (IN $M)	ASSET CLASS
Denver	Industrial Opportunity	Operating	$35.0	Industrial

$869.7M
Total Closed Dispositions

9
Assets

$352.1M
Total Dispositions in Process

4
Assets

Disposition Activity

Closed

CITY	ASSET NAME	ASSET CLASS	PRICE (IN $M)
Boston	22 Boston Wharf	Office	$178.1
Boston	300 A Street	Office	$70.4
Boston	Necco Garage	Other	$81.1
Portland	Windward Retail Unit	Multifamily	$8.0
San Francisco	600 California Street	Office	$322.8
Washington, DC	1660 International Drive	Office	$71.1
Kansas City	Kansas Commerce Center – Lots 2-3 & 8	Industrial	$5.8
Chicago	3500 Lacey Road	Office	$128.5
St. Louis	Gateway Commerce Center – Lot 5	Land	$3.9

In Process

CITY	ASSET NAME	ASSET CLASS	PRICE (IN $M)
Washington, DC	Office Asset	Office	$66.8
Baltimore	Office Asset	Office	$23.8
Chicago	Multifamily Asset	Multifamily	$198.0
New York	Development Parcel	Industrial	$63.5

Investment Spotlight:

The Octagon

Investment Overview

In 2004, the Fund committed $147.0 million to develop the Octagon, a 13-story, high-rise multifamily community on Roosevelt Island in New York City with sweeping views of the East River, Manhattan, and Queens West, and over 20,000 square feet of private outdoor space that is rare in New York City. The community was completed in 2006 and includes apartments and retail space. There are 501 apartments, 401 of which are market rate and 100 are moderate income units that will roll to market upon vacancy starting in 2021. There is 5,679 square feet of retail space, including a daycare and a pet novelty production company. The community offers 24/7 concierge service, a clubroom, a media room, a fitness center, two children's playrooms, café seating, a swimming pool, and a courtyard.

Renovation Plan

The building amenities were underutilized and required modernization and reconfiguration to be competitive with the current market offerings. Accordingly, in 2018, the Fund approved a $13.6 million capital project to modernize the leasing office and the interior and exterior amenities of the building.

The capital project consists of the following improvements:

- **Leasing Office –** Modernize the leasing office to a more open concept and move it from the fourth floor to the first floor to increase tenant engagement and improve the customer experience.
- **Interior Amenities –** Expand the fitness center to two floors and add a yoga/fitness-on-demand room, spin studio, and free weight room, all with state-of-the-art fitness equipment, as well as a fitness center lounge. Add a co-working lounge with a high-end café-style vending area and a tween lounge. Modernize the other interior amenities (game room, clubroom, children's playroom, etc.), including upgrading all the rooms with modern finishes and furniture, improving the flow between the various rooms, and making the space more flexible so that the rooms could be used individually or combined for larger events.
- **Exterior Amenities –** Upgrade the swimming pool area with new pavers, furniture, and more attractive fencing. Add a fire pit and deck area, grilling stations, pergola, improved landscaping, and furniture throughout the outdoor space.

There can be no assurance that the Fund will actually make investments that are comparable in scope, type or quality to the investments referenced in this document or that similar investments will be available to the Fund.

Results

The entire project is expected to be completed under budget this spring. The interior renovations opened in November 2019 with a gala reception and, as expected, have resulted in increased apartment rents and ancillary revenue.

$4,127 Average market rent for market rate units

15.4% Increase in market rent since project approval

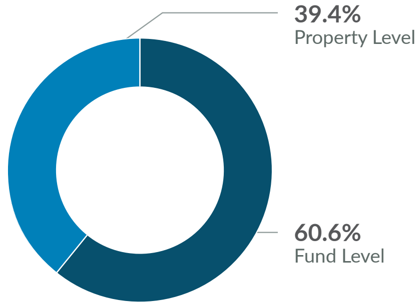
6.6% Rent premium over project underwriting

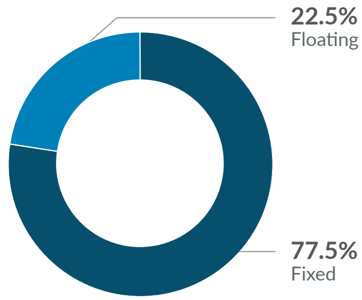
In addition to increasing apartment rents, the scale and quality of the asset's amenities allow us to charge an upfront amenity fee to all units, $700 per unit for the first lease year and $400 per unit for each subsequent lease year, which is significantly higher than the original projected revenue of $350 per unit per year. The positive leasing momentum from the capital project is expected to continue in the spring when the exterior improvements are expected to be complete.

Debt Structure

The Fund's leverage ratio increased to 23.4% during the quarter following the closing of a $400.0 million private placement. The private placement provides the Fund with unsecured Fund-level debt at an attractive fixed rate and is structured in two tranches: 10-year ($200.0 million, 3.22%) and 12-year ($200.0 million, 3.32%). MEPT's leverage ratio remains within the Fund's target leverage range of ±3% of peer group leverage, which was 23.2% as of 4Q19. ■

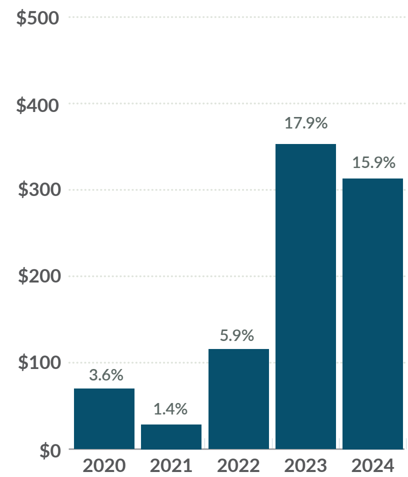
Current Leverage Ratio	Weighted Average Interest Rate
23.4%	3.57%





Debt Maturity Schedule

(in $ millions)



2019 GRESB Performance Highlights

MEPT continues its ESG leadership with top rankings in the 2019 Global Real Estate Sustainability Benchmark (GRESB)

GRESB ★ ★ ★ ★ ★ 2019

★ **Received 5 green stars** and overall regional sector leader status

★ **Ranked 2nd** for Climate Resilience in the Global Diversified category

★ **Increased GRESB score** by 5 points to 92 (out of 100) vs. GRESB average of 72

ESG Leadership

1st Out of 67 US Diversified

2nd Out of 230 Globally Diversified

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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.

Global Real Estate Sustainability Benchmark ("GRESB") awards are based on GRESB's assessment of seven sustainability aspects, using 50 real estate related indicators. The assessment includes information on property performance indicators, such as energy consumption, greenhouse gas emissions, water consumption, and waste. Details of the questionnaire and GRESB's assessment and weighting of responses are available at https://gresb.com/gresb-real-estate-assessment/.