BGO MEPT Fund

3Q 2023 | Quarterly Report

Acton Road Storage
Self-Storage, Birmingham

Contents

Portfolio Manager's Letter

In the third quarter, the BGO MEPT Fund ("BGO MEPT", "MEPT" or the "Fund") generated a total gross return of -3.25% (-3.49%, net) compared with a total gross return of -1.90% for the NCREIF-ODCE Index ("ODCE"). Performance across the benchmark continues to be volatile as valuations lack market clarity amid ongoing capital markets dislocation.

During the third quarter, the Fund completed the strategic disposition of Project Odyssey, a five-asset California industrial portfolio, generating net proceeds of $560 million and resulting in a year-one cap rate of 3.2%. The Fund had completed its original business plans across the portfolio as initial investments were made in 1999. The sale benefited the Fund by disposing of older, less functional assets with a weighted average age of 19 years, and following this sale, the Fund will continue to maintain a significant overweight to industrial. The Fund used $545 million of the proceeds to pay off debt maturing in 2024 with a weighted average interest rate of approximately 6.5%. Retiring this debt will be highly accretive to Fund returns going forward.

The Fund strengthened its balance sheet during the quarter, decreasing its leverage ratio from 30.4% to 27.5% by paying down $414 million of debt. In addition, the Fund reduced its weighted average cost of debt from 4.83% to 4.60%, and decreased 2024 debt maturities from $537 million to $202 million. The Fund will seek to pay off maturing debt and reduce any floating rate exposure while interest rates remain elevated.

MEPT's remaining industrial and self-storage portfolios generated positive returns, demonstrating the merits of the Fund's strategic portfolio construction in property types and geographic regions characterized by strong property fundamentals and rent growth prospects. The Fund's industrial portfolio delivered positive performance as continued rent growth largely offset a modest expansion of investment rates. In the self-storage portfolio,

On the Cover:
Braselton Point Logistics Center
Industrial, Atlanta

Project Odyssey Industrial Disposition

$560M
Net Proceeds

3.2%
Year-1 Cap Rate

3.5M SF
Consisting of 16 Warehouses across 5 Assets

Valencia Commerce Center II
Industrial, Los Angeles

strong lease-up and business plan execution along with solid property-level fundamentals drove appreciation. The industrial and self-storage portfolios should continue to underpin the Fund's performance during this challenging economic period.

As persistent higher interest rates have expanded valuation metrics, the Fund experienced unlevered property-level depreciation during the third quarter. Multifamily experienced depreciation due to higher valuation rates, and office continues to be affected by negative sentiment.

As of quarter-end, the Fund's operating portfolio was 92.0% leased. During the quarter, the asset management team completed a 57,351 sf renewal with HD Supply at Mission Trails, a San Diego, CA industrial property, with 4% annual rent increases. Across the stabilized multifamily portfolio, renewal trade-outs averaged 5.5% in the third quarter.

Additional transaction activity during the third quarter included opportunistic acquisitions of minority joint venture interests of partners at Russell Ranch Road, an office asset in Oxnard, CA, and at Spoke and Hubbard Place, multifamily properties in Chicago, IL.

In addition to Project Odyssey, the Fund completed the sale of two industrial assets early in the fourth quarter: 1 Technology Drive in Peabody, MA and FloWorks in Pearland, TX. The Fund has also started the sales process with additional assets as we continue to seek avenues to create liquidity in this challenging transactions environment.

In the recently released 2023 GRESB results, the Fund demonstrated its continued ESG leadership, placing 4th among 62 funds in the US Core Diversified category. Additionally, our GRESB score increased from 84 in 2022 to 87 in 2023, surpassing both the GRESB and our peer group average.

Lastly, the Fund has a redemption queue of $1.5 billion as of the end of the third quarter. Since 2Q 2020, MEPT has distributed $2.2 billion to investors including $15 million in October, as we continue to manage the Fund for sustained outperformance while honoring the commitment of open-end fund liquidity. As always, we greatly appreciate your continued confidence in our stewardship of your capital, and we remain committed to keeping you apprised of pertinent Fund and market developments.

Mike Keating
Managing Partner,
BGO
Senior Portfolio Manager

BGO MEPT Overview[1]

As of September 30, 2023

Fund Snapshot

Gross Asset Value

$8.2B

Net Asset Value

$5.9B

100
Assets

25+
Markets

283
Investors

34.2M
Square Feet
(Operating Portfolio)

27.5%
Leverage as a
% of GAV

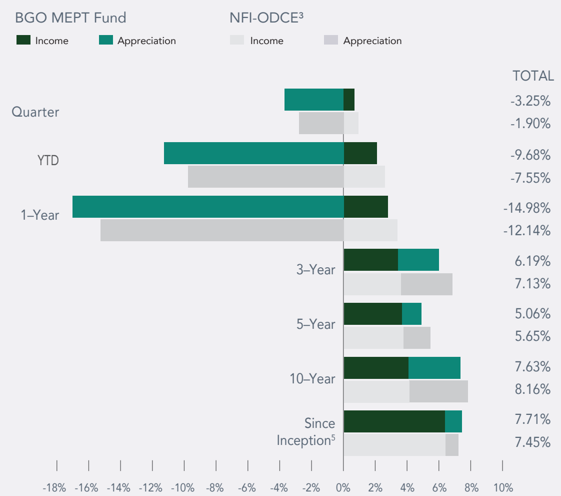
0.2%
Cash as a % of NAV

92.0%
Percent Leased
(Operating Portfolio)

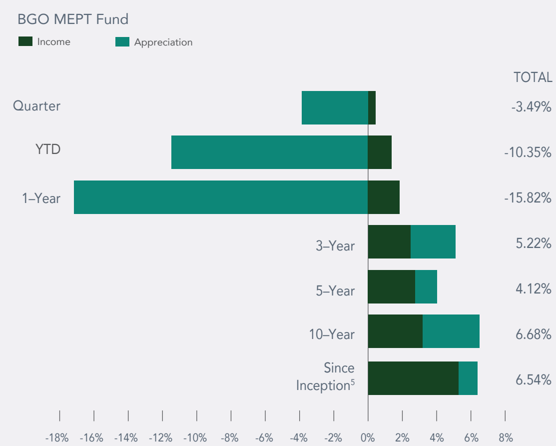
11.4 yrs
Average Property Age

Fund Returns 3Q 2023[2]

Gross of Fees



Net of Fees[4]



[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.

[4] The Fund's net returns noted above reflect the deduction of the highest level of fees charged during the respective time period noted. Net returns may be higher for clients who qualify for a lower fee. More information on the Fund's tiered fee structure is available upon request.

[5] MEPT inception date: 4/1/1982

U.S. Market Overview

Strong Labor Market Key to Economy's Resilience

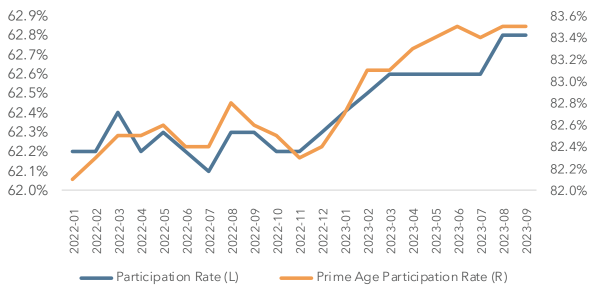
With three quarters down and just one to go, the U.S. economy continues its remarkable expansion. GDP during the third quarter grew at an annualized rate of 4.9%, the best result in almost two years. Consumers remain the driving force behind the economy's solid run, accounting for much of the growth this year, even in the face of tough economic challenges. While excess savings have undoubtedly helped, the incredibly tight labor market continues to bring in additional workers. Key labor force participation rates continued to move higher in 2023, bringing new workers and their additional spending online. Moreover, the tight labor market is also providing all workers with attractive wage increases that now exceed most measures of inflation. And with inflation continuing to slow faster than wage growth, consumers' real spending power is increasing.

Yet the Fed apparently does not see inflation slowing quickly enough and consequently continues to maintain its "higher for longer" stance for interest rates. Its recent, more hawkish forecast caused markets to adjust notably, with interest rates across the yield curve moving up quickly and equity markets pulling back. While rates remain elevated, they will act as a brake on the economy, especially with the resumption of student loan payments. But while the labor market remains this strong, the economy will prove tough to derail. Nonetheless, the Fed is inching closer to the end of its tightening cycle and, ultimately, the beginning of another loosening cycle, which will likely arrive next year.

Commercial Real Estate Poised for a Rebound

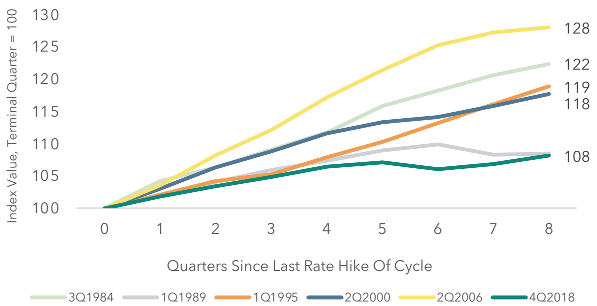
Typically, an economic environment characterized by positive economic growth, an incredibly tight labor market, slowing inflation, and the prospect for lower interest rates would represent a clear positive for the commercial real estate (CRE) market. But the Fed's short-term agenda is superseding all of that. Until the market receives clearer indication that the Fed is done hiking, it will remain in a holding pattern, with market participants keen to avoid making a mistake. But research shows that once the Fed stops hiking, CRE returns swing positive, likely presenting compelling investment opportunities ahead.

Labor Force Participation Rising



Source: BLS

Positive CRE Returns after Tightening Ends



Sources: NCREIF, BGO Research

Property Sector Metrics and Performance

Portfolio Metrics

As of September 30, 2023

	Assets[1]	% Of Allocation (GAV)[1]	Gross Total Return[2]	Net Total Return[3]	Leased[4]	Average Stabilized Cap Rate[4]
Industrial	34	42.5%	1.1%	0.9%	97.3%	4.9%
Multifamily	27	32.3%	-1.3%	-1.4%	92.3%	4.6%
Office	19	20.1%	-2.8%	-2.9%	77.4%	6.3%
Self-Storage	14	2.3%	4.7%	4.5%	92.0%	5.4%
Retail	3	2.0%	2.6%	2.4%	87.1%	7.2%

Industrial

The Fund's industrial portfolio had positive performance in the third quarter, achieving a total gross return of 1.12% (0.94%, net of fees), comprised of 0.84% income and 0.28% appreciation. These figures do not include realized losses from a five-asset California industrial portfolio disposition completed during the quarter.

Most industrial markets continue to experience rent growth although at a more modest pace than the last three years. On that note, Prologis stated in a 3Q earnings presentation that they expect U.S. national rent growth to be 7% in 2023, which is still historically strong. This rent growth continues to offset increasing valuation rates. In addition, the Fund's portfolio has in-place rents that are approximately 52% below market rates, so the portfolio will benefit from strong re-leasing spreads.

MEPT has a 42.5% allocation to industrial, a significant overweight of 9.8 percentage points compared to the ODCE. The industrial portfolio remains well leased at 97.3% with a weighted average lease term of 4.9 years.

Multifamily

The Fund's multifamily portfolio delivered a total gross return of -1.25% (-1.42%, net of fees), consisting of 0.86% income and 2.10% depreciation. Persistent higher interest rates again caused upward pressure on multi-family valuation rates. With mortgage rates above 8% and depressed single-family transaction activity, renting is dramatically more affordable than buying, which continues to buoy strong rental demand. To that end, the Fund's stabilized multifamily portfolio achieved an average rent growth of 5.5% on renewal trade-outs in the third quarter.

MEPT has a 32.3% allocation to multifamily, an overweight of 2.9 percentage points compared to the ODCE. The multifamily portfolio is 92.3% leased.

[1] Excludes land and parking assets.
[2] Property level quarterly returns are gross of fees and shown on an unlevered basis.
[3] Property level returns are shown on an unlevered basis, and the fee applied reflects the highest level of fee charged during the time period. Fees charged to investors are based on net asset value, and the fee applied to the property-level return is an implied gross asset value fee assuming the same fund level leverage ratio for each property type since MEPT has a combination of fund-level and property-level debt.
[4] Excludes non-operating assets.

The Marlowe Lake Boone
Multifamily, Raleigh

Office

The Fund's office portfolio delivered a total gross return of -2.76% (-2.94%, net of fees) in the third quarter, consisting of 1.27% income and 4.03% depreciation. Negative sentiment and distressed sales contributed to another quarter of depreciation for the office portfolio. Increased valuation rates and more conservative lease-up assumptions impacted valuations across most markets in the Fund's portfolio. The Fund's current office portfolio has depreciated 35.1% since Q1 2020, the start of the Covid-19 pandemic.

The Fund's focus on maintaining best-in-class assets, with move-in ready suites, is contributing to positive leasing across the portfolio. However, the Fund will continue to seek creative means for reducing its office exposure.

MEPT has a 20.1% allocation to office. The Fund's office portfolio has a weighted average lease term of 6.2 years.

Self-Storage and Other

The Fund's self-storage portfolio delivered a total gross return of 4.67% (4.49%, net of fees), consisting of 0.89% income and 3.78% appreciation. The Fund's self-storage portfolio now consists of 14 properties and a 2.3% Fund allocation. The portfolio's positive performance in the third quarter was the result of lease-up and economic stabilization across the portfolio. The Fund acquired self-storage properties during the past 18 months that were still completing initial lease-up, and it is now benefitting from execution of the lease-up strategies.

The Fund's retail portfolio delivered a total gross return of 2.58% (2.40%, net of fees) in the third quarter, consisting of 1.41% income and 1.17% appreciation. The Fund's retail portfolio consists of three properties, a 2.0% Fund allocation, which is a significant underweight of 8.4 percentage points compared to the ODCE. The retail portfolio has a weighted average lease term of 7.2 years.

Transactions

Project Odyssey Industrial Disposition

$1B
Sale Price

16
Buildings across 5 Assets

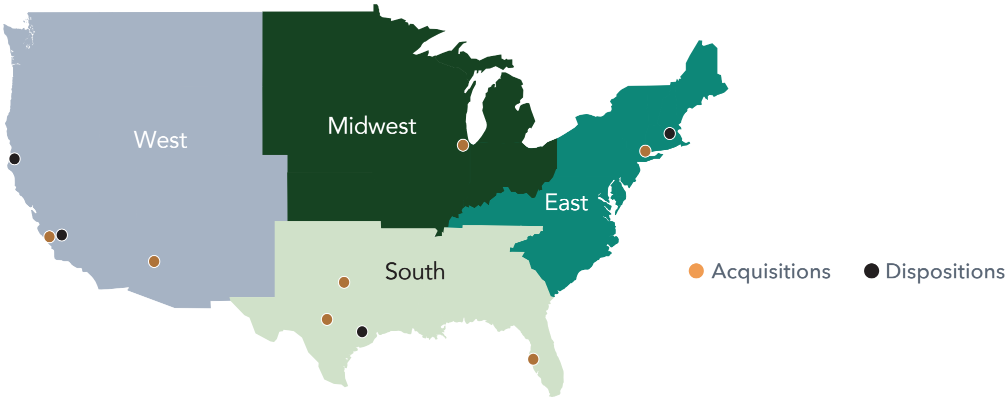
19 yrs
Weighted Average Age

In the third quarter, the Fund opportunistically acquired minority interests of joint venture partners at Spoke, a multifamily property in Chicago, IL and Russell Ranch Road, an office asset in Oxnard, CA. The Fund also increased its majority stake in Hubbard Place, a multifamily property in Chicago, IL after buying out a minority partner and further simplified the ownership structure.

Also in the third quarter, the Fund completed the strategic sale of Project Odyssey, a five-asset California industrial portfolio with an average age of 19 years, resulting in net proceeds of $560 million. Despite the portfolio sale, the Fund still has a significant overweight to industrial. Additionally, the Fund completed the sale of two industrial assets early in the fourth quarter: 1 Technology Drive in Peabody, MA and FloWorks in Pearland, TX. The Fund has also started the sales process with additional properties as it continues to navigate a challenging transaction environment.

Project Odyssey Industrial Portfolio

(from top)
Centrepointe Chino I & II, *Los Angeles*
Livermore Distribution Center, *San Francisco*
Valencia Commerce Center I & II, *Los Angeles*



Acquisitions[1]

$200.5M
Closed

$0.0M
In Process

$200.5M
Acquisition Pipeline Total

Dispositions[2]

$1,079.6M[4]
Closed

$140.0M
In Process

$1,219.6M
Disposition Pipeline Total

2023 Transactions

Closed and In Process

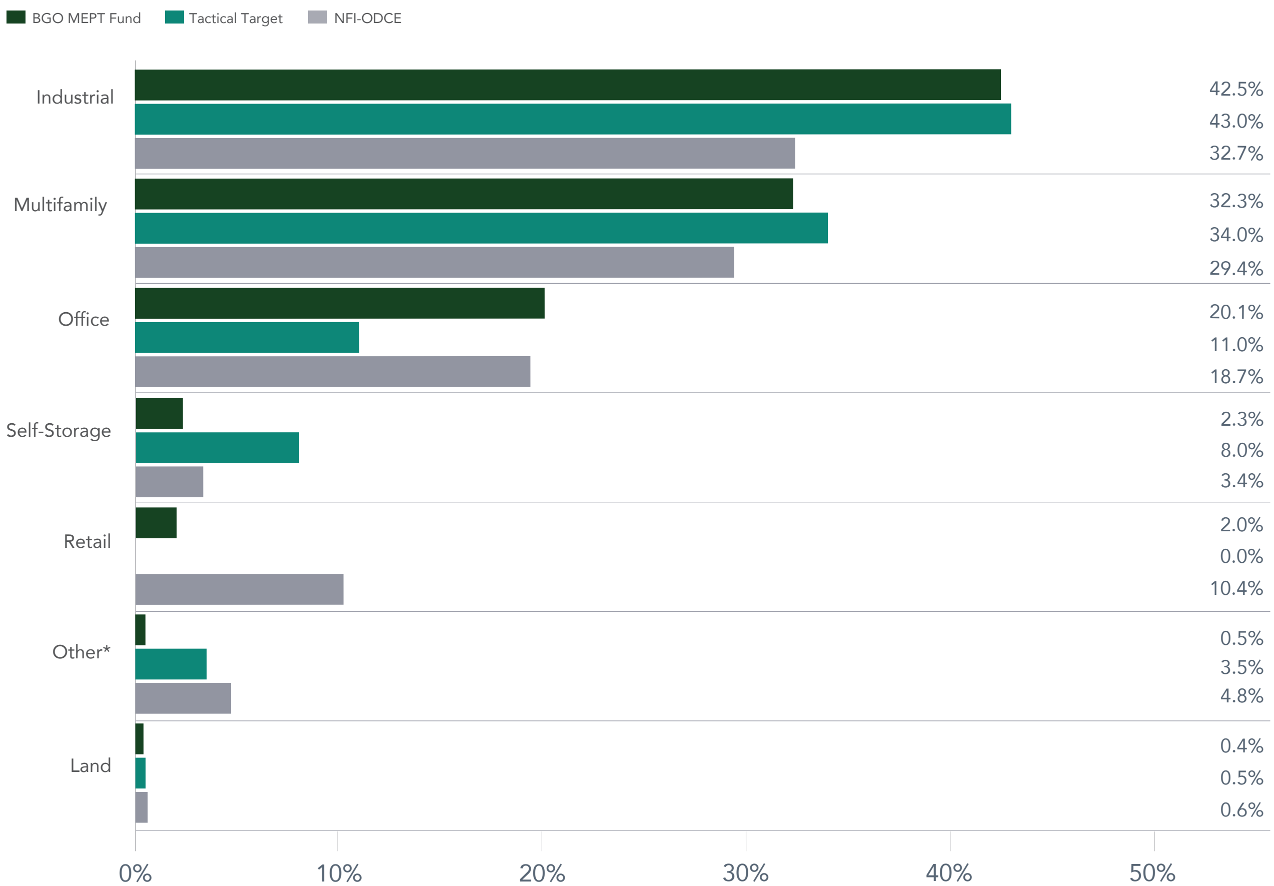
Property Type	Acquisition Transaction Amount ($M)	Disposition Transaction Amount ($M)
Industrial	$95	$1,220
Multifamily[3]	$9	$0
Office[3]	$14	$0
Self-Storage	$82	$0
Retail	$0	$0
Other	$0	$0
Total	$200	$1,220

[1] The transactions referenced herein represent certain prospective investments and there can be no assurance that the Fund will actually make investments that are comparable in scope, type or quality to such investments or that similar investments will be available to the Fund.
[2] The Fund may sell the assets listed here for more or less than the amounts noted.
[3] The multifamily and office acquisitions were an increase in the Fund's ownership of existing assets through the purchase of minority interests from JV partners.
[4] Closed Dispositions as of October 31, 2023.

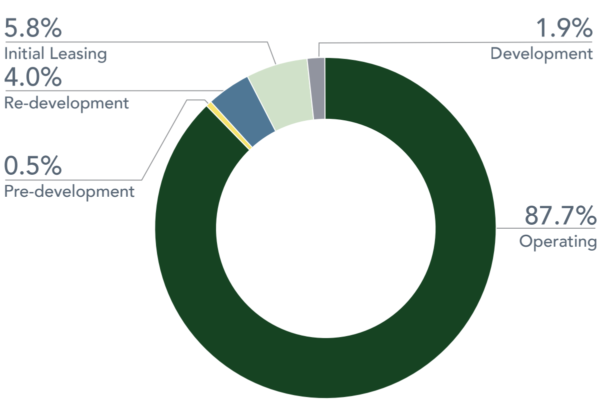
BGO MEPT by the Numbers

As of September 30, 2023

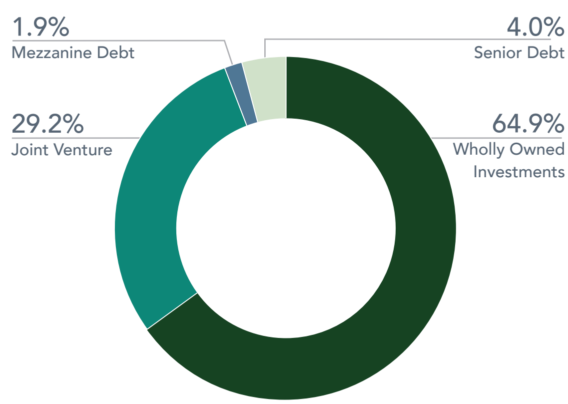
By Property Type (GAV)



By Life Cycle (GAV)



By Investment Structure (GAV)

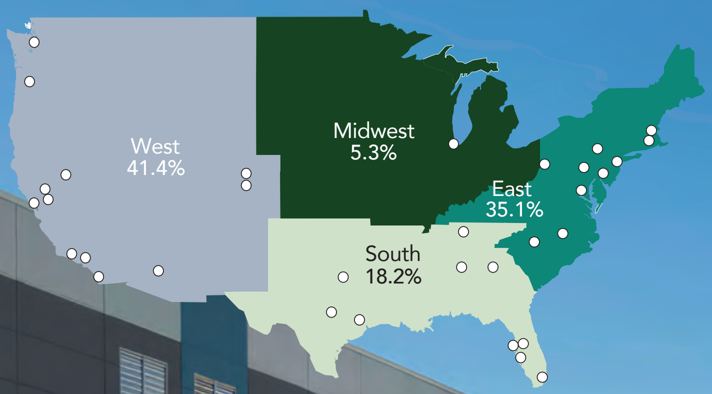


Notes

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.

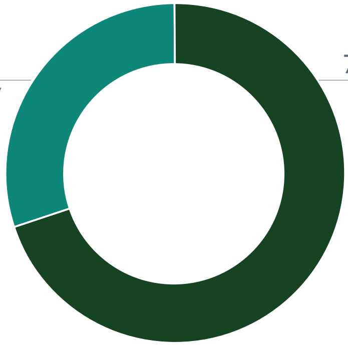
Diversification by Geographic Region (GAV)



West	$4,573.7M
Midwest	$583.8M
East	$3,876.3M
South	$2,010.2M

1150 Commerce Boulevard
Industrial, Philadelphia

By Market (GAV)



Top Markets by Investment

As of September 30, 2023

Market	GAV (in $m)	% of GAV
Los Angeles	$1,474.5	13.4%
New York	1,271.3	11.5%
Boston	965.2	8.7%
Dallas	872.0	7.9%
Portland, OR	663.4	6.0%
Washington, DC	646.6	5.9%
Chicago	583.8	5.3%
Seattle	520.3	4.7%
San Francisco	483.0	4.4%
Other Markets	3,563.8	32.3%
Total	**$11,043.9**	**100.0%**

Primary Market   Non-primary Market

BGO MEPT by the Numbers

Greenville Storage
Self-Storage, Dallas

Prescott Industrial Park
Industrial, San Diego

BGO MEPT Top 10 Tenants by Revenue

As of September 30, 2023

Tenant Name	Lease End Date	Percent Total Revenue
Amazon	Varies	3.9%
GSA	Varies	2.8%
Disney	11/30/27	1.8%
AXA	09/30/23	1.6%
Walmart	01/31/29	0.9%
Convene	02/28/33	0.9%
Grant Thornton	04/30/30	0.7%
Chewy	09/30/25	0.7%
Aurora Innovation	04/17/31	0.7%
Bank of America	11/30/27	0.7%
Total		14.8%

BGO MEPT 10 Largest Assets (GAV)

As of September 30, 2023

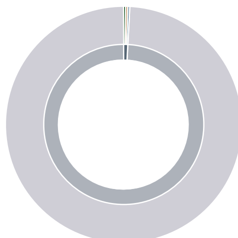
Property Name	Market	Gross Asset Value at Share ($M)
The Smith Multifamily	Boston	$446.9
Haven Gateway Industrial	Los Angeles	$394.0
The Octagon Multifamily	New York	$375.3
Newport Tower Office	New York	$314.0
Solaire Multifamily	San Francisco	$259.0
Mission Trails Industrial Ctr Industrial	San Diego	$237.0
475 Sansome Street Office	San Francisco	$224.0
1900 16th St Office	Denver	$222.3
757 Third Avenue Office	New York	$215.0
200 West Madison Office	Chicago	$213.0

Lease Rollover

Percent of Net Rentable Area

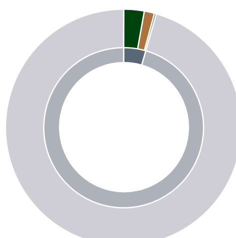
2023

Industrial	0.51%
Office	0.15%
Retail	0.27%
Consolidated	0.93%



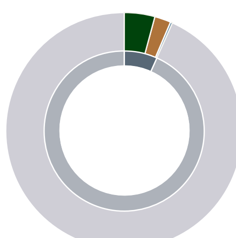
2024

Industrial	2.82%
Office	1.64%
Retail	0.15%
Consolidated	4.62%



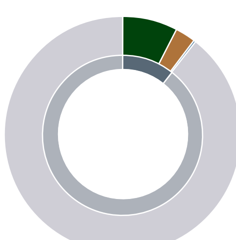
2025

Industrial	4.25%
Office	2.16%
Retail	0.13%
Consolidated	6.54%



2026

Industrial	7.67%
Office	2.81%
Retail	0.10%
Consolidated	10.58%

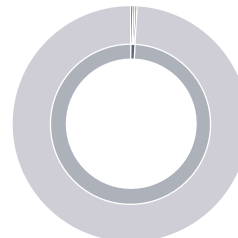


Lease Rollover

Percent of Revenue

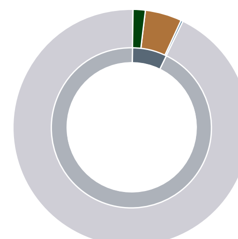
2023

Industrial	0.24%
Office	0.37%
Retail	0.27%
Consolidated	0.87%



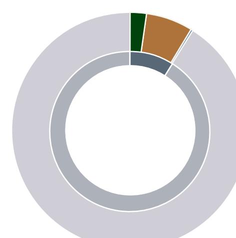
2024

Industrial	1.93%
Office	4.81%
Retail	0.24%
Consolidated	6.99%



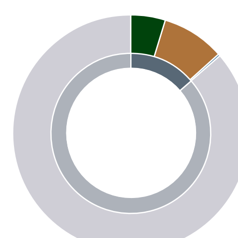
2025

Industrial	2.32%
Office	6.44%
Retail	0.27%
Consolidated	9.03%



2026

Industrial	4.85%
Office	8.64%
Retail	0.22%
Consolidated	13.71%



Debt Structure

As of September 30, 2023

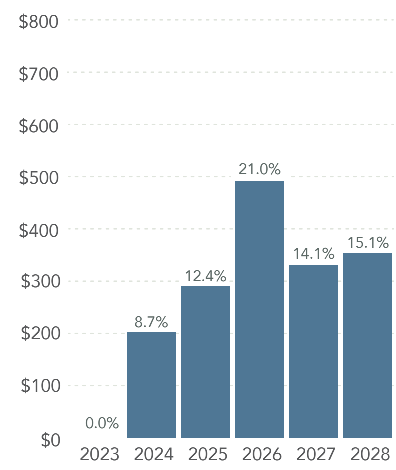
During the third quarter, the Fund's leverage ratio decreased from 30.4% to 27.5%. In addition, the Fund's average interest rate on its debt was reduced from 4.83% to 4.60%, and the Fund now has $202 million of remaining maturities in 2024.

27.5%
Current Leverage Ratio

4.60%
Weighted Average Interest Rate

Debt Maturity Schedule

(in $ millions)



Tier 1 (T1) Leverage*	
Economic Share of Mortgages Payable	$1,044,467,341
Economic Share of Lines of Credit	$282,513,109
Economic Share of Term Loans & Private Placements	$1,008,975,389
T1 Total Leverage	$2,335,955,839
Total Assets per consolidated statement of net assets	$10,097,099,305
Non-controlling interest in net assets	$(2,878,107,195)
Fund's share of non-consolidated joint venture liabilities	$932,245,817
Total Gross Assets	$8,151,237,927
T1 Leverage Percentage	28.66%

*The NCREIF PREA Reporting Standards require that T1 Leverage is disclosed. More information can be found at: https://reportingstandards.info/

Environmental, Social and Governance (ESG)

GRESB
★★★★☆ 2023

4-Star GRESB Rating

For the 13th consecutive year, MEPT scored above the Fund's peer group and GRESB average. The GRESB **4-Star rating** recognizes entities placed in the top **40%** of the global benchmark.

2023 Results

Scored: **87/100**

GRESB Score Average: **75**

Peer Average: **77**

4th

Out of **62** in the Fund's predefined peer group in US | Diversified | Core

1st

Out of **16** in the Fund's custom peer group in US | Diversified | Core | Asset Count 80–200

1st in the Management Component

Out of **565** participants within the Americas

MEPT scored **100%** on all indicators, demonstrating the Fund's continued leadership in ESG policies and programs.

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REAL ESTATE ADVISOR
BGO
bgo.com

TRUSTEE
NewTower Trust Company
newtowertrust.com

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This report reflects the views of NewTower Trust Company, the trustee of The NewTower Trust Company Multi-Employer Property Fund ("BGO MEPT Fund," "BGO MEPT," "MEPT," "MEPT Fund" or "the Fund"), and BentallGreenOak (U.S.) Limited Partnership ("BGO"), the real estate advisor to the trustee, with respect to MEPT. It is prepared for distribution to existing investors in MEPT. It may not be reproduced or distributed to the public.

On July 1, 2019, Bentall Kennedy and GreenOak Real Estate merged to form BGO. The information on this page only applies to the legacy Bentall Kennedy business

GRESB Rating: GRESB B.V. (GRESB) created and tabulated the Fund's score, which covers activities taking place during each calendar year and its typically released on or around October 1 of the following year after materials for the Fund are submitted to GRESB. In order to obtain a rating, the Fund must pay a participation assessment fee for submission to GRESB. For more information regarding GRESB, please see https://gresb.com/nl-en/. BGO Diversified and MEPT were submitted together for the GRESB survey. For additional information, please see https://mept.com in the Publications, Quarterly Reports section.

BGO MEPT Fund

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