BGO

BGO MEPT Fund

3Q 2024 | Quarterly Report

Portfolio Manager's Letter

Optimism is returning to private real estate as capital markets stabilize and property fundamentals improve across most sectors. We believe the second half of 2024 will be viewed as the turning point for U.S. commercial real estate markets.

BGO MEPT Fund ("BGO MEPT", "MEPT", or the "Fund") delivered a total gross return of 0.56% (0.31%, net) in the third quarter, outperforming the NFI-ODCE benchmark, which posted an equal-weighted total gross return of 0.13%. This was the Fund's first positive return in seven quarters and the fourth straight quarter of improving appreciation. The one-year return is now -8.71% (-9.60% net).

The Fund's focus on high-performing sectors like industrial and multifamily, which continue to benefit from long-term tailwinds, drove performance. These sectors, along with self-storage, make up 80% of the portfolio and showed positive appreciation this quarter. Office assets remain the main source of depreciation, reflecting ongoing challenges in that sector. Since the first quarter of 2020, the Fund's office portfolio has depreciated by 51% (of GAV), reflecting the sector's difficulties.

Looking ahead, we are optimistic. Long-term interest rates appear range-bound, reducing uncertainty, and bid-ask spreads have narrowed for transactions in most sectors. This recovering capital markets environment is leading to more transactions, supporting property values across sectors. Based on current valuations, historical recovery patterns, and improving macroeconomic conditions, we expect core real estate to accelerate slowly and unevenly during the next few quarters before finding firmer footing in 2025. During the next cycle, we anticipate more balanced returns between income and appreciation, driven by stable financing rates and the absorption of excess supply in key sectors like industrial and multifamily.

We remain committed to meeting our investors' liquidity needs while positioning the Fund for long-term success. Despite a slow commercial real estate market in the first half of 2024, we have been able to access liquidity in our portfolio without selling long-term strategic assets. We continue to optimize the portfolio through selective sales, including the recent sales of Penn Mar Shopping Center in Forestville, Maryland and USA Parkway Distribution Center I & II, an industrial asset in Reno, Nevada. More sales are expected in the fourth quarter, including the disposition of 930 Central Flats, a multifamily asset in Tampa, which closed early in the quarter, and Vanowen, an industrial asset in Los Angeles. These transactions have strengthened the Fund's liquidity, allowing us to continue providing distributions to investors. As of October, the Fund's redemption queue stands at $1.76 billion, following $60 million in distributions during the month. Since the second quarter of 2020, we have distributed more than $2.36 billion to investors.

Ultimately, we believe that funds will be judged by how they positioned themselves during this downcycle to ensure long-term success. We believe MEPT's overweight allocations to industrial and multifamily, combined with a resilient balance sheet and disciplined management, position us well to deliver strong returns as the market stabilizes.

As always, we appreciate your continued confidence in our stewardship and remain committed to driving value for our investors as we navigate the road ahead.

Mike Keating
Managing Partner,
BGO
Senior Portfolio Manager

On the Cover:
Spoke
Multifamily, Chicago

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The Dylan
Multifamily, New York

BGO MEPT Fund Overview[1]

As of September 30, 2024

Fund Snapshot

Gross Asset Value

$7.3B

Net Asset Value

$5.3B

95
Assets

25+
Markets

282
Investors

35.7M
Square Feet (Operating Portfolio)

27.3%
Leverage as a % of GAV

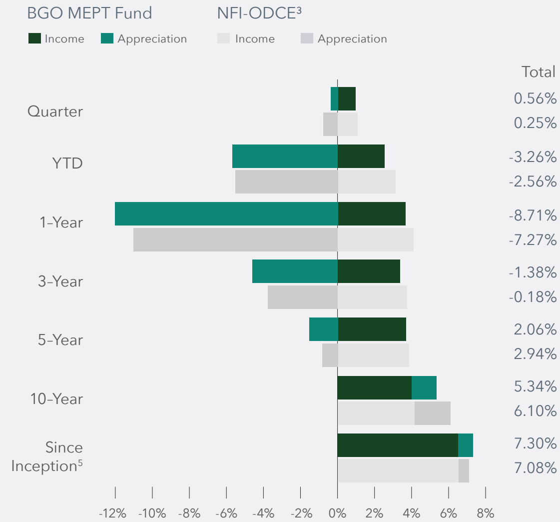
0.2%
Cash as a % of NAV

91.3%
Percent Leased (Operating Portfolio)

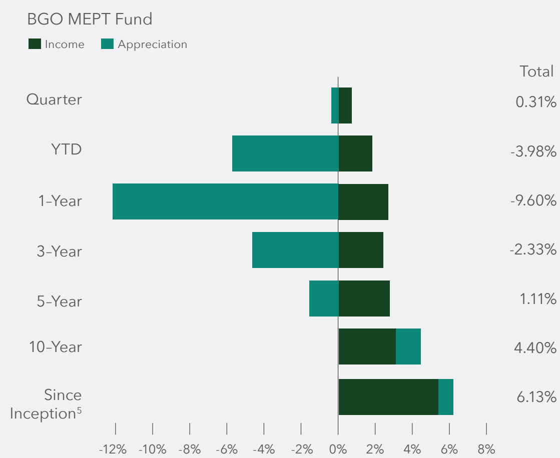
11.5 yrs
Average Property Age

Fund Returns 3Q 2024[2]

Gross of Fees



Net of Fees



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

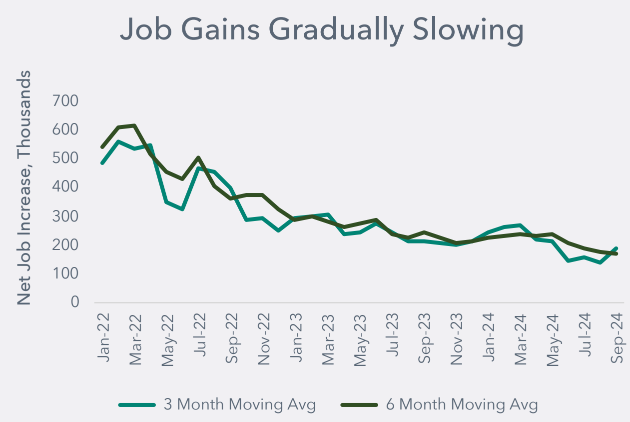
Economy Remains Resilient

In the third quarter of 2024, the US economy maintained steady growth, albeit at a slower pace than the rapid expansion seen in 2023. Consumption remains a key driver, though it has begun to cool as households exhaust their excess savings from the pandemic. Fiscal policy remains active but not excessively stimulative, helping support the broader economic landscape. Inflation has eased significantly from its June 2022 peak, with core PCE inflation falling to 2.7% in August, signaling progress but remaining above the Fed's 2% target. Job growth has held steady, maintaining a resilient labor market despite some signs of softening. In response to these economic conditions, the Federal Reserve made its first rate cut since 2020, lowering interest rates by 0.5% in September. Further cuts are anticipated into 2024 and 2025 as the Fed seeks to balance inflation control with sustainable growth. The Fed's latest projections suggest a growth rate of 2% for both 2024 and 2025, as the economy continues to normalize after years of pandemic driven volatility, steadily returning to more predictable, pre-pandemic patterns.

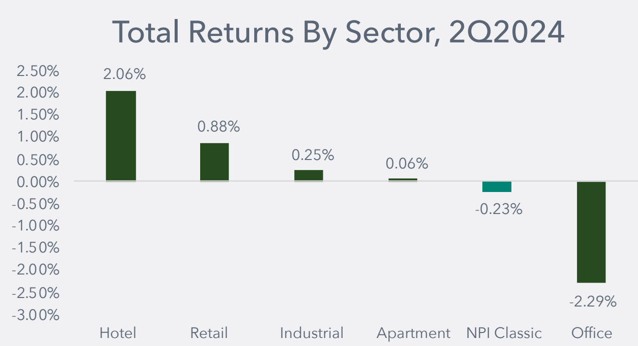
But the reversion to norms is also manifesting in the labor market, with signs of loosening tempered by stronger than expected job growth in September. Nonfarm payrolls surged, significantly surpassing expectations by significant upward revisions to job gains in previous months. This strong job creation, paired with an unemployment rate decline, has alleviated concerns about a weakening labor market, instead suggesting a more resilient and healthier employment landscape than previously thought. Notably, the unemployment rate declined for a second consecutive month, while job openings rebounded in August after several months of decline. This reversal in both job openings and the unemployment rate hints at a potential reacceleration of the labor market after the summer slowdown. With wage growth remaining firm and employment gains strong, the Fed may proceed more cautiously with future rate cuts. As always, the Fed's actions will depend on ongoing developments in both inflation and employment.

Commercial Real Estate Strengthens

With the economy expanding, commercial real estate (CRE) has performed relatively well. While space market fundamentals have remained relatively strong across most property types, the capital markets have faced challenges due to rapid interest rate increases since 2022. While the rate hikes hampered capital markets and investment performance, space market fundamentals remained strong, supported by a resilient economy.



Sources: BLS, BGO Research



Sources: NCREIF, BGO Research

Now, with the Fed having already initiated rate cuts, the long-awaited resynchronization between capital markets and market fundamentals appears to be underway. The recent rate cuts have started to stabilize CRE capital markets, boosting appreciation returns and improving total returns across most property sectors, though the office sector continues to grapple with idiosyncratic issues. Outside of office, major property types are already seeing positive returns, with further momentum expected as the effects of rate cuts take hold. This resynchronization is expected to gain momentum as we move into 2025, bringing a more balanced relationship between income and appreciation returns. The outlook for CRE continues to brighten, as declining interest rates provide a tailwind for capital markets. Shrewd investors are already taking notice, anticipating that the market will fully reconnect for the first time since the second quarter of 2022.

Property Sector Metrics and Performance

Portfolio Metrics

As of September 30, 2024

	Assets[1]	% of Allocation (GAV)[1]	Gross Total Return[2]	Net Total Return[3]	Leased[4]	Average Stabilized Cap Rate[4]
Industrial	31	43.8%	2.2%	2.1%	94.7%	5.3%
Multifamily	27	33.5%	1.5%	1.3%	94.0%	5.0%
Office	18	18.0%	-1.6%	-1.8%	78.0%	7.2%
Self-Storage	14	2.2%	2.1%	1.9%	92.8%	5.1%
Retail	2	1.5%	0.1%	-0.1%	87.1%	6.8%

Lenox Storage
Self-Storage, Atlanta

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.

Industrial

The Fund's industrial portfolio delivered a total gross return of 2.24% (2.06%, net of fees), comprised of 0.87% income and 1.37% appreciation. Industrial was the Fund's best performing sector in the third quarter, as it benefitted from strong demand, particularly in Miami, where space is limited and rent growth remains healthy. The Fund's industrial assets continue to be a significant driver of performance. Industrial's longer-term prospects remain strong, and the market is poised for sustainable growth ahead. According to JLL's Q3 report[1], this is the third consecutive quarter of a slowdown in industrial deliveries. This slowdown suggests a move toward a more balanced, and sustainable pipeline following the market anomalies triggered by the pandemic. The Fund is well positioned to take advantage of a more stabilized market as the in-place rents in its industrial portfolio are 46% below market levels. BGO's asset management team continues to achieve strong leasing activity. Among their recent successes is a new 10-year lease with Tesla for a 38,144 sf building and a 14.6-acre land parcel at AVE Aviation & Commerce Center in Miami, FL.

MEPT has a 43.8% allocation to industrial, a significant overweight of 10 percentage points compared to the ODCE. **The industrial portfolio remains well leased at 94.7% with a weighted average lease term of 5.0 years.**

Multifamily

The Fund's multifamily portfolio delivered a total gross 1.51% (1.33%, net of fees), consisting of 1.02% income and 0.48% appreciation. The Fund's diversified multifamily portfolio continues to benefit from increases to market rents in the coastal Gateway cities, especially New York and Boston, while its assets in the South experienced muted rental growth due to new supply. Despite softness in some Sun Belt markets, multifamily assets have continued to experience strong demand. Mortgage rates are back above 7%, remaining at their highest levels in over a decade, pushing many would-be homebuyers to defer purchases and continue to seek rental housing. High interest rates and limited access to debt capital have caused a significant decline in new development starts this year, which is anticipated to create a more balanced supply-demand across all markets in 2025.

MEPT has a 33.5% allocation to multifamily, an overweight of 4.2 percentage points compared to the ODCE. **The multifamily portfolio is 94.0% leased, and the Fund's stabilized multifamily portfolio achieved an average rent growth of 3.6% on renewal trade-outs in the third quarter.**

Office

The Fund's office portfolio delivered a total gross return of -1.59% (-1.77%, net of fees) in the third quarter, consisting of 1.38% income and -2.97% appreciation. The office portfolio remained the primary contributor to property level depreciation during the quarter. While there is still a dearth of office transaction activity, the few sales that are occurring continue to put downward pressure on valuations. For this reason, we expect the office sector to be challenged for the foreseeable future. The Fund's office assets have now collectively depreciated by 51%, on a GAV basis, since Q1 2020.

Despite the negative headlines and investor sentiment, recent signs point to office markets approaching stabilization. According to JLL's Q3 report[2], availability rates have decreased for the first time in five years, signaling a potential turning point. In addition, Amazon recently announced that all corporate staff were expected to be in the office 5 days a week. While the office sector has a challenging future, the worst may be behind us. The Fund's proactive asset management has helped mitigate some of the downside risk, with several new leases, extensions, and an expansion completed this quarter. At Courthouse Tower in the Washington DC market, we recently executed a 98-month new lease for 8,520 sf, with 2.5% annual escalations and renewal options.

MEPT has a 18.0% allocation to office. **The Fund's office portfolio has a weighted average lease term of 7.0 years.**

Self-Storage and Other

The Fund's self-storage portfolio delivered a total gross return of 2.11% (1.93%, net of fees), consisting of 0.86% income and 1.25% appreciation. The Fund's self-storage portfolio consists of 14 properties and a 2.2% Fund allocation. The self-storage assets continue to benefit from strong existing customer rent increases resulting in positive in-place rent growth QoQ. Additionally, the portfolio is 93% leased as of Q3 2024.

The Fund's retail portfolio delivered a total gross return of 0.12% (-0.06%, net of fees) in the third quarter, consisting of 1.35% income and -1.23% appreciation. The Fund's retail portfolio consists of just two properties, a 1.5% Fund allocation, which is a significant underweight of 9.4 percentage points compared to the ODCE. **The retail portfolio has a weighted average lease term of 8.5 years.**

1 Source: https://www.us.jll.com/content/dam/jll-com/documents/pdf/research/americas/us/jll-industrial-market-statistics-trends-q3-2024.pdf

2 https://www.us.jll.com/content/dam/jll-com/documents/pdf/research/americas/us/jll-us-office-market-dynamics-q3-2024.pdf

Transactions

Penn Mar Shopping Center

$68.5M
Sale Price

378,205
Square feet

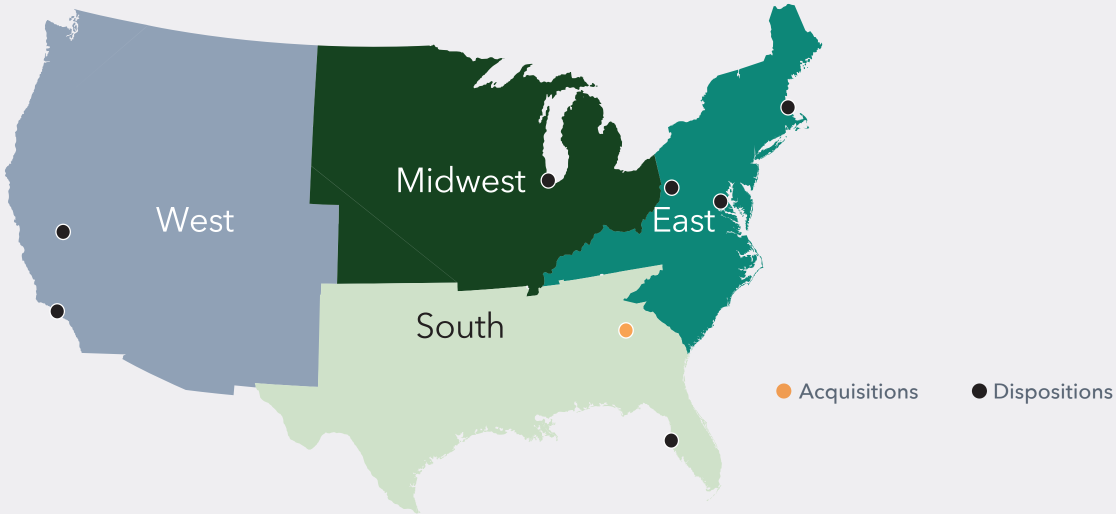
94%
Leased

Penn Mar Shopping Center
Retail, Washington, D.C.

USA Parkway Distribution Center I & II
Industrial, Reno

In the third quarter, the Fund completed the sale of Penn Mar Shopping Center, a grocery-anchored retail center in Forestville, Maryland, and USA Parkway Distribution Center I & II, a Reno, Nevada industrial property.

In early Q4, the Fund sold 930 Central Flats, a Tampa multi-family property and expects to close on the sale of Vanowen, a Los Angeles industrial property. Lastly, the Fund has started the sales process with additional properties as we continue to seek pockets of liquidity in a challenging, but recovering, transaction market.



Acquisitions[1]

$5.3M
Closed

$0M
In Process

$5.3M
Acquisition Pipeline Total

Dispositions[2]

$228.2M
Closed

$87.0M
In Process

$315.2M
Disposition Pipeline Total

2024 Transactions

Closed and In Process

Property Type	Acquisition Transaction Amount ($M)	Disposition Transaction Amount ($M)
Industrial	$0	$167
Multifamily	$0	$38
Office	$0	$44
Self-Storage	$5	$0
Retail	$0	$66
Other	$0	$0
Total	$5	$315

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.

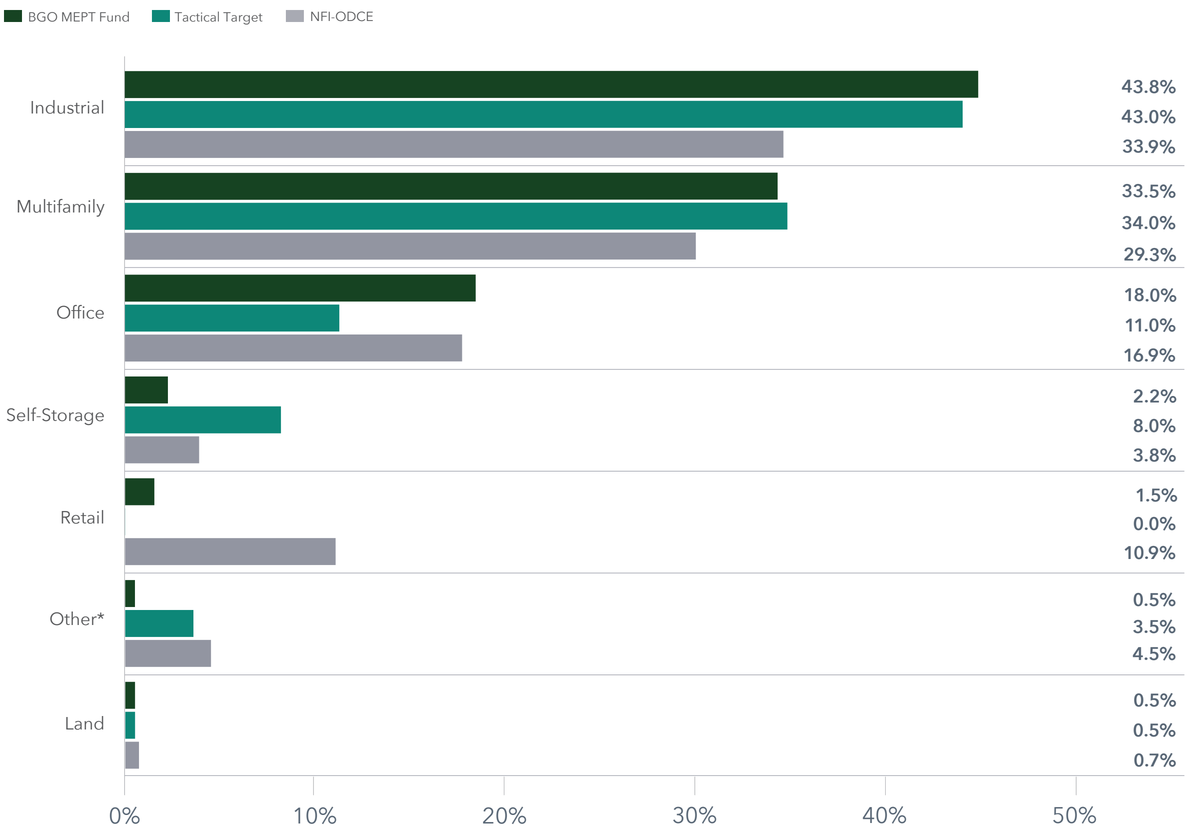
2 The Fund may sell the assets listed here for more or less than the amounts noted.

All Acquisition and Disposition values are at the Fund's ownership share.

BGO MEPT Fund by the Numbers

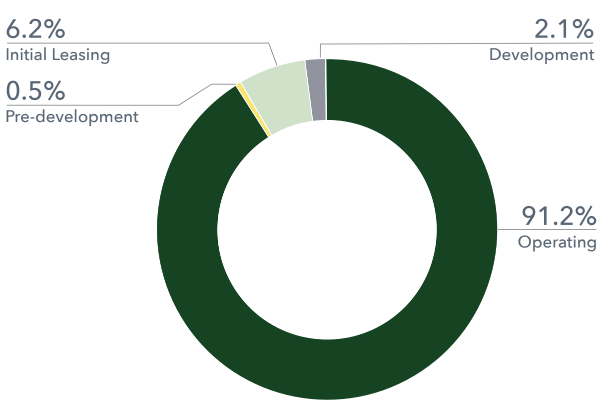
As of September 30, 2024

By Property Type (GAV)

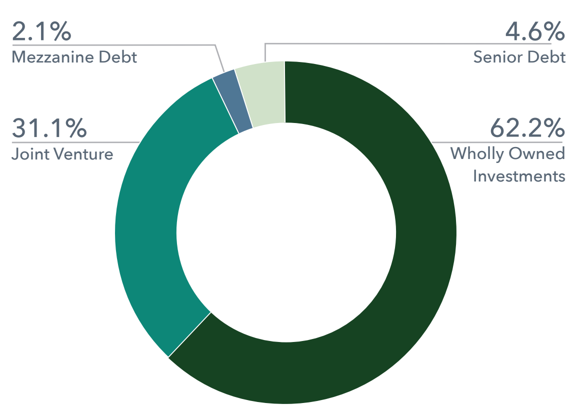


*Includes parking and other property types.

By Life Cycle (GAV)



By Investment Structure (GAV)



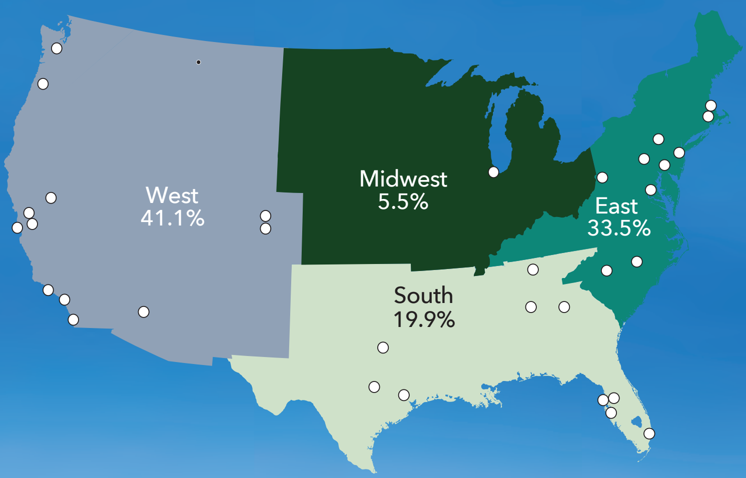
Notes

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.

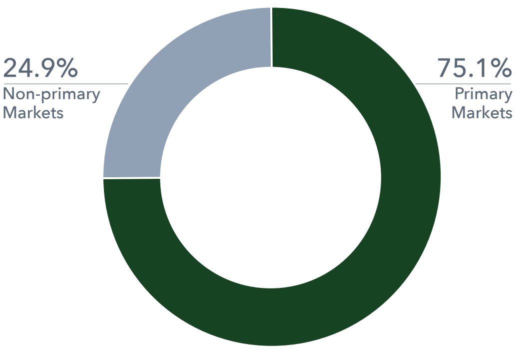
Diversification by Geographic Region (GAV)

West	$4,148.7M
Midwest	$ 550.2M
East	$3,375.8M
South	$2,008.5M



Braselton Point Logistics Center
Industrial, Atlanta

By Market (GAV)



Top Markets by Investment

As of September 30, 2024

Market	GAV (in $m)	% of GAV
Los Angeles	$ 1,408.6	14.0%
New York	1,099.2	10.9%
Dallas	964.9	9.6%
Boston	828.4	8.2%
Portland, OR	635.0	6.3%
Chicago	550.2	5.5%
Seattle	494.7	4.9%
Washington, DC	488.1	4.8%
San Francisco	399.0	4.0%
Other Markets	3,215.1	31.9%
Total	**$10,083.2**	**100.0%**

Primary Market　Non-primary Market

BGO MEPT Fund by the Numbers

Eastgate 540
Industrial, Raleigh

BGO MEPT Fund Top 10 Tenants by Revenue

As of September 30, 2024

Tenant Name	Lease End Date	Percent Total Revenue
Amazon	Varies	4.2%
GSA	Varies	2.5%
Disney	11/30/27	1.8%
Chewy	Varies	1.3%
Walmart	01/31/29	1.0%
Grant Thornton	04/30/30	0.7%
Aurora Innovation	04/17/31	0.7%
BNP Paribas	07/31/42	0.6%
Georgia-Pacific	02/28/31	0.6%
Wolfe Research	06/30/33	0.6%
Total		14.1%

Haven Gateway
Industrial, Los Angeles

BGO MEPT Fund 10 Largest Assets (GAV)

As of September 30, 2024

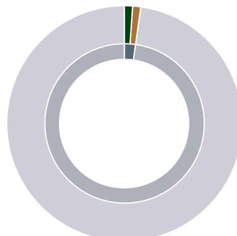
Property Name	Market	Gross Asset Value at Share ($M)
The Smith Multifamily	Boston	$426.0
The Octagon Multifamily	New York	$363.2
Haven Gateway Industrial	Los Angeles	$348.0
Newport Tower Office	New York	$278.0
Solaire Multifamily	San Francisco	$239.0
Mission Trails Industrial Center Industrial	San Diego	$233.0
AVE Aviation & Commerce Center Industrial	Miami	$213.0
1900 16th St Office	Denver	$202.5
Eastgate 540 Industrial	Raleigh	$191.0
200 West Madison Office	Chicago	$187.0

Lease Rollover

Percent of Net Rentable Area

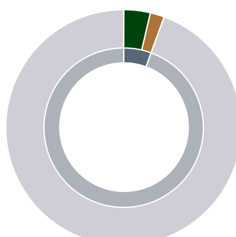
2024

Industrial	0.06%
Office	0.54%
Retail	0.02%
Consolidated	0.63%



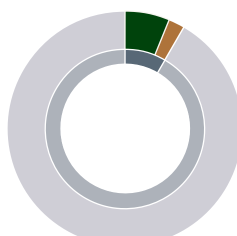
2025

Industrial	2.67%
Office	1.24%
Retail	0.03%
Consolidated	3.94%



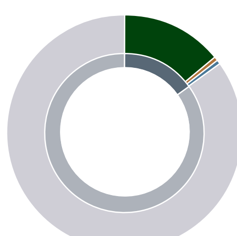
2026

Industrial	4.73%
Office	2.09%
Retail	0.01%
Consolidated	6.83%



2027

Industrial	13.51%
Office	0.65%
Retail	0.18%
Consolidated	14.35%

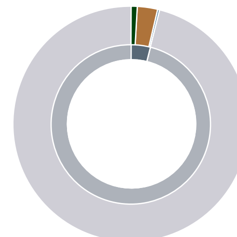


Lease Rollover

Percent of Revenue

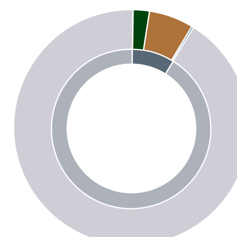
2024

Industrial	0.20%
Office	1.63%
Retail	0.05%
Consolidated	1.89%



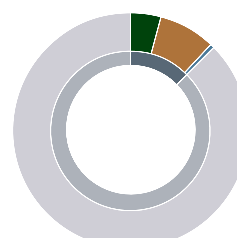
2025

Industrial	1.95%
Office	4.74%
Retail	0.07%
Consolidated	6.76%



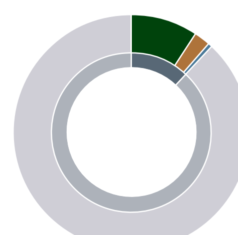
2026

Industrial	3.90%
Office	8.14%
Retail	0.02%
Consolidated	12.05%



2027

Industrial	9.75%
Office	2.27%
Retail	0.28%
Consolidated	12.30%

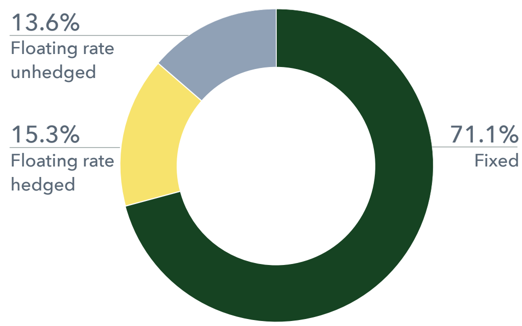


Debt Structure

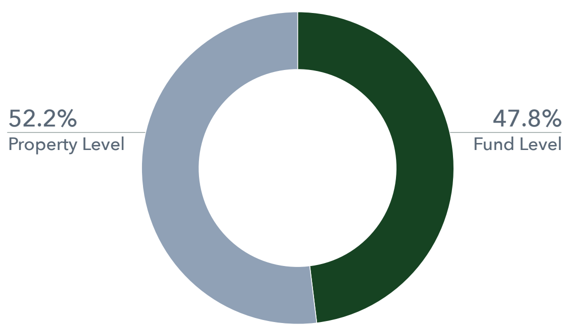
As of September 30, 2024

For the last 18 months, the Fund has focused on maintaining a strong balance sheet. To that end, since Q3 2022, the principal balance of the Fund's outstanding debt has decreased by $781M. As a result of these ongoing efforts, the Fund's leverage ratio decreased by 152 bps during the quarter to 27.3%. In addition, the Fund's weighted average interest rate is 4.37%[1] with an average remaining term of 3.4 years. The Fund now has $33M of remaining maturities in 2024.

27.3%
Current Leverage Ratio



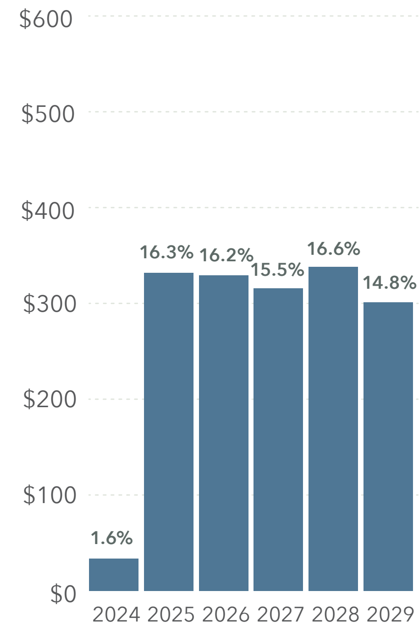
4.37%[1]
Weighted Average Interest Rate



1 Includes interest rate hedging.

Debt Maturity Schedule

As of September 30, 2024
(in $ millions)



Tier 1 (T1) Leverage*	
Economic Share of Mortgages Payable	$ 993,153,274
Economic Share of Lines of credit	$ 145,667,350
Economic Share of Term Loans & Private Placements	$ 895,591,842
T1 Total Leverage	**$ 2,034,412,466**
Total Assets per consolidated statement of net assets	$ 9,098,202,919
Non-controlling interest in net assets	$ (2,831,480,479)
Fund's share of non-consolidated joint venture liabilities	$ 1,002,951,276
Total Gross Assets	$ 7,269,673,717
T1 Leverage Percentage	**27.98%**

*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
★ ★ ★ ★ ☆ 2024

4-Star GRESB Rating

For the **14th consecutive year** MEPT achieved a top-tier ranking, scoring above the Fund's peer group and GRESB average in 2024. The GRESB **4-Star rating** recognizes entities placed in the top **40%** of the global benchmark.

2024 Results

Scored: **85/100**

GRESB Score Average: **76**

Peer Average: **78**

7th

Out of **61** in the Fund's predefined peer group in US | Diversified | Core

5th

Out of **46** in the Fund's custom peer group in US | Diversified | Core | Non-listed

1st in the Management Component

Out of **601** 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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Bethesda, MD 20814

Real Estate Advisor
BGO
bgo.com

Trustee
NEWTOWER TRUST COMPANY
newtowertrust.com

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.

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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