

THE QUARTERLY

TRUST REPORT

MULTI-EMPLOYER PROPERTY TRUST

FIRST QUARTER | APRIL 2003 | VOLUME 18, NUMBER 1



THE MULTI-EMPLOYER PROPERTY TRUST closed the first quarter of 2003 with a unit value of \$4,193.69 up 1.71% (net of fees) from the previous quarter. For the trailing four quarters, MEPT's net return is 3.92%.

As of April 1, 2003, MEPT's net asset value stood at \$3.28 billion. MEPT's portfolio consists of 140 funded properties in 32 markets. In the first quarter, two new investors became participants in MEPT, bringing the total number of investors to 219.

Real estate markets across the country saw nominal improvement in the first quarter. There was leasing activity in almost every property type, signaling that the decline in market conditions may be bottoming out. In the office sector, large corporate users began to show early signs of renewed interest in leasing space. It is not yet clear if their interest is the result of pent-up demand or the opportunity to take advantage of current market conditions to lock in low rental rates for a longer term.

"During the first quarter, we saw more market leasing interest than we have seen in the last six months," said Preston R. Sargent, Senior Vice President of Kennedy Associates Real Estate Counsel, Inc., the real estate advisor to MEPT. "However, competition for the highest-quality, credit worthy tenants remains extremely fierce."

Throughout 2002, excess space available for sublet at bargain rates depressed most real estate markets. Leases for that space are now beginning to expire and be offered by building owners at market rates. As a result, opportunities to obtain sublease space on below-market terms are diminishing, which should help to eliminate a source of market weakness.



Work is underway at 1717 Rhode Island Avenue, N.W., Washington, D.C.

TRIM

USE EVERY TOOL YOU HAVE

NEWS BRIEFS



Rivergate Corporate Center I

IN JANUARY, MEPT COMMITTED \$22.9 MILLION to build **Rivergate Corporate Center II**, a 607,000 square foot industrial building in **Portland, Oregon**. Shortly after the commitment was finalized, MEPT signed a 402,450 square foot pre-lease with **Fort James Corporation**, a wholly owned subsidiary of **Georgia-Pacific**. Rivergate

Corporate Center II is the second phase of a one million square foot industrial project specifically designed for distribution users with high ceiling requirements and large volume containerization. The new building will be state-of-the-art concrete tilt-up construction and will feature 30-foot clear ceiling heights, high floor loading capabilities, large truck courts, available rail service and upgraded fire sprinkler coverage.



Brent Palmer, Vice President and Director of Kennedy Associates Real Estate Counsel, Inc.'s (KAREC) Asset Valuation Group, hosted MEPT's first annual Valuation Conference.

IN FEBRUARY 2003, KAREC'S ASSET VALUATION GROUP hosted the first annual MEPT Valuation Conference to present ideas and review relevant topics about the valuation process with a group of senior appraisers from around the country. Speakers included industry professionals from the Korpacz Real Estate Investor Survey, Holiday Fenoglio Fowler, Real Win Win, Kingsley Associates, Trammell Crow and Deloitte & Touche, LLP. MEPT professionals led discussions of the Fund's origin, portfolio composition, union labor commitment, investment strategy and the roles of KAREC, Landon Butler & Co., and Riggs Bank. One attendee said, "This experience will significantly enhance my approach to the MEPT valuation and appraisal review process and I look forward to an enhanced working relationship with asset and property management, consultants, and external reviewers to ensure value accuracy and report quality."

THE FIRST QUARTER 2003 TRUST REPORT inaugurates a new format that is designed to provide investors with substantially more data on MEPT's portfolio and performance. The redesign is part of an initiative by MEPT to create additional transparency and to offer investors more analysis and information each quarter. Over the course of the coming year, the MEPT Web site, account statements and annual report will also undergo changes designed to make them more accessible and readable.

THE MEPT ADVISORY BOARD MEETING is scheduled for 10:30 a.m. on **Tuesday, June 3, 2003** at The St. Regis in **Washington, D.C.** Observers must notify MEPT of their intention to attend no later than May 27, 2003. (See back page for more details.)

FIRST QUARTER RESULTS

Net Return, First Quarter:

1.71%

Net Return, 4/1/02-3/31/03:

3.92%

Net Asset Value:

\$3.28 billion



PERFORMANCE

FIRST QUARTER COMMENTARY

"Our challenge in today's market is to provide the extra degree of service it takes to retain good tenants and, at the same time, to control costs and achieve bottom-line income. MEPT's high-quality, modern, amenity-rich properties are well-suited to meet our return objectives."

Preston R. Sargent, Senior Vice President,
Kennedy Associates Real Estate Counsel, Inc.



TRIM

MEPT'S PORTFOLIO continued to generate a stable income stream—steady income is particularly important during times of market volatility. First quarter performance was principally driven by MEPT's 25.5 million square feet of stabilized properties. Strong operating performance resulted in 1.38% income growth during the first quarter.

MEPT assets generated modest value gains during the quarter, with appreciation totaling 0.32% across the portfolio. Throughout 2002, high-quality, well-leased properties often traded at prices significantly higher than appraised values, but appraisers considered these sales to be anomalies in otherwise weak markets. In the first quarter of 2003, however, appraisers began to give more credence to the higher prices in comparable transactions. As a result, valuations improved for MEPT's modern Class A portfolio offering premier locations, high-quality construction, large cost-efficient floor plates and ample parking.

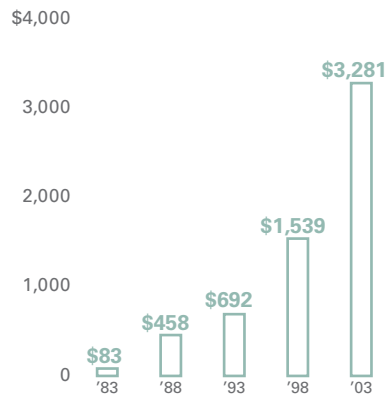
YIELD

	FIRST QUARTER 2003	TRAILING FOUR QUARTERS (COMPOUNDED)
NET	1.71%	3.92%
INCOME	1.38%	5.89%
APPRECIATION	0.32%	-1.89%
GROSS	1.96%	4.95%
INCOME	1.63%	6.94%
APPRECIATION	0.32%	-1.89%

NET ASSET VALUE GROWTH

April 1, 1983 – April 1, 2003

Based on Market Value (\$Millions)

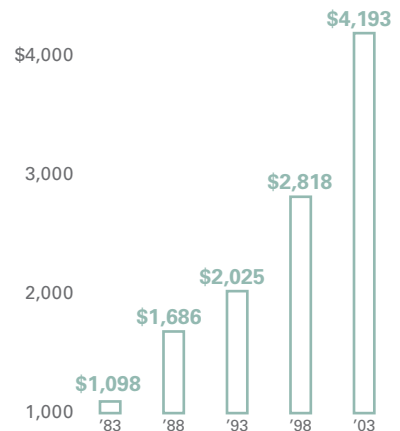


Values shown are for April 1 in each year.

UNIT GROWTH

April 1, 1983 – April 1, 2003

Based on Market Value



Values shown are for April 1 in each year.

April 2003

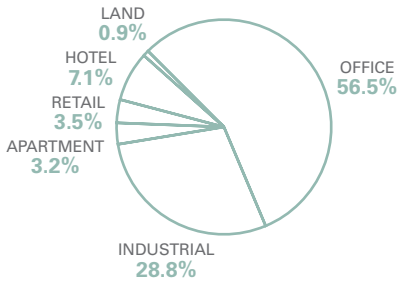
PORTFOLIO SPOTLIGHT

FUND OVERVIEW

Inception Date	April 1, 1982	Participating Plans	219
Properties Held	140	Total Stabilized Square Footage	25.5 million
Markets	32	Stabilized Occupancy	84.7%
Net Asset Value	\$3.28 billion	Active Leases	1,125
Unit Value	\$4,193.69		

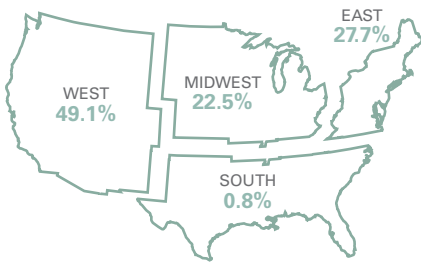
PORTFOLIO BY PROPERTY TYPE

As of March 31, 2003



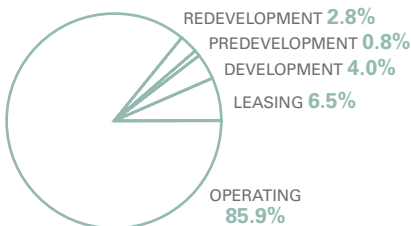
PORTFOLIO BY REGION

As of March 31, 2003



PORTFOLIO BY LIFE CYCLE

As of March 31, 2003

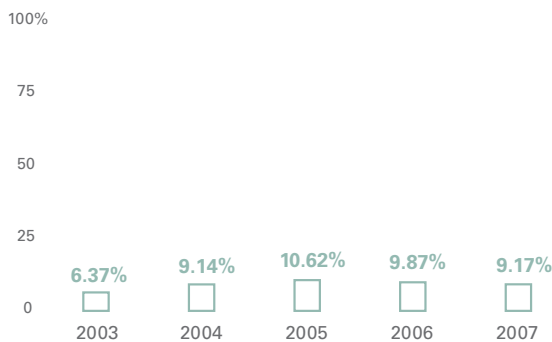


MEPT INVESTS IN A DIVERSIFIED, institutional-grade “core” portfolio of office buildings, warehouses, flex/research and development facilities, retail centers, apartment complexes and hotels. MEPT’s primary investment strategy is to create top-quality, core, income-producing assets through 100 percent union-built development, rehabilitation, or acquisition and repositioning of undervalued existing assets. The result of this strategy is a portfolio diversified by property type and geographic region, averaging less than seven years in age, offering the most modern amenities and built with the highest quality craftsmanship.

MEPT’s asset management team is focused on leasing to the highest-quality, credit worthy tenants in the market. In the current market environment, those are the most sought after tenants. With a long-term investment horizon and a relatively low lease rollover expected over the next five years, MEPT asset managers can be both patient and flexible in structuring leases that allow the portfolio to realize the highest value and return. One of the highest priorities for MEPT asset managers is tenant satisfaction to keep tenant retention high.

PORTFOLIO LEASE ROLLOVER

In square feet, based on rentable area



FIRST QUARTER ACTIVITY

NEW PARTICIPANTS

Teamsters Local No. 469 Pension Fund

Plumbers & Steamfitters Local 43 Pension Fund Trust

PROJECTS COMMITTED

Rivergate Corporate Center II
Portland, Oregon

IN-DEPTH PROFILE

*Legacy Plaza
Denver, Colorado*

IN JANUARY 2003, LEGACY PLAZA, a 285,197 square foot MEPT office building near completion, became the future home of Gates Corporation. The company signed a lease for the entire building that not only puts the project in MEPT's "fully leased" column, but particularly important for the city of Denver, keeps one of Colorado's few national companies headquartered in Downtown Denver.

When Gates Corporation began to look for a new world headquarters, the world's largest manufacturer of automotive belts seriously considered moving to the Denver suburbs and taking with it 700 jobs. After reviewing many options, Gates selected MEPT's Legacy Plaza for its premier location, the operating efficiencies offered by new construction, its many



Ten-story Legacy Plaza offers its tenant Gates Corporation newly constructed offices with attached parking and nearby retail, as well as the opportunity to extend its 100-year presence in Downtown Denver.

"This project has been built by union contractors with the best quality craftsmanship available. In a generally tough economy and slow real estate market, this was an important job for us and the Building Trades."

John Beeble, President & CEO
Saunders Construction

modern amenities and the proximity to a new intermodal transportation hub with access to passenger trains, light-rail, and bus service. Gates believes that about 30% of its employees take public transportation to work.

Gates signed a fifteen year lease and plans to stay in downtown Denver for the foreseeable future. The 86-year-old Gates Corporation is a wholly owned subsidiary of the United Kingdom-based Tomkins PLC (NYSE: TKS), a global engineering group with



Project Rendering

"Legacy Plaza is a great site for our corporate headquarters," said Brian Harris, Senior Vice President, Gates Corporation. "The building offers our employees a central location with easy access to many modes of transportation, as well as close proximity to Denver's downtown, retail centers, attractions, and urban housing."

40,000 employees world-wide, specializing in Industrial and Automotive Parts, Air Systems Components and Engineered and Construction Products. Gates is one of the world's largest manufacturers of automotive and industrial belts and hoses and has 38 plants and 26 distribution and sales offices located worldwide.

While there was plenty of office space available in Denver—the vacancy rate for direct and sublet space has hovered around 22 percent for several quarters—Legacy Plaza was one of the few buildings that offered large blocks of contiguous space. This meant that Gates could consolidate corporate offices with all employees located in adjacent space.

Construction activity at Legacy Plaza began in the first quarter of 2002 and the building became shell complete during the first quarter of 2003. Gates plans to move over 700 employees into the building at 15th and Wematta Streets in two phases during the third and fourth quarters of 2003.

Legacy Plaza is the first from-the-ground-up office building completed in the Central Platte Valley, a 120-acre expanse north of LoDo (Denver's Lower Downtown) built on former rail yards. The new community is a planned mix of commercial, residential and retail. Over 3,500 residential units and 3 million square feet of office, retail, hotel and restaurants, are expected to be built. The transformation from rail yards, industrial buildings, viaducts and garbage dumps to a mixed-use urban neighborhood has been in the planning for well over a decade.

The Central Platte Valley has created for the first time neighborhood access between several of Denver's prominent landmarks. Nearby are the Pepsi Center arena and Coors Field, as well as the 16th Street Mall Retail Corridor, The Children's Museum of Denver, Six Flags Elitch Gardens Amusement Park, the Downtown

(continued on back)

MANAGEMENT FEE—MEPT’s Trustee, Riggs Bank N.A., charges an annual investment management fee based on the net assets of the Fund. The current annual MEPT fee is approximately 0.978%. The fee is determined as follows: 1.25% on the first \$1 billion of MEPT total net assets, 1.0% on the second \$1 billion of MEPT total net assets, and 0.75% on the third \$1 billion of MEPT total net assets. The fee decreases as MEPT grows. There are no charges for entry or exit, and the Trustee charges no additional investment management fees to its investors.

LEGACY PLAZA *(continued from inside)*

Aquarium, and the REI Superstore located in the renovated power plant and new station for Denver’s tramway system. The new light rail system running through the Central Platte Valley offers easy entrée to the city’s attractions. The Millennium Bridge, a pedestrian bridge from the Central Platte Valley over remaining train tracks, provides a direct pedestrian route into Denver’s Lower Downtown and central business district.

ANNOUNCEMENT

THE MEPT ADVISORY BOARD MEETING is scheduled for **Tuesday, June 3, 2003** in Washington, D.C. The meeting will be held at The St. Regis, 923 16th Street, N.W. (at K Street), and will begin at 10:30 a.m. Observers must notify MEPT of their desire to attend no later than May 27, 2003. Highlights of the meeting will be included in the *Trust Report* following the meeting, and made available to all investors.

For more information regarding the meeting or to RSVP, please contact Pamela Silberman at 202-737-7300, or psilberman@lbutler.com.

The *Trust Report* is published by the Multi-Employer Property Trust (MEPT), a commingled open-end real estate equity fund that invests in a diversified portfolio of 100% union built, institutional-quality real estate properties in major metropolitan markets around the country. MEPT’s primary investment strategy is to create top-quality, income-producing assets through development, rehabilitation or acquisition and repositioning of under-valued assets. MEPT’s investor base is diverse and is composed of Taft-Hartley and public employee pension plans.

For more information, please contact Landon Butler & Company at 202-737-7300, or through our Web site, www.mept.com.