

TRUST REPORT

MULTI-EMPLOYER PROPERTY TRUST

THIRD QUARTER | OCTOBER 2003 | VOLUME 18, NUMBER 3



THE MULTI-EMPLOYER PROPERTY TRUST closed the third quarter of 2003 with a unit value of **\$4,376.69** up **2.48 percent** (net of fees) from the previous quarter. For the trailing four quarters, MEPT's net return is **7.93 percent**.

In the third quarter, appreciation in the portfolio significantly contributed to the overall return. The increase in value was a result of substantial valuation increases at MEPT's largest hotel properties, lower capitalization rates applied to well-leased office properties in select major markets, and strong new leasing activity across the portfolio, including significant leases at certain West Coast development properties.

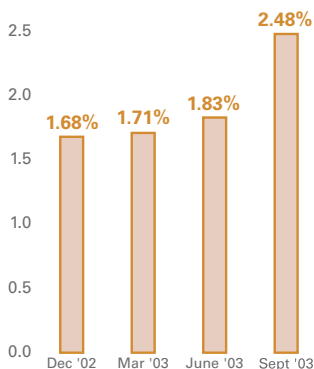
The flood of institutional investment dollars to the real estate asset class in 2003 has made it difficult for responsible managers, industry-wide, to buy assets at reasonable prices, and deploy capital reserves rapidly.

Nevertheless, MEPT's acquisition team continues to work hard to find

properties at attractive prices, and currently has under review a variety of potential acquisition opportunities in the pipeline to strengthen MEPT's portfolio.

MEPT'S FOURTH CONSECUTIVE QUARTER OF IMPROVING PERFORMANCE

Quarterly, Net of Fees



As of October 1, MEPT's net asset value stood at \$3.49 billion. In the third quarter, MEPT was pleased to welcome five new investors as participants to the Fund, bringing the total number of investors to 235. Currently, MEPT's total portfolio consists of 155 funded assets.

NEWS BRIEFS

THE MADISON HOTEL IN WASHINGTON, D.C. REOPENS. After an extensive renovation by MEPT, The Madison Hotel resumed hotel operations on September 12, 2003. The restoration of the hotel and adjacent office building have generated over 300,000 job hours for building trades' members. (For more detail on the project, see "In-Depth Profile".)



Allendale Corporate Center: 15-second power loss.

country in August caused minor power outages at ten of MEPT's 155 assets. In some instances, power was restored by back-up generators within a few seconds, a few properties lost power for several hours, and three assets were without power for more than 24 hours. Across the portfolio, proactive asset and property management assured that there were no instances of property damage, theft or injuries. Fortunately, the advance warning of Hurricane Isabel on the East Coast in late September provided property managers ample time to take necessary precautions to avoid significant property damage or operational stoppages.

MEPT SPONSORS ANNUAL GOLF TOURNAMENT.

In July, 65 MEPT investors participated in "The Scott Thomas Palmer Memorial Scholarship Fund Golf Tournament". This event raises funds for college scholarships which are awarded to outstanding high school students in memory of Scott Palmer, the son of Frances Palmer, a MEPT and Landon Butler & Company staff member for more than 14 years.

HURRICANE ISABEL AND BLACKOUT 2003 HAD LITTLE EFFECT ON MEPT'S PORTFOLIO.

The Blackout of 2003 that affected much of the Midwest and Northeast regions of the



MEPT participants at scholarship golf tournament.



Join MEPT at Beach.

SAVE THE DATE: On **Sunday,**

November 9, 2003, MEPT invites you to experience Beach, the cool rooftop bar at W Hotel San Diego, 100% union-built by Multi-Employer Development Partners L.P. If you plan to attend the International Foundation of Employee Benefit Plans' 49th Annual Employee Benefits Conference, then join us for the cocktail reception by sending an RSVP to ppaul@lbutler.com.

THIRD QUARTER RESULTS

Net Return,
Third Quarter:

2.48%

Net Return,
10/1/02-9/30/03:

7.93%

Net Asset Value:

\$3.49 billion



PERFORMANCE

THIRD QUARTER COMMENTARY

“Solid and consistent income, combined with a positive outlook for appreciation in a strengthening economy are keeping investors focused on real estate.”

Shep Burr, Senior Vice President, Landon Butler & Company



YEAR-TO-DATE, MEPT HAS PRODUCED a total net return of 6.15 percent and a total gross return of 6.92 percent. The third quarter performance represents MEPT’s best performance in eleven quarters. The portfolio generated a 2.73 percent total gross return for the quarter, including a 1.63 percent income return and a 1.10 percent appreciation return. The appreciation component of return was a significant factor in overall performance and reflects the substantial leasing across the MEPT portfolio this year.

Most of the positive appreciation in value during the third quarter is attributable to valuation increases at Arena Corporate Center in Anaheim, CA; The Madison Hotel in Washington, D.C.; The W Hotel at Union Square in Manhattan, NY; and Courthouse Tower in Arlington, VA. There were 115 assets that experienced appreciation or no change in value, and 40 assets that experienced some depreciation during the quarter.

The valuation increases in the portfolio were slightly offset by the declines in an array of markets like Philadelphia, PA, and the tech corridor of suburban Seattle, WA, where general market weakness continues to negatively impact leasing.

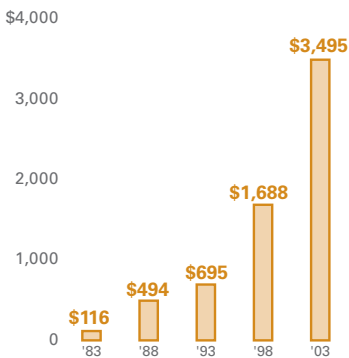
YIELD

	THIRD QUARTER 2003	TRAILING FOUR QUARTERS (COMPOUNDED)
NET	2.48%	7.93%
INCOME	1.38%	5.84%
APPRECIATION	1.10%	2.00%
GROSS	2.73%	8.99%
INCOME	1.63%	6.88%
APPRECIATION	1.10%	2.00%

NET ASSET VALUE GROWTH

October 1, 1983 – October 1, 2003

Based on Market Value (\$Millions)

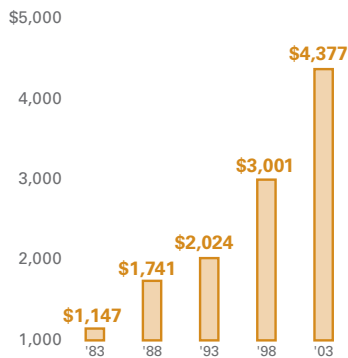


Values shown are for October 1 in each year.

UNIT GROWTH

October 1, 1983 – October 1, 2003

Based on Market Value



Values shown are for October 1 in each year.

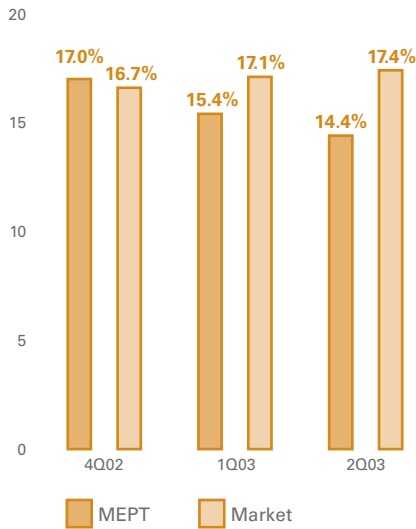
PORTFOLIO SPOTLIGHT

FUND OVERVIEW

Inception Date	April 1, 1982	Average Age of Properties	6.6 years
Assets Held	155	Markets	32
Number of Buildings	309	Net Asset Value	\$3.49 billion
Total Operating Square Footage	28.0 million	Unit Value	\$4,376.69
Stabilized Occupancy	86.0%	Participating Plans	235

VACANCY: MEPT VS. MARKET

Includes Operating Assets Only



*Represents the 57 submarkets where MEPT assets are located.

ACROSS THE COUNTRY, market vacancy rates for all property types have trended upward over the three quarters ending June 30, 2003. In MEPT's portfolio, however, vacancy rates for office and industrial operating properties decreased from 17.0 percent at the end of the fourth quarter 2002 to 14.4 percent at the end of the second quarter 2003.

MEPT's real estate has consistently outperformed the market. In second quarter 2003, the vacancy rate for MEPT's office portfolio was 18.6 percent, while the overall market vacancy rate for office properties where MEPT has investments was 24.4 percent. In addition, MEPT's industrial portfolio performed better than the market with a vacancy rate of 10.2 percent versus MEPT's competitive set, which was 15.6 percent vacant.

In the third quarter, MEPT continued its strong leasing performance by signing more than 70 new leases, renewals and expansions. At the recently completed Arena Corporate Center in Anaheim, CA, two leases, a 127,750 square foot lease with Ameritrust Mortgage Company and a 46,432 square foot lease with Advantage Sales and Marketing, bring that project to 82 percent leased. Other large leases include an 81,950 square foot lease with Federal Express Corp. at Rainier Corporate Park I in Fife, WA, a 74,819 square foot lease with The Chamberlain Group at Meadows Office VIII in Addison, IL, and a 52,173 square foot lease with Super Alloy (USA) at Stafford/Nelson, one of the industrial assets acquired last quarter, located in City of Industry, CA.

THIRD QUARTER ACTIVITY

NEW PARTICIPANTS

IUPAT Industry Pension Fund

Northern California Tile Industry Pension Trust Fund

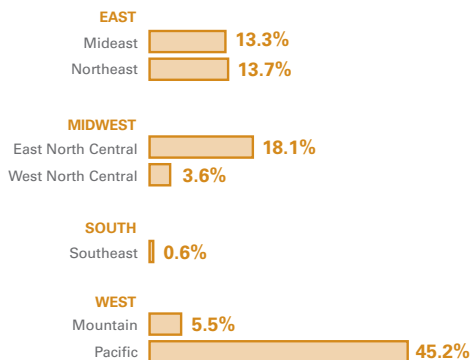
Bricklayers Local #8 of Illinois Pension Plan

Inland Refrigeration and Air Conditioning Retirement Trust Fund

NECA-IBEW Local No. 176 Pension Plan

ASSETS BY GEOGRAPHIC SUB-REGION

Based on Gross Asset Value



MEPT RESTORES THE MADISON HOTEL TO HISTORIC GRANDEUR

Hotel/Office Renovation Creates 300,000 Job Hours for Building Trades and Preserves Jobs of Hotel Employees

WHEN MEPT PURCHASED THE PROPERTY in 2002, The Madison Hotel, well-known for its international clientele and luxury style, and the adjacent 94,000 square foot office building, were in need of renovation to restore the property's high-end reputation and high-quality interior. MEPT completed the rehabilitation of the 353-room hotel in September 2003, and the office building improvements are expected to be completed by year end 2003.

Use of local signatory contractors on this project ensured that The Madison Hotel was restored with the highest-quality craftsmanship in the Washington, D.C. area. Additionally, building upgrades in the office project are expected on-time and within budget, as a result of the skilled and well-trained union contractors responsible for the project. Together these projects are expected to generate over 300,000 job hours for building trades' members.

When the hotel stopped operations for nine months of renovation, MEPT provided stipends, funds to cover union dues and healthcare benefits to the 120 existing workers. When the hotel reopened most of the original personnel returned, and additional employees were hired, doubling the size of the staff.

The Madison Hotel, named for President James Madison, was built in 1963 at 15th and M Streets in Washington, D.C. and is just a few blocks from the White House, D.C.'s new two million square foot convention center and several national associations' headquarters, including the AFL-CIO. Its location, European style, and high-quality service have attracted as guests over 35 heads of state over the years.

At the time of acquisition, MEPT saw a great opportunity to reposition two underperforming assets. The 14-story hotel and 12-story adjacent office building were in need of improvements, since



Dark-stained wood walls and floors have been replaced by white engraved walls and marble floors.

no upgrades or major renovations occurred in its 40 year history. With MEPT's rehabilitation complete, The Madison Hotel is now a four-Diamond designated hotel, and well positioned to compete with other nearby top luxury hotels.

The influence of Dolly and James Madison's style can be seen throughout the hotel. For example, the design on the ballroom carpets was based on a pattern from Dolly Madison's china. The restoration work went deeper than cosmetic changes and included installing new mechanical and electrical systems, a new kitchen, lighting upgrades, updated telephone and electronic systems, and new plumbing on several floors. It also entailed repairs and modifications to the façade and parking garage. A complete restoration of (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 0.966%. 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.

THE MADISON HOTEL *(continued from inside)*

the lobby and ballrooms was done and the guestrooms and suites were renovated and redecorated. Additionally, many original lighting fixtures, including chandeliers, were refurbished and existing antique furniture was refinished.

Upon completion of the office improvements, the lobbies of both buildings will flow together. Already, the second and twelfth floors of the office building are dedicated to hotel meeting space and guest suites. With the hotel renovation there is now over 12,000 square feet of meeting space. The hotel and office building also share a 350 space parking garage. Additionally, the hotel offers a full service fitness center and fully-equipped business center. Guests and office tenants can both enjoy The Federalist restaurant and Post-Script Bar. A new upscale, 200-seat restaurant called “Palette” is expected to open in January 2004.

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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.