BentallGreenOak

MEPT Fund

Quarterly Report

Third Quarter November 2019

THE FIVE (FKA BROADSTONE RIDGE)
Multifamily, Atlanta

Third Quarter Results

(Gross of Fees)

Quarter	Trailing 1-Year	Gross Asset Value
1.13%	5.55%	$8.4B

(Net of Fees)

Quarter	Trailing 1-Year	Net Asset Value
0.91%	4.64%	$6.5B

In the third quarter the MEPT Fund generated a total gross return of 1.13% (0.91%, net of fees) modestly underperforming the NCREIF-ODCE Index ("ODCE") total return of 1.31% by 18 bps. The Fund's 1-year return of 5.55% (4.64%, net of fees) is in line with the ODCE return of 5.59%. MEPT's 3-year return of 6.66% (5.74%, net of fees) and the 5-year return of 8.73% (7.79%, net of fees) are competitive with benchmark.

The Fund's performance in the third quarter was led again by the industrial portfolio, which benefited from broad market rent growth and yield compression, particularly in California. MEPT also benefited from strong market rent growth and robust leasing activity at multiple multi-family assets. Additionally, the Fund does not hold any regional malls, high-street retail, or large lifestyle retail centers, all of which have generated negative total returns in recent timeframes.

In the third quarter, MEPT acquired The Five (fka Broadstone Ridge Apartments), a 278-unit multifamily community in Atlanta, GA for $68.2 million, and 1 Technology Drive, an industrial warehouse in Boston, MA for $33.5 million. Additionally, the Fund has a $109.0 million industrial asset under contract that is expected to close in the fourth quarter.

MEPT also sold two office assets during the quarter: 600 California Street in San Francisco for $322.8 million and 1660 International Drive in Washington, DC for $71.1 million. Thus far in 2019, the Fund has completed $642.3 million of office dispositions thereby reducing the Fund's office allocation from 45.3% to 38.9% of gross asset value. Additionally, the disposition of 600 California reduced the Fund's exposure to WeWork from 2.2% to 0.7% of Fund revenue.

We believe the recent transaction activity has further strengthened the Fund's portfolio positioning that overweights Primary Markets and industrial, multifamily, and CBD office assets while underweighting retail and suburban office assets. Additionally, the Fund has increased its structured investment portfolio to 3.1% of gross asset value, which should be accretive to performance in a more income-driven performance environment.

We still do not see an imminent end to the current U.S. economic expansion as many indicators, including unemployment, wage growth, and consumer spending, remain strong; however, there are significant threats to continued growth, including U.S. political turmoil, slowing global growth, and trade wars. 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: **600 CALIFORNIA**, *Office*, San Francisco

MEPT Fund Overview[1]

As of September 30, 2019

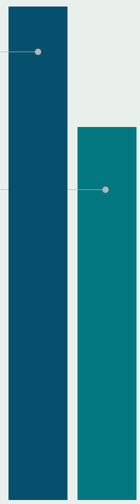
Fund Snapshot

Gross Asset Value

$8.4 B

Net Asset Value

$6.5B



108
Assets

27
Markets

337
Investors

92.8%
Leased

33.5M
Operating Square Feet

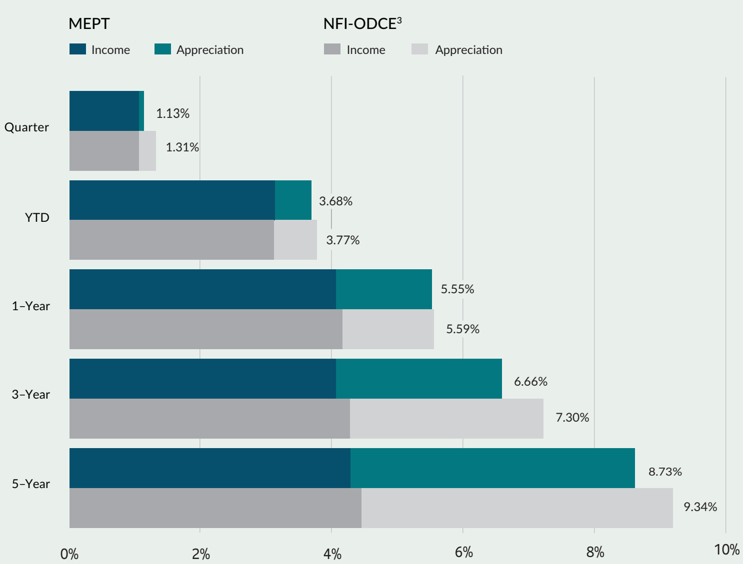
22.4%
Leverage as a % of GAV

1.2%
Cash as a % of NAV

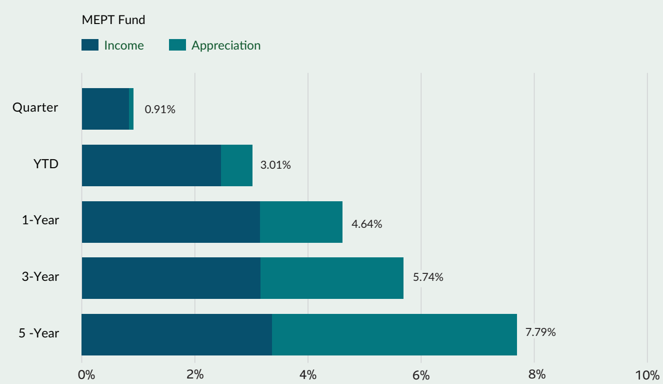
14.3YRS
Average Property Age

Fund Returns 3Q 2019[2]

Gross of Fees



Net of Fees



Investor Activity

3Q Contributions	3Q Redemptions
$12.5M	$84.9M

[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 third quarter, however the economy has clearly slowed from 2018. According to the government's third quarter 2019 advance estimate, real GDP increased by 1.9% on an annualized basis, down from 3.5% in the third quarter of 2018. The economy added 470,000 nonfarm payroll jobs over the quarter and the unemployment rate fell to 3.5%, its lowest level in nearly 50 years. Wage growth continues to outpace inflation. Despite a variety of positive factors, the U.S. economy faces headwinds. At its October meeting the Fed cut rates for the third time this year highlighting concerns related to a synchronized global slowdown, trade policy uncertainty, and persistently weak inflation.

The outlook for the U.S. industrial real estate sector continues to be very positive despite a slight increase in the national availability rate to 7.2% due to an increase in completions, according to CBRE-EA. The development pipeline of industrial properties remains strong and is expected to be in-line with or slightly exceed demand in the near-term. The U.S. office outlook is positive as the overall vacancy rate declined to 12.1% and the downtown vacancy rate decreased to 10.2% according to CBRE-EA, while national asking rents increased on both a quarterly and annual basis.

The outlook for the U.S. multifamily sector strengthened as the national apartment vacancy rate decreased 0.4% bps over the past year to 3.7%, according to RealPage, while average effective rents rose by 1.2% over the quarter reflecting a 3.0% increase over the past 12 months. Retail are relatively unchanged as the vacancy rate for neighborhood, community and strip centers decreased slightly to 8.7%, according to CBRE-EA. ■

Market Overview Highlights

1.9%
GDP increase

470k
Non-farm payroll jobs added

3.5%
Unemployment rate

MEPT Performance and Property Sectors

MEPT's third quarter total gross return was 1.13% (0.91%, net of fees), consisting of 1.05% income and 0.08% appreciation. The primary driver of third-quarter appreciation was market rent growth and yield compression in the industrial portfolio, particularly at assets in the West. Additionally, unit renovations at The Octagon in New York and the successful completion of capital projects at Via6 in Seattle contributed to significant appreciation in the Fund's multifamily portfolio. The largest detractors from performance were decreased market rent growth at one of the Fund's Washington, DC multifamily assets, tempered market rent growth in the Fund's New York office portfolio, and debt mark-to-market adjustments due to the decline in benchmark rates during the quarter. ■

Portfolio Metrics

As of September 30, 2019

	Assets[1]	% Of Allocation (GAV)[1]	Total Return[2]	Leased[3]	Average Stabilized Cap Rate
Industrial	28	18.9%	2.9%	97.2%	4.9%
Office	33	38.9%	0.2%	86.3%	5.4%
Multifamily	26	32.1%	1.7%	90.6%	4.4%
Retail	17	9.0%	0.1%	95.9%	5.7%

Industrial

The Fund's industrial portfolio delivered a total return of 2.92% in the third quarter, comprised of 1.20% income and 1.72% appreciation. Once again, the majority of the industrial portfolio appreciated during the quarter, driven by further market rent growth and yield compression in assets in the West, particularly in California. The Fund's industrial portfolio continues to be a relative strength having outperformed the ODCE's industrial return by 102 bps over the trailing 12 months. The Fund's high-quality industrial portfolio is concentrated in primary distribution markets and remains well positioned to benefit from continued warehouse demand.

Retail

The Fund's retail portfolio delivered a total return of 0.14% in the third quarter, comprised of 1.27% income and 1.13% 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 and has outperformed the ODCE retail return by 475 bps over the trailing 12 months.

Office

The Fund's office portfolio realized a total return of 0.16% in the third quarter, comprised of 0.97% income and 0.81% depreciation. Strong performance from the Fund's Denver and Boston portfolios was offset by lower-than-projected rent growth in the Fund's New York and Washington, DC portfolios, resulting in overall depreciation for the quarter. During the quarter, the Fund completed the disposition of two office assets generating gross proceeds of $393.9 million and further reducing the Fund's office exposure, which has decreased by 635 bps since the start of the year, to 38.9%. Additionally, through these dispositions, the Fund reduced its exposure to WeWork from 2.2% to 0.7% of Fund revenue.

Multifamily

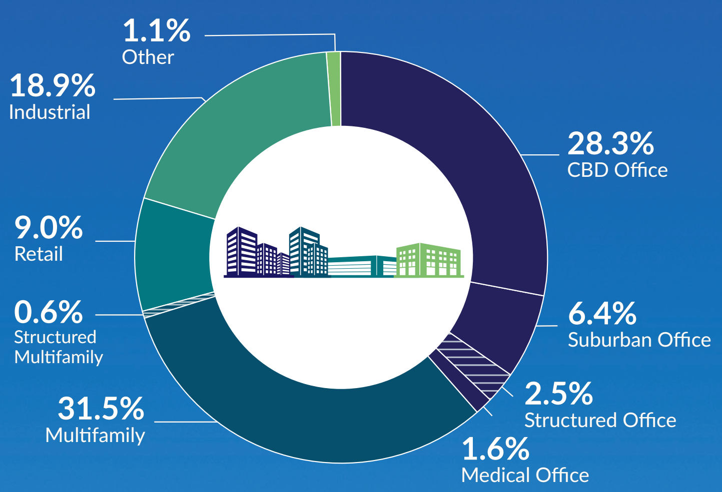
The Fund's multifamily assets delivered a total return of 1.71% during the quarter, comprised of 0.88% income and 0.84% appreciation. The top-performing asset was The Octagon, a Class A high-rise apartment building located in New York, NY, which experienced strong rental rate growth following unit and amenity renovations. The Fund's assets in New York, Seattle, and Chicago also contributed meaningful appreciation. During the quarter, the Fund acquired The Five in Atlanta, GA, continuing to increase its allocation to multifamily assets in low-cost, low-regulation markets that further diversify the Fund's multifamily portfolio, which has a high concentration of urban high-rise assets in Primary Markets.

[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.

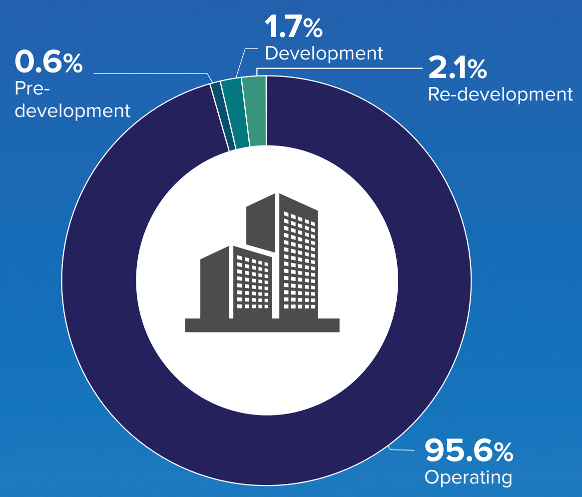
MEPT by the Numbers

Diversification and Portfolio Characteristics as of September 30, 2019

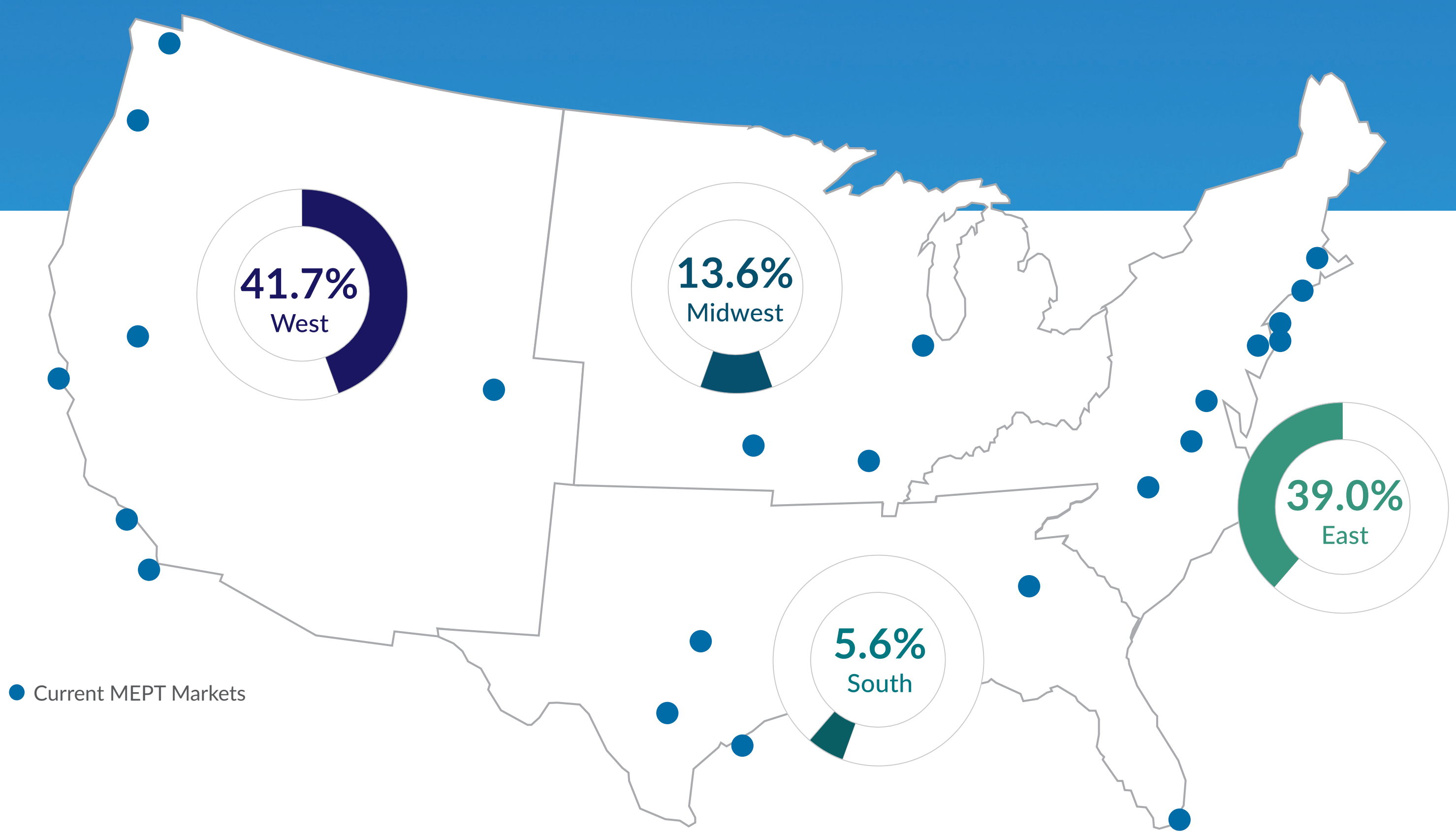
By Property Type (GAV)



By Life Cycle (GAV)



By Geographic Region (GAV)



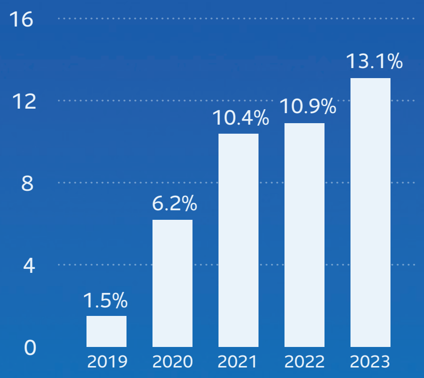
Notes

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.

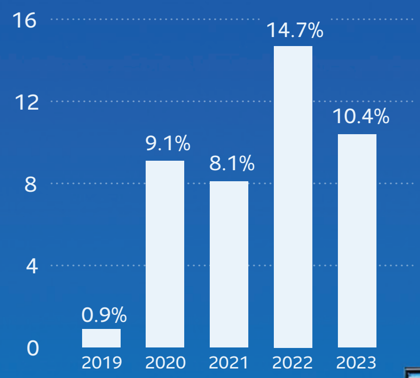
Forward looking statements found in this report are subject to change and applicable only as of the date made. Many of the factors affecting such statements are impossible to predict with certainty, and as such, are outside the control of MEPT. Further, past performance is not indicative of future results.

Lease Rollover Summary[1]

Percent of Total Revenue



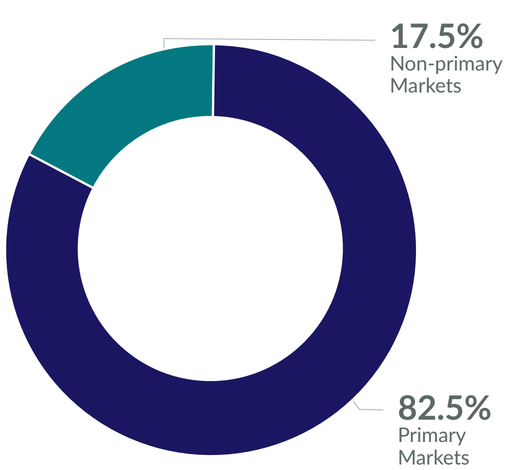
Percent of Net Rentable Area



[1]Consolidated Operating Industrial, Office and Retail

1900 16TH ST
Office, Denver

By Market (GAV)



Top Markets by Investment

As of September 30, 2019

MARKET	GAV (IN $M)	% OF GAV
New York, NY	$ 1,832	17.5%
Chicago, IL	1,200	11.5%
San Francisco, CA	1,091	10.4%
Washington, DC	980	9.4%
Los Angeles, CA	839	8.0%
Portland, OR	837	8.0%
Boston, MA	791	7.5%
Denver, CO	728	6.9%
Seattle, WA	449	4.3%
Other Markets	1,732	16.5%
Total	$10,479	100.0%

Primary Market   Secondary Market

Third Quarter Activity

Transactions

In the third quarter of 2019, MEPT acquired one multifamily asset in Atlanta, GA and one industrial asset in Boston, MA

The Five (fka Broadstone Ridge Apartments) presented the opportunity to acquire a newly-built, best-in-class multifamily property in the Atlanta MSA at an attractive basis

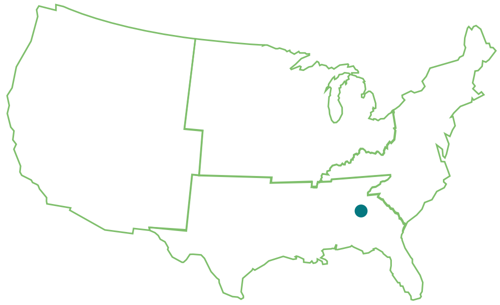
- 2018-built, 278-unit mid-rise multifamily asset featuring an attractive amenities package, including a resort-style pool with private cabanas, fitness center, yoga studio, and a unique three-tiered courtyard
- Located in the fast-growing Cumberland submarket, which is home to the Atlanta Braves and the Battery, as well as several of the city's top employers, including The Home Depot, Comcast, GE, IBM, and Thyssenkrupp
- Attractive "near, but not in" location relative to the Battery offers tenants access to the neighborhood amenities at a relative discount and with the advantage of a quieter neighborhood compared to competitive properties right next to Sun Trust Park
- Acquired with an attractive stabilized yield of 5.0%, providing a yield premium relative to comparable properties in the Atlanta MSA

1 Technology Drive offered the opporunity to acquire a high-quality industrial warehouse facility in Boston, MA at an attractive going-in yield

- 186,591 sf, multi-tenant industrial warehouse built in 1982 and renovated in 2018
- Located in the infill, supply-constrained Route 128 North submarket 16 miles north of Logan airport
- 100% leased to credit-worthy tenants with a weighted average lease term 8.0 years
- Acquired at an attractive going-in yield of 5.9%, representing a significant premium to comparable industrial sales in the Greater Boston submarket

Despite a competitive acquisition environment, MEPT continues to source attractive opportunities both on and off-market. The Fund is currently under contract to acquire an industrial warehouse in Miami, FL for $109.0 million in the fourth quarter.

MEPT continues to take advantage of attractive market pricing to opportunistically sell assets. During the third quarter, the Fund sold two office assets: 600 California Street in San Francisco, CA for $322.8 million and 1660 International Drive in Washington, DC for $71.1 million. The Fund has now sold over $640.0 million of office assets in 2019 and reduced the Fund's office allocation by 635 bps since the start of the year. In addition to reducing the Fund's office over-allocation, the third quarter dispositions also reduced the Fund's exposure to WeWork from 2.2% to 0.7% of Fund revenue.



The Five
Multifamily, Atlanta
$68.2M

2019 Transaction Pipeline of Existing and Development Opportunities

$771.5M
Acquisitions Closed

$257.8M
In Process

$1,029.3M
Pipeline Total

Acquisition Activity

Closed

CITY	ASSET NAME	TYPE	COMMITMENT (IN $M)	ASSET CLASS
Seattle	1200 Stewart (Mezzanine Loan)	Development	$200.0	Multifamily
Stockton	NorCal Logistics Center	Existing	$103.7	Industrial
Boston	3 Distribution Center	Existing	$44.9	Industrial
Boston	140 Depot Street	Existing	$31.9	Industrial
Boston	30 Superior Drive	Existing	$51.6	Industrial
Pittsburgh	Strip District Portfolio	Re-development	$99.3	Retail/Office
Portland	Windward Retail A (Loan)	Existing	$6.9	Retail
Portland	Windward Land (Purchase Option)	Existing	$8.1	Multifamily
Denver	Alameda Station	Existing	$109.0	Multifamily
Chicago	McClurg Land (Partial Acquisition)	Existing	$14.4	Multifamily
Boston	1 Technology Drive	Existing	$33.5	Industrial
Atlanta	The Five (fka Broadstone Ridge)	Existing	$68.2	Multifamily

In Process

CITY	ASSET NAME	TYPE	COMMITMENT (IN $M)	ASSET CLASS
Miami	Industrial Opportunity	Existing	$109.0	Industrial
Los Angeles	Multifamily Debt Opportunity	Development	$100.0	Multifamily
Pittsburgh	Office Debt Opportunity	Development	$48.8	Office

$737.3M
Total Closed Dispositions

7
Assets

$462.4M
Total Dispositions in Process

5
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

In Process

CITY	ASSET NAME	ASSET CLASS	PRICE (IN $M)
Chicago	Existing Office Asset	Office	$124.0
Washington, DC	Existing Office Asset	Office	$67.3
Baltimore	Existing Office Asset	Office	$24.1
Chicago	Existing Multifamily Asset	Multifamily	$197.0
New York	Development Parcel	Industrial	$50.0

Disposition Spotlight:

600 California Street

Investment Overview

In November 2014, the Fund acquired 600 California Street, a 359,883 sf Class A office building in San Francisco's Financial District. BentallGreenOak leveraged its deep industry relationships to acquire the asset through a limited marketing process from a motivated seller for a total purchase price of $217.7 million, representing an estimated 30% discount to replacement cost.

Investment Strategy

The investment strategy for 600 California was to create value by:

1) repositioning the asset to appeal to technology and innovation tenants;
2) marketing large blocks of contiguous space, of which there was extremely limited supply; and
3) marking-to-market in-place rents as leases expired.

The asset was 70% leased at acquisition with in-place rents 27% below market and an additional 12% of net rentable area vacating shortly after acquisition. With the near-term roll, 600 California was the only building in the submarket which could offer 100,000 sf of contiguous space, and just one of three buildings in the submarket that could accommodate a 100,000+ sf requirement in non-contiguous space. At the time of acquisition, prospective tenants seeking blocks of space between 100,000 sf and 200,000 sf outnumbered the availability of space by a ratio of 5 to 1.

Execution

Prior to acquisition, 600 California was not on the radar for technology tenants. BentallGreenOak and the leasing and property teams launched an extensive rebranding campaign focusing on the large block of available space. New signage and collateral materials were developed, along with new building standard finishes, to demonstrate the "best in class" experience for potential tenants.

Within the first nine months of ownership, BentallGreenOak leased 63,244 sf to two creative/tech tenants, bringing occupancy to 76.0%. The Fund continued to market to large office users and ultimately signed a lease with WeWork for 73,348 sf in 1Q16, bringing the total occupancy to 96.0% just 15 months after closing.

Disposition – August 2019

In early 2019, the Fund's asset management team was approached by WeWork to expand into an additional 75,951 sf that was rolling in 2020. Given the Fund's exposure to WeWork, 28.6% of asset NRA and 2.5% of Fund revenue, the BentallGreenOak team did not think it was prudent to lease additional space to WeWork. However, a short time later, WeWork's ARK Capital Management LLC ("ARK" aka "WeWork") approached the Fund about acquiring the building. ARK's desire to expand into the additional space made them a strategic buyer, and the Fund was able to negotiate a sales price that exceeded comparable sales in the market and exceeded the anticipated sales price from a fully marketed process.

In the third quarter, the Fund completed the disposition of 600 California to ARK, generating proceeds of $322.8 million and reducing the Fund's overweight to office as well as reducing exposure to WeWork to 0.8% of Fund revenue. ■

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.

Asset Summary

4Q 2014
Investment Date

$217.7M/
$605 PSF
Purchase Price

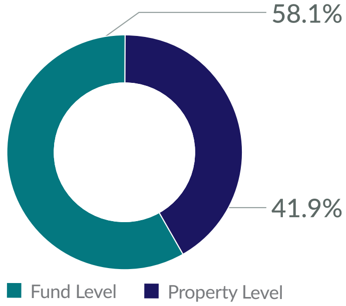
$245.8M/
$683 PSF
All-in Cost Basis

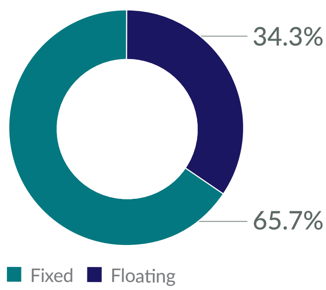
$322.8M/
$897 PSF
Sales Proceeds

Debt Structure

The Fund's leverage ratio decreased slightly to 22.4% from 23.9% during the quarter following the maturity of a $184.2 million property-level loan. MEPT's leverage ratio remains within the Funds target leverage range of ±3% of peer group leverage, which was 21.7% as of 3Q19. Additionally, the Fund is in the process of procuring $400.0 million in the private placement market in two tranches: 10-year ($200.0 million, 3.22%) and 12-year ($200.0 million, 3.32%). ■

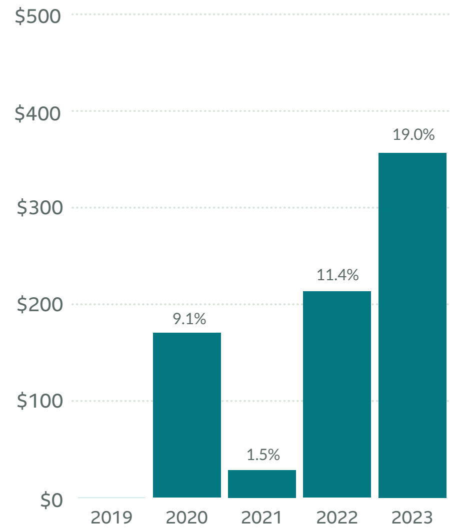
Current Leverage Ratio	Weighted Average Interest Rate
22.4%	3.67%





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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REAL ESTATE ADVISOR
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TRUSTEE
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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/.