

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Metropolitan Tract Quarterly Report: Q1 as of 3/31/2011

For information only.

Attachment

Metropolitan Tract Quarterly Report: Q1 as of 3/31/2011

Metropolitan Tract Quarterly Report

Q1 as of 3/31/2011

Q1 Notables:

- Operating revenues and expenses were in line with budget during the quarter.
- Office occupancy remains strong at 89.5% with lease commitments that will pull occupancy to 92% once the new leases commence over the next few months. Retail occupancy currently sits at 80.5% with additional completed leases to bring it to 85.4%.
- The Fairmont Hotel recorded a 10% increase in revenues in Q1 2011 as compared to Q1 2010.

Market News:

- The office market continues to strengthen with the recent announcement that Amazon.com leased 460,000 sf at the newly constructed 1918 8th Ave Building. Only one new building has any significant remaining vacancy.
- The CBD Office market reported vacancy of about 17% and net absorption of over 800,00 sf at the end of Q1 2011.
- National investment interest in Seattle has also picked up with the four downtown Class A buildings currently on the market.

Operations & Cash Flow

(Millions \$)

	Calendar Year 2011			Historical		
	Q1 Actual	Q1 Budget	2011 Budget	2010	2009	2008
Rent	\$ 4.91	\$ 4.87	\$ 19.47	\$ 20.33	\$ 21.90	\$ 22.94
Other (Op Savings, Misc)	0.40	0.48	1.91	1.70	1.54	1.47
Revenues ¹	5.31	5.35	21.38	22.03	23.43	24.42
Operating Expenses ²	(0.80)	(0.96)	(3.84)	(4.12)	(3.84)	(3.50)
Net Operating Income	4.50	4.38	17.54	17.91	19.60	20.91
Non-Operating Expenses	(0.55)	(0.64)	(2.57)	(2.05)	(3.02)	(2.67)
Net Income	3.95	3.74	14.96	15.86	16.57	18.24
Debt Repayment (Borrowing)						
Capital & Tenant Improvements ³	(0.35)	(1.16)	(4.63)	(4.95)	(3.76)	(12.87)
Net Cash Flow	3.60	2.58	10.33	10.92	12.81	5.38
Distribution to University	-	-	(8.00)	(8.00)	(8.00)	(8.00)
Increase/(Decrease) in Cash	\$ 3.60	\$ 2.58	\$ 2.33	\$ 2.92	\$ 4.81	\$ (2.62)

¹ Revenues include rent from tenant leases, operating savings payments from Unico and Leasehold Excise Tax receipts from tenants.

² Operating Expenses include Leasehold Excise Tax payments, earthquake insurance, professional fees and Met Tract Real Estate Office management expenses.

³ Unico and Rainier Tower Sublease.

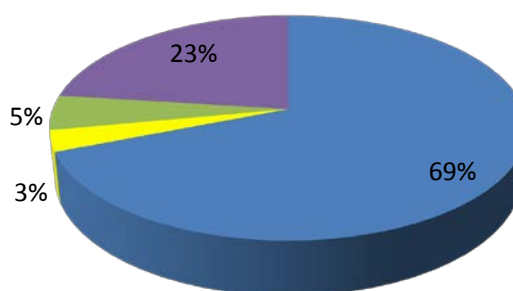
Assets Under Management

2010	Valuation (Millions \$)	2009
\$338.1M	Office Buildings	\$338.3M
\$76.8M	Olympic Hotel	\$110.8M
\$36.0M	Cobb Building	\$30.5M
\$450.9M		\$479.6M

- Internal Valuation as of 12/31/2010
- UW portion of 2010 value is approx. \$349M
- Hotel decreased value due lower performance forecasts
- Key assumptions include lease up rates, TI's, exit cap rates, discount rates, and operating expenses

Product Type

Product Type (by RSF)

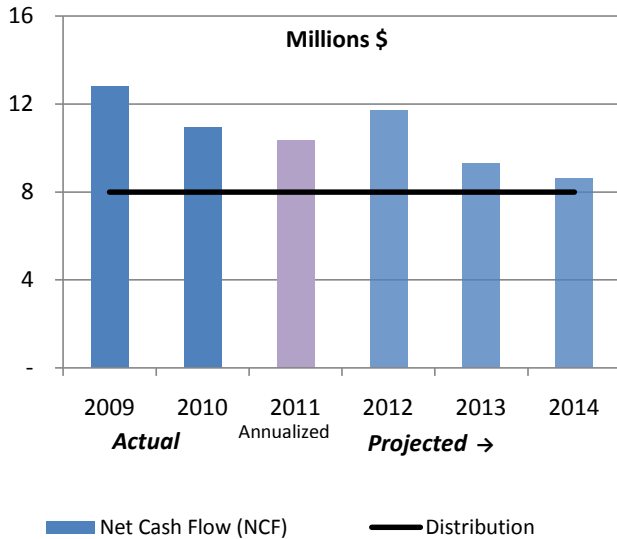


■ Office ■ Residential ■ Retail ■ Hotel

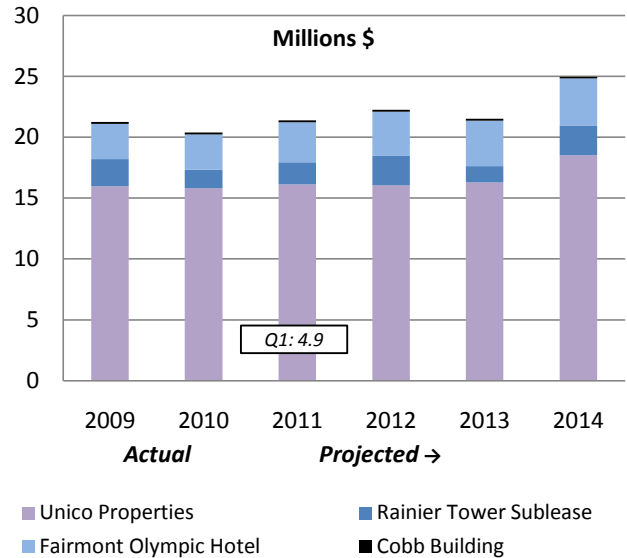
Metropolitan Tract Quarterly Report

Q1 as of 3/31/2011

UW Distribution & Cash Flow



Total UW Rent Earned



- Distribution to campus from the Met Tract has consistently been \$8M / year.
- NCF is impacted by capital expenses which are budgeted to be \$4.6M in 2011. 2011 NCF is on budget.

- Rent earned from each lease; does not include cash flow items or misc. revenue.
- Projected rent is based on 2011 Argus building by building model.
- Rainier Tower Sublease revenue is included net of direct operating expenses.

Metropolitan Tract Portfolio



Unico Portfolio	
Rainier Tower	569,155 sf
Financial Center	339,527 sf
Puget Sound Plaza	274,885 sf
IBM Building	225,129 sf
Skinner Building	193,672 sf
Total	1,602,368 sf
Retail Space	141,806
Parking Stalls	744
Lease Expiration:	10/31/2014

Cobb Building	
Residential Units	91
Retail Space	18,717
Lease Expiration:	3/22/2050
Rainier Tower Sublease	
Sublease Space	379,463
Lease Expiration:	10/31/2017

Fairmont Olympic Hotel	
Luxury Hotel Rooms	450
Office Space	15,500
Retail Space	28,000
Parking Stalls	787
Lease Expiration:	10/1/2040