F–4

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Metropolitan Tract Quarterly Report for the Quarter Ended September 30, 2011

For information only.

Attachment
Metropolitan Tract Quarterly Report for the Quarter Ended September 30, 2011

Metropolitan Tract Quarterly Report

Q3 as of 9/30/2011

Q3 Notables:

-Quarterly and year to date revenues exceeded the budget due to the positive impact of the amendment to the terms of the Unico lease in May

-Total occupancy on the Metropolitan Tract is 89%, with office occupancy at 90% and retail at 85%

-The Fairmont hotel has recorded improved occupancy as well as rate increases and is budgeting for further recovery in 2012

-Capital expenditures are on pace with budget as significant leasing (116,000 SF) has occurred during the year. 116,000 SF leased year to date

-In November, $8 million was distributed to the University for fiscal year 2012

Market News:

Continued leasing in the South Lake Union area and the Russell Investment Tower has provided a positive market trend

Puget Sound office market still seen as attractive investment opportunity compared to other US cities. Office vacancy in Seattle is currently at 18%

Operations & Cash Flow

(Millions $)

	Quarter Ended 9/30		YTD		Historical
(Millions $)	**Q3 Actual**	**Quarterly**	**YTD**	**2011 Budget**	**2010**
Revenues[1]	**$ 6.71**	$ 5.35	$ 17.37	$ 16.04	$ 22.03
Operating Expenses[2]	**$ (0.78)**	$ (0.96)	$ (2.37)	$ (2.88)	$ (4.12)
NOI	**$ 5.93**	$ 4.38	$ 14.99	$ 13.15	$ 17.91
Non-Operating Expenses	**$ (0.36)**	$ (0.58)	$ (1.70)	$ (1.73)	$ (2.30)
Net Income	**$ 5.57**	$ 3.81	$ 13.29	$ 11.43	$ 15.61
Capital & TIs[3]	**$ (0.89)**	$ (1.16)	$ (3.38)	$ (3.47)	$ (4.95)
Net Cash Flow	**$ 5.04**	$ 2.65	$ 9.92	$ 7.95	$ 12.97
Distribution to University	**$ -**	-	-	(8.00)	(8.00)
Increase/(Decrease) in Cash	**$ 5.04**	$ 2.65	$ 9.92	$ (0.05)	$ 4.97

[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.*

Metropolitan Tract Portfolio







Unico Portfolio	
Rainier Tower	569,155
Financial Center	339,527
Puget Sound Plaza	274,885
IBM Building	225,129
Skinner	193,672
Total Office	1,602,368
Retail Space	141806
Parking Stalls	744
Lease Expiration	10/31/2014

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

Cobb Building	
Residential Units	91
Retail Space	18,171
Lease Expiration	3/22/2050

Rainier Tower Sublease	
Sublease Space	379,463
Lease Expiration	

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ATTACHMENT