

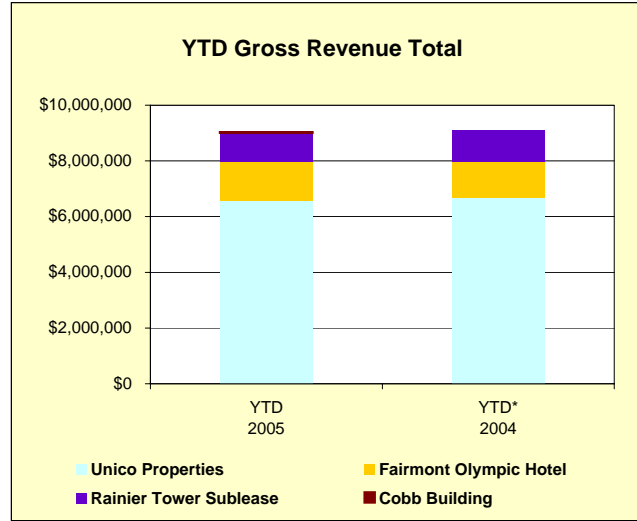
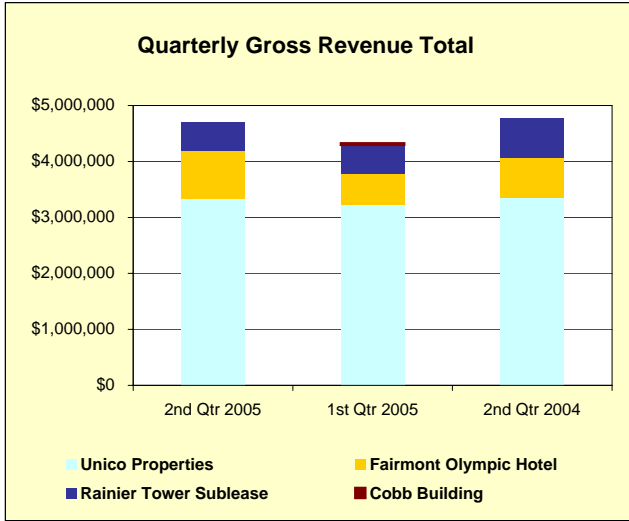
METROPOLITAN TRACT
PERFORMANCE REPORT
For the Quarter Ended
June 30, 2005



Capital Assets Committee

August 17, 2005

University of Washington Metropolitan Tract
CONSOLIDATED METROPOLITAN TRACT PROPERTIES
Quarterly Summary
Quarter Ending June 30, 2005



CURRENT QUARTER							
Gross Revenue to University	2nd Qtr 2005	Prior Qtr*	Prior Year*	Change from Prior Qtr		Change from Prior Year	
		1st Qtr 2005	2nd Qtr 2004	\$	%	\$	%
Unico Properties	3,333,188	3,220,831	3,351,180	112,357	3.5%	(17,992)	(0.5%)
Rainier Tower Sublease	507,474	516,662	700,219	(9,189)	(1.8%)	(192,746)	(27.5%)
Fairmont Olympic Hotel	866,788	553,324	712,445	313,463	56.7%	154,343	21.7%
Cobb Building	0	38,500	0	(38,500)	-	0	-
TOTAL GROSS REVENUE	\$4,707,450	\$4,290,818	\$4,763,844	\$416,632	9.7%	(\$56,395)	(1.2%)

Gross Revenue to University	CALENDAR YEAR TO DATE				ANNUAL	
	YTD 2005	YTD* 2004	Change from Prior YTD		Projected 2005	Actual* 2004
			\$	%		
Unico Properties	6,554,019	6,675,598	(121,579)	(1.8%)	13,854,843	13,463,841
Rainier Tower Sublease	1,024,136	1,135,099	(110,963)	(9.8%)	636,524	1,954,708
Fairmont Olympic Hotel	1,420,112	1,306,730	113,382	8.7%	2,941,650	2,855,971
Cobb Building	38,500	0	38,500	-	154,000	0
TOTAL GROSS REVENUE	\$8,998,267	\$9,117,427	(\$119,160)	(1.3%)	\$17,433,017	\$18,274,520

*Adjusted to exclude Cobb

CONSOLIDATED METROPOLITAN TRACT PROPERTIES

Quarterly Summary

Quarter Ending June 30, 2005

CONSOLIDATED METROPOLITAN TRACT SUMMARY

The Metropolitan Tract's revenue total was \$4.7 million in the second quarter of 2005. This is an increase of nearly 10% over the first quarter of the year. While there was moderate growth among the office properties and a mild decline on the net income from the Rainier Tower sublease, the big contributor to the quarter's increase is the notable jump in revenues from the Fairmont Olympic Hotel. Nonetheless, the quarter's total trails 2nd Quarter 2004 by 1.2% and the year to date totals also trail by 1.3%.

UNICO PROPERTIES

Revenue from the Unico properties totaled \$3.3 million in the second quarter, up 3.5% over the previous three months. The total is relatively flat compared to the year-ago quarter. While the office numbers showed only mild change and parking was off quite a bit, retail stood out, with growth of 13.7% from 1st Quarter and of 8.4% over the same period in 2004. Aggregating the first two quarter reveals a 2.6% decline for the office properties and a 6% drop in parking, tempered by the 3.8% increase in retail. Occupancy in the office properties is nearly 90%. Rainier Tower, Financial Center and IBM all continue to have occupancy exceeding 85%, while Skinner and Puget Sound Plaza are slowly closing in on 80%. The average in the downtown submarkets is 85.98%

RAINIER TOWER SUBLEASE

Revenue from the Rainier Tower Sublease totaled \$507,474 in the 2nd quarter of 2005, a less than 2% decline from the previous quarter. While this is a decrease of more than 27% from the same period in 2004, that decline stems largely from a \$300,000+ adjustment that skewed June 2004's results to the positive. A big leasing challenge lies ahead with Washington Mutual vacating the 14th floor in August and the 13th floor in September and three more floors (20-22) in August, 2006. Since 1995, the Rainier Tower Sublease has generated nearly \$14.9 million dollars of net revenue.

FAIRMONT OLYMPIC HOTEL

The Fairmont Olympic Hotel generated revenue to the University of \$866,788. This is a more than 50% increase over the preceding quarter. While it is to be expected that spring will bring higher revenues from the hotel, 2nd quarter 2005's results also topped the year-ago period, by 21.7%. Since the seasonal low in January, the hotel has enjoyed consistent monthly increases in RevPar.

COBB BUILDING ADJUSTMENT

For comparison purposes, the Cobb Building has been factored out of all office and retail calculations in measurements of both revenue and occupancy.

MARKET UPDATE

OFFICE MARKET

The Puget Sound office market continues to improve, albeit slowly. A slight increase in occupancy puts the market at 86% with lease rates flat over the previous quarter. However, the leasing activity in the market is stronger than it has been for the past several years. Although the 2006 opening of Washington Mutual Center will cause roughly 800,000 square feet of Bank tenancies to relocate, it is believed that this vacancy is already factored into the market dynamics. Additionally, institutional investors continue to be attracted to the Seattle market and are paying record prices to own quality downtown real estate.

HOTEL MARKET

Last quarter it was discussed that 2005 was widely believed to be the year that the luxury hotel market would finally return to pre-9/11 levels, marking a full recovery of what has been a challenging few years for the industry. At the halfway point of 2005, that belief seems to be changing from optimistic outlook to reality, as robust growth in the sector gives credence to the industry prognosticators' predictions. Not only are the Fairmont's returns dramatically higher than in years past, the other downtown Seattle luxury hotels are also booking more rooms at higher rates than has been seen in recent years.

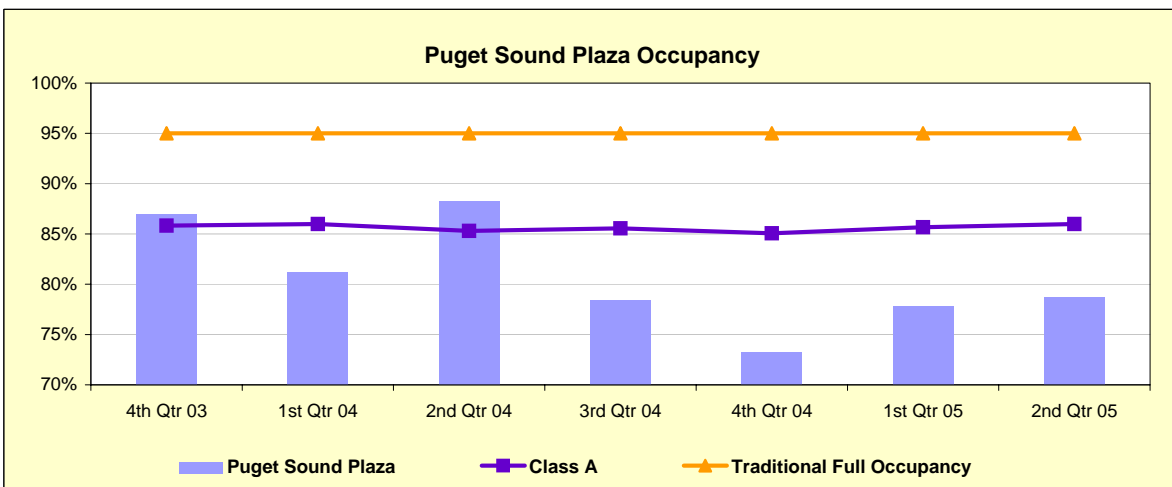
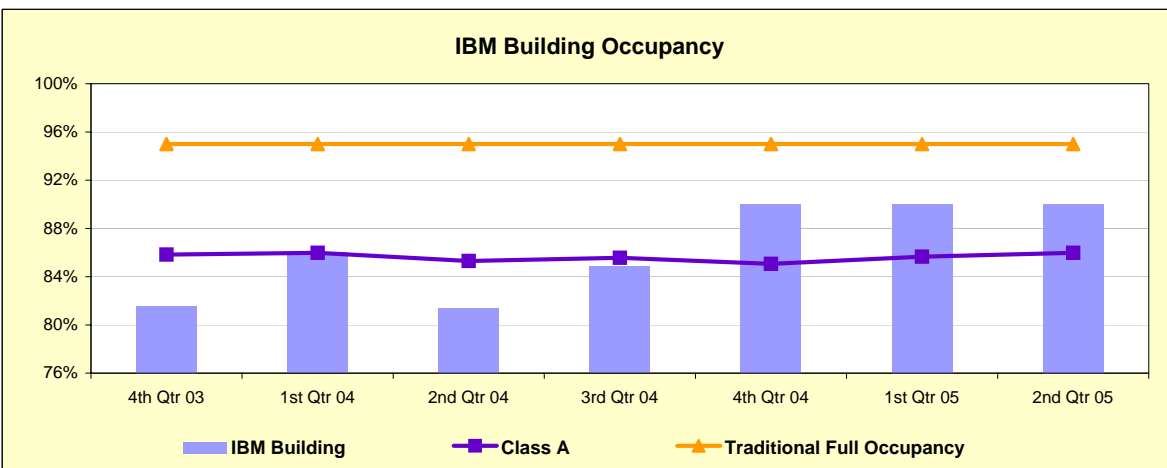
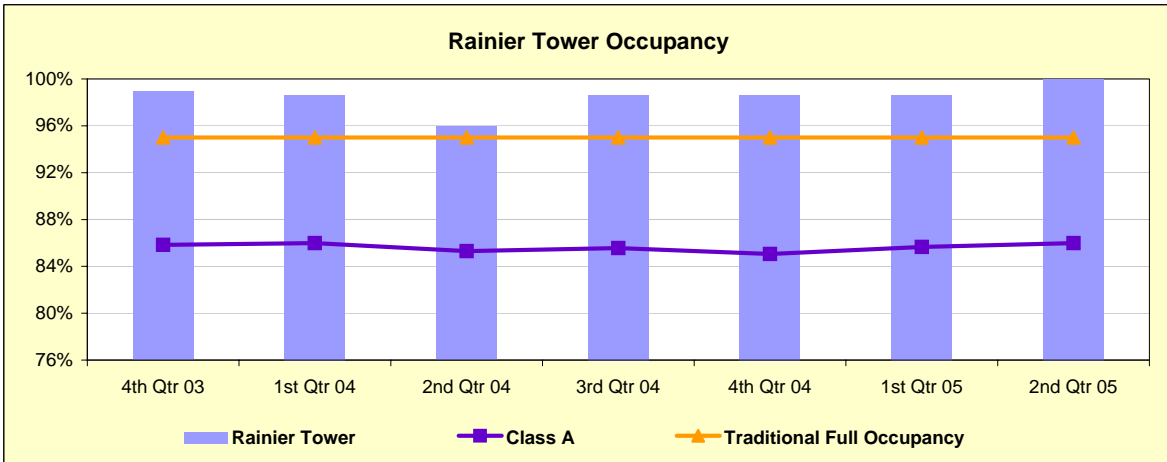
This recovery sets up the Fairmont (as well as the rest of its peers) to be on strong footing in the coming years, as new product comes onto the market. Additionally, the first of the ultra-high-end hotels scheduled to open will be the Pan Pacific's opening in August 2006. While the Pan Pacific will have views of Lake Union, it will lack the central location of the Fairmont. The most physically proximal development will be the new 415-room tower at the Sheraton. While this would seem, on the surface, to be an increase in competition and a potential drag on prices, the general perception is positive. Due to the Sheraton's location, nearly adjacent to the convention center, it is thought that more hotel rooms of this type will bring more conventions to Seattle and therefore increase the volume of guests passing through the city.

OFFICE BUILDING OCCUPANCY COMPARISON CHARTS

Last Seven Quarters

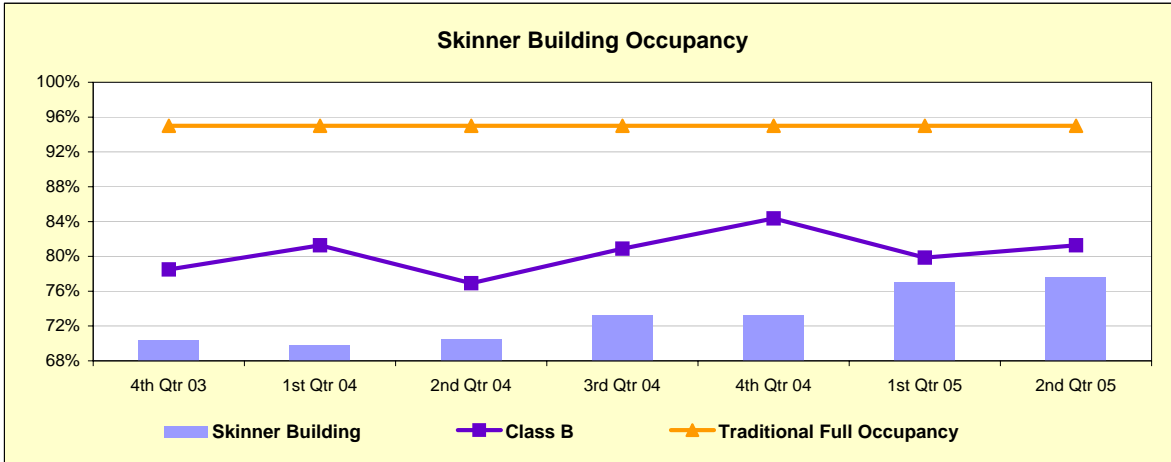
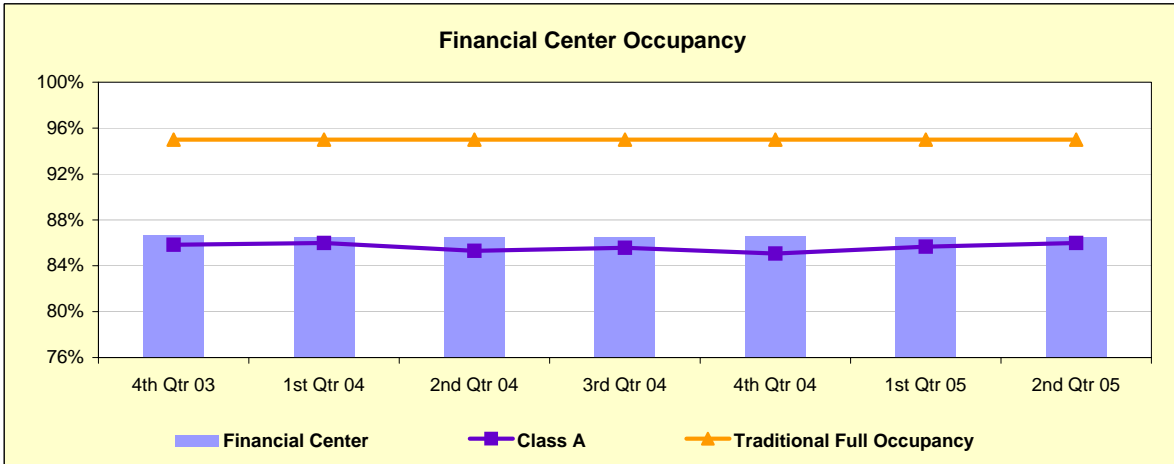
Quarter Ending June 30, 2005

Includes Direct and Sublease Vacancy



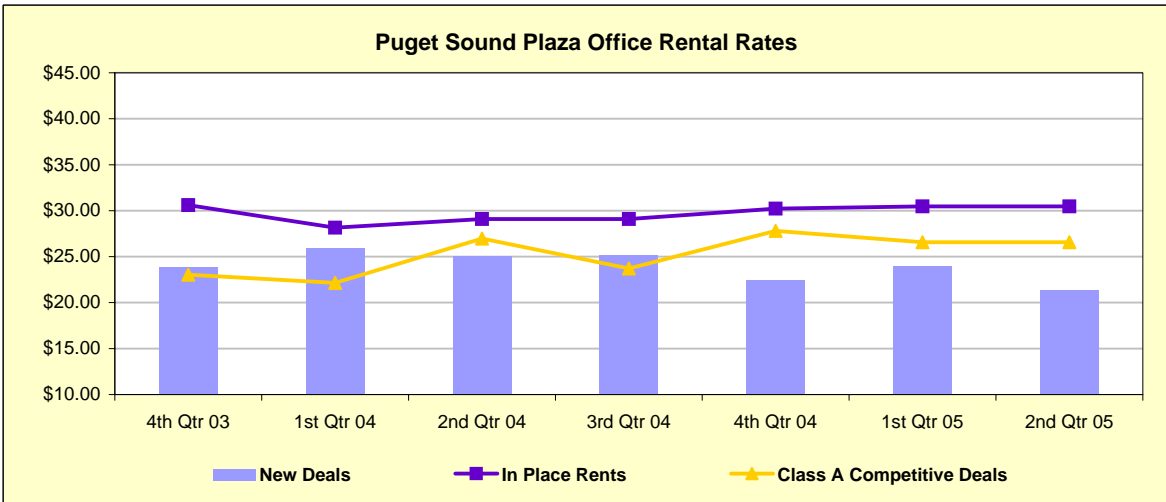
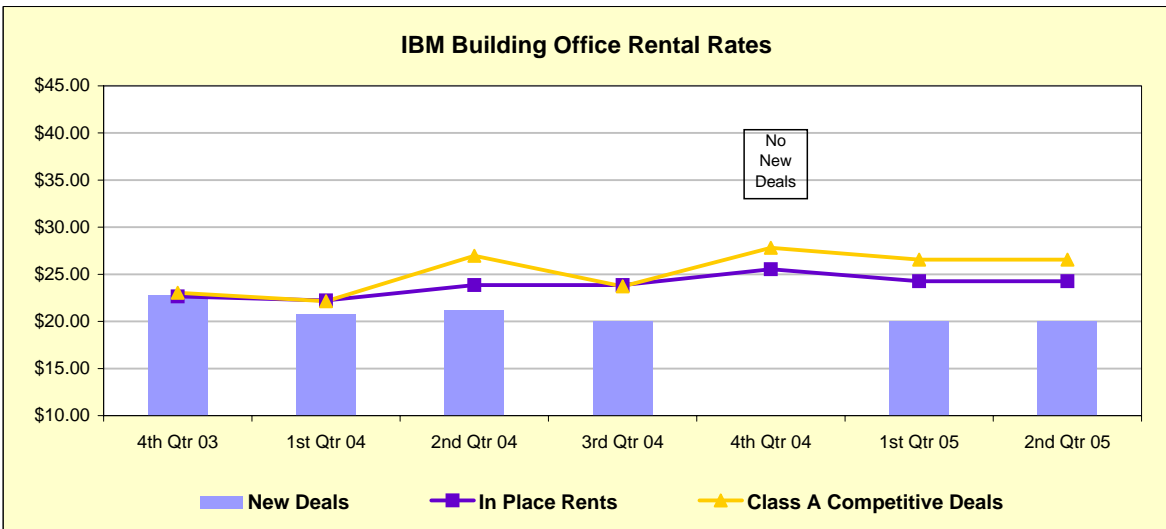
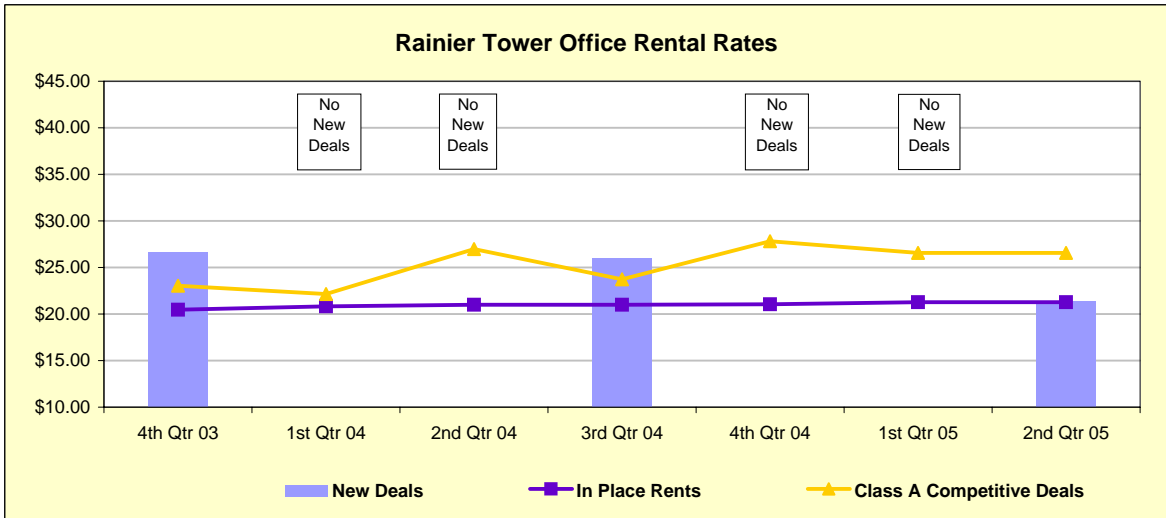
University of Washington Metropolitan Tract
OFFICE BUILDING OCCUPANCY COMPARISON CHARTS
 Last Seven Quarters
 Quarter Ending June 30, 2005

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* Vacancy in the Skinner Building was created by loss of a single, full floor tenant coupled with a disruption due to current construction to complete the seismic upgrade.

OFFICE BUILDING RENTAL RATE COMPARISON
 Last Seven Quarters
 Quarter Ending June 30, 2005

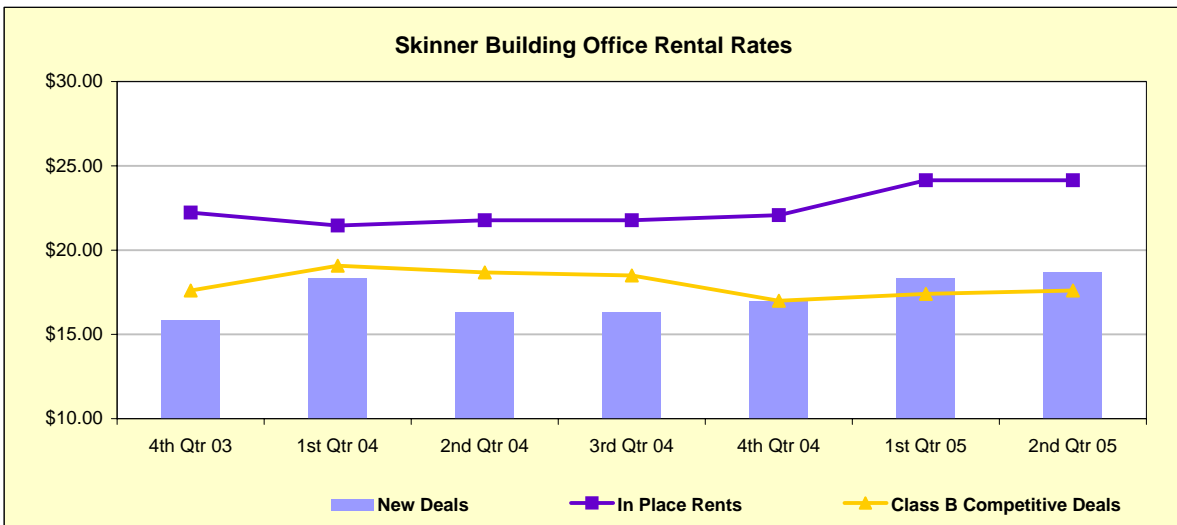
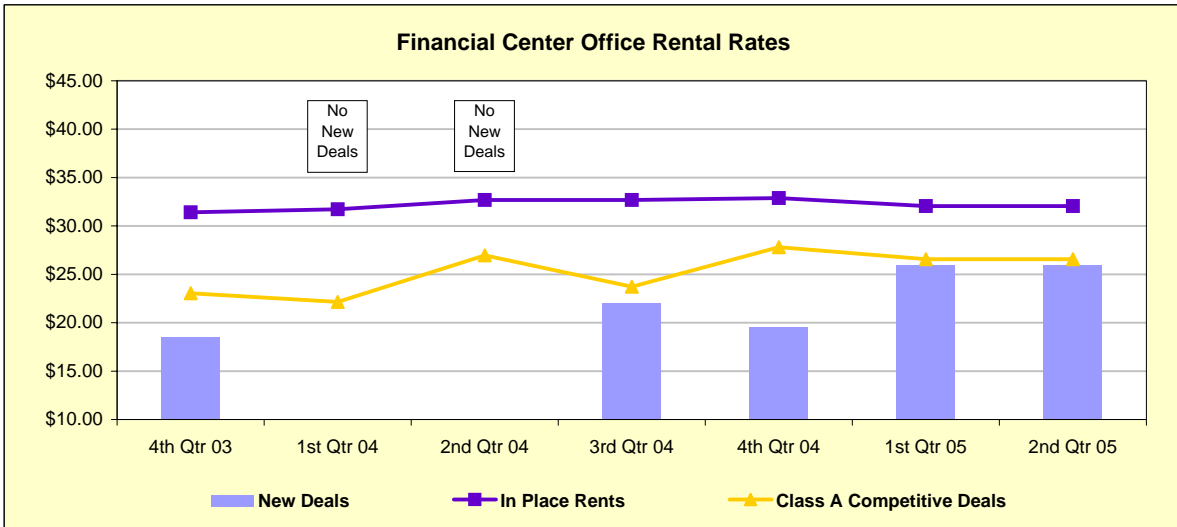


Note: Due to a decline in leasing velocity in the last several quarters, the competitive deals included in the charts above are based heavily upon asking rents, which are 10% to 20% higher than where lease deals are actually being done. The result is a gap between New Deals in the Metropolitan Tract and Competitive Deals in the market.

OFFICE BUILDING RENTAL RATE COMPARISON

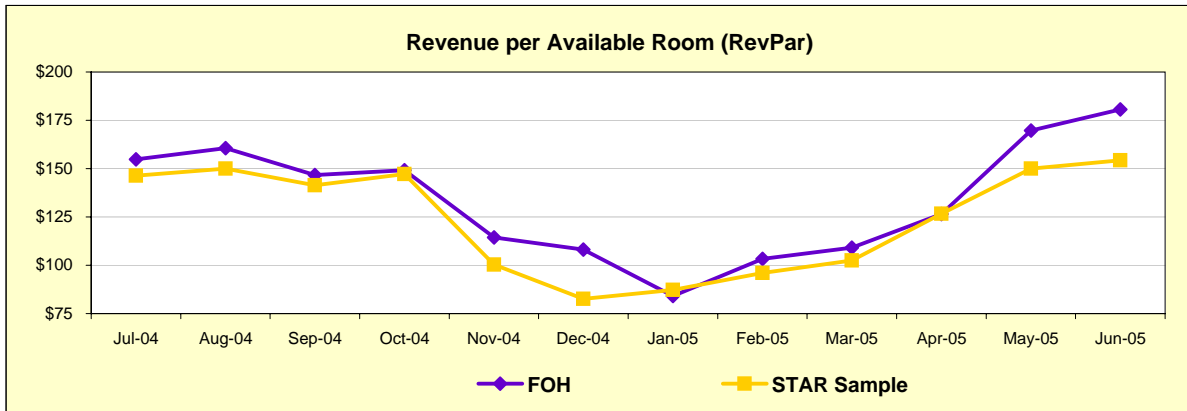
Last Seven Quarters

Quarter Ending June 30, 2005



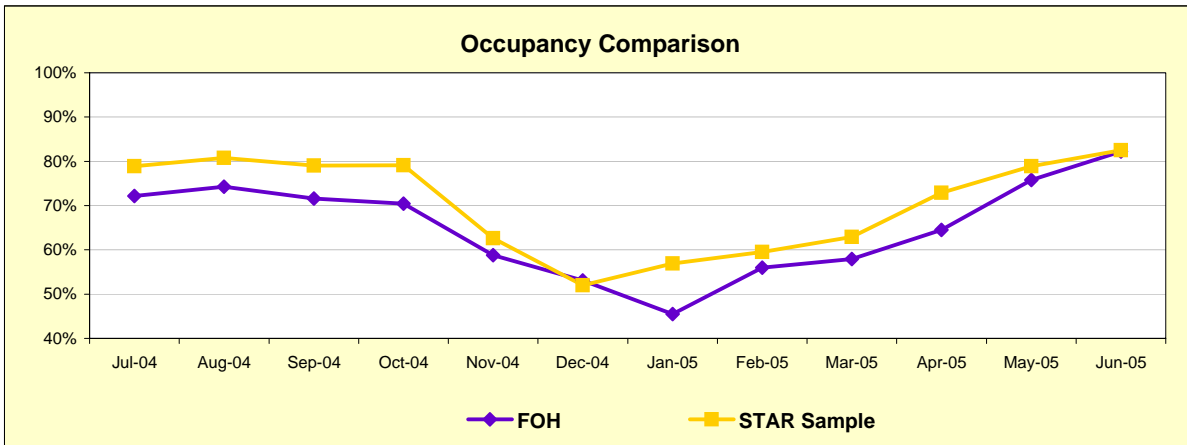
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FAIRMONT OLYMPIC HOTEL MARKET COMPARISONS
Twelve Months Ended June 30, 2004



RevPar 12-months Average	Jun-05	Jun-04	Change from Prior Year \$
FOH	\$133.94	\$124.69	\$9.25
STAR Sample Avg <1>	\$123.71	\$112.18	\$11.53

RevPar Current Month Ended	Jun-05	Jun-04	Change from Prior Year %
FOH	\$180.66	\$134.13	\$46.53
STAR Sample Avg <1>	\$154.25	\$137.46	\$16.79

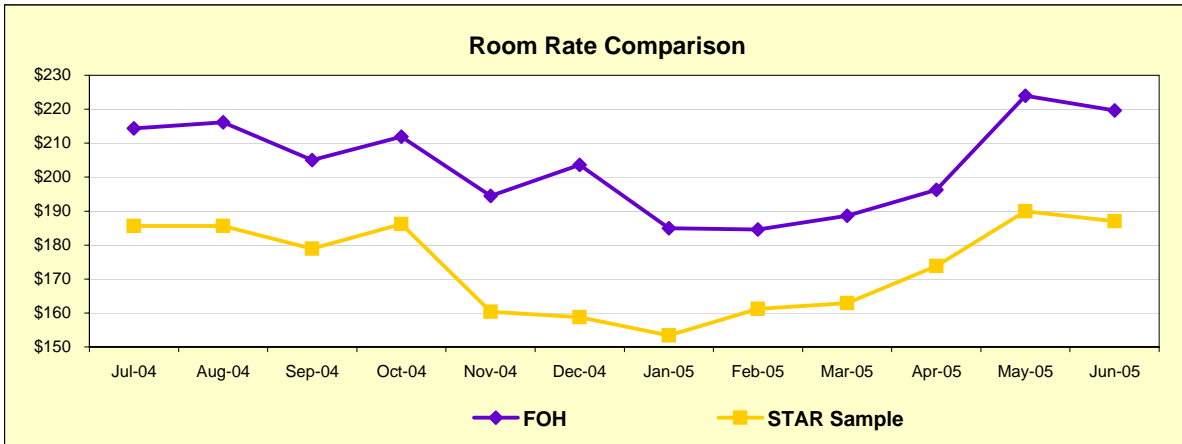


Occupancy 12-months Average	Jun-05	Jun-04	Change from Prior Year %
FOH	65.2%	62.6%	2.6%
STAR Sample Avg <1>	70.5%	69.4%	1.1%

Occupancy Current Month Ended	Jun-05	Jun-04	Change from Prior Year %
FOH	82.2%	66.7%	15.5%
STAR Sample Avg <1>	82.5%	78.4%	4.1%

<1> Information is based on Smith Travel Research (STAR) Report for the Sheraton Hotel, Hotel Vintage Park, Hotel Monaco, Seattle Alexis, Sorrento, Westin, W Hotel, Madison and Inn at the Market.

FAIRMONT OLYMPIC HOTEL MARKET COMPARISONS
Twelve Months Ended June 30, 2004



Average Daily Rate 12-months Average	Jun-05	Jun-04	Change from Prior Year \$
FOH	\$203.62	\$198.51	\$5.11
STAR Sample Avg <1>	\$173.66	\$164.47	\$9.19

Average Daily Rate Month Ended	Jun-05	Jun-04	Change from Prior Year \$
FOH	\$219.66	\$201.10	\$18.56
STAR Sample Avg <1>	\$187.04	\$175.43	\$11.61

<1> Information is based on Smith Travel Research (STAR) Report for the Sheraton Hotel, Hotel Vintage Park, Hotel Monaco, Seattle Alexis, Sorrento, Westin, W Hotel, Madison and Inn at the Market.