

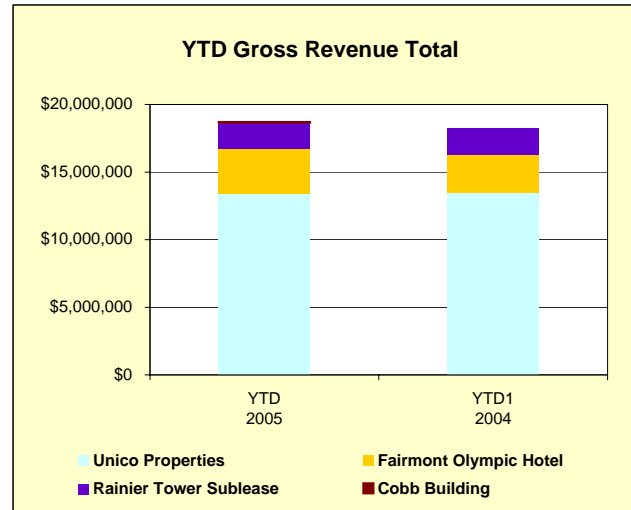
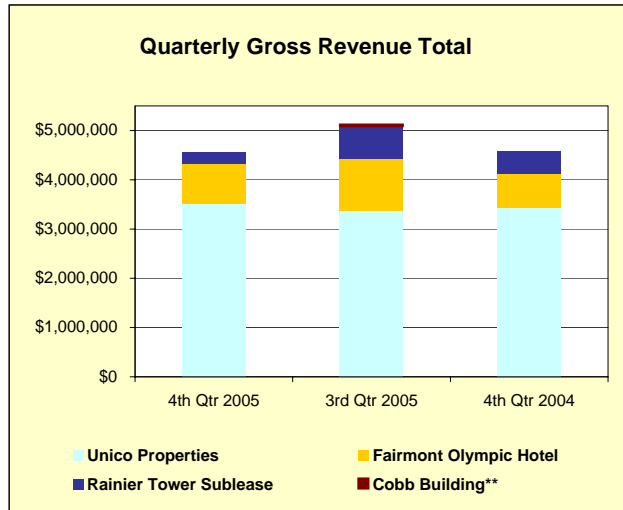
**METROPOLITAN TRACT**  
**PERFORMANCE REPORT**  
**For the Quarter Ended**  
**December 31, 2005**



**Finance, Audit & Facilities Committee**

February 16, 2005

University of Washington Metropolitan Tract  
**CONSOLIDATED METROPOLITAN TRACT PROPERTIES**  
**Quarterly Summary**  
**Quarter Ending December 31, 2005**



CURRENT QUARTER							
Gross Revenue to University	4th Qtr 2005	Prior Qtr* 3rd Qtr 2005	Prior Year* 4th Qtr 2004	Change from Prior Qtr		Change from Prior Year	
				\$	%	\$	%
Unico Properties	3,515,451	3,367,671	3,436,021	147,780	4.4%	79,430	2.3%
Rainier Tower Sublease	232,122	658,334	454,551	(426,212)	(64.7%)	(222,429)	(48.9%)
Fairmont Olympic Hotel	803,713	1,059,038	695,495	(255,325)	(24.1%)	108,218	15.6%
Cobb Building**	0	38,500	0	(38,500)	-	0	-
<b>TOTAL GROSS REVENUE</b>	<b>\$4,551,286</b>	<b>\$5,085,043</b>	<b>\$4,586,067</b>	<b>(\$533,757)</b>	<b>(10.5%)</b>	<b>(\$34,782)</b>	<b>(0.8%)</b>

Gross Revenue to University	CALENDAR YEAR TO DATE				ANNUAL	
	YTD 2005	YTD <sup>1</sup> 2004	Change from Prior YTD		Projected 2005	Actual <sup>1</sup> 2004
			\$	%		
Unico Properties	13,437,140	13,463,845	(26,704)	(0.2%)	13,854,843	13,463,841
Rainier Tower Sublease	1,914,592	1,954,708	(40,116)	(2.1%)	636,524	1,954,708
Fairmont Olympic Hotel	3,282,863	2,855,971	426,893	14.9%	2,941,650	2,855,971
Cobb Building	77,000	0	77,000	-	130,330	0
<b>TOTAL GROSS REVENUE</b>	<b>\$18,634,596</b>	<b>\$18,274,524</b>	<b>\$360,072</b>	<b>2.0%</b>	<b>\$17,433,017</b>	<b>\$18,274,520</b>

<sup>1</sup> Adjusted to exclude Cobb

12/31/05 INTERNAL VALUATION	
	Gross Market Value
Unico Managed Properties <sup>1</sup>	396,100,000
Fairmont Olympic Hotel	160,000,000
Cobb Building <sup>2</sup>	6,700,000
<b>TOTAL</b>	<b>\$562,800,000</b>

<sup>1</sup> Includes the Rainier Tower Sublease

<sup>2</sup> Represents stabilized value less cost to complete the project

**CONSOLIDATED METROPOLITAN TRACT PROPERTIES**

**Quarterly Summary**

**Quarter Ending December 31, 2005**

**CONSOLIDATED METROPOLITAN TRACT SUMMARY**

The Metropolitan Tract total revenue was \$4.55 million in the fourth quarter of 2005. Following two consecutive quarters of improvement, this decline of 10.5% from the third quarter was expected with the hotel revenues at seasonal highs during the third quarter as well as planned capital expenditures at Rainier Tower in the fourth quarter. The Unico revenues were up for the quarter by 4.4%.

The Tract generated \$18.6m of gross revenue for the University in 2005, a slight increase (2%) over 2004. The stellar performance of the Olympic Hotel which increased rent to the University of more than \$400,000 made up for slight declines from Unico and the Rainier Tower sublease. Additionally, the year end results were significantly higher than had been projected for the year driven by the hotel recovery and timing of leasing related expenditures that didn't occur in 2005.

**UNICO PROPERTIES**

Revenue from the Unico properties was up 4.4%, totaling \$3.5 million for the quarter. Office revenue was fairly flat, while large gains in retail was the true driver behind the quarter's increase. Parking was off 2.2%. Comparing to a year prior, Office is down almost 8%, though a nearly 24% increase in Retail mitigates that shortfall. Occupancy in the office properties hovers near 90%. Rainier Tower is currently 100% leased (not including sublease space). Piper Jaffray recently moved out of IBM Building, dropping occupancy there to under 80%. Current lease activity at Puget Sound Plaza should bring its occupancy level up in the near term. The average occupancy in the Seattle Central Business District is approximately 88%.

**RAINIER TOWER SUBLEASE**

Revenue from the Rainier Tower Sublease totaled \$232,122 in the 4th quarter of 2005. Before comparing that to the previous quarter, it is worth noting that 3rd quarter's results were skewed by a one-time revenue event totaling \$175,000. Washington Mutual's vacation of two floors in the Tower also had the predictable revenue impact. Further, Washington Mutual will be vacating three more floors (20-22) in August, 2006. However, Marsh USA recently signed a lease to take over the majority of that space. Since 1995, the Rainier Tower Sublease has generated more than \$15.2 million dollars of net revenue.

**FAIRMONT OLYMPIC HOTEL**

The Fairmont Olympic Hotel generated revenue to the University in excess of \$800,000. This coincides with the autumnal downturn in the hospitality industry and therefore results in a 24% decrease from the preceding quarter. The 4th quarter's returns eclipsed 2004's year-ago period by 15.6%. This has been an unprecedented summer for the hotel, with occupancy, rates and RevPar exceeding all our historical records for the property. For the year, the hotel generated nearly 15% more revenue for the University than in 2004.

**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.

**INTERNAL VALUATION**

The numbers presented represent the overall value of the real estate as estimated by Heitman and Urbis Partners as of 12/31/05, but do not account for the leasehold encumbrances.

## **MARKET UPDATE**

### **OFFICE MARKET**

The Puget Sound office market is maintaining its trend of steady improvement. As with the Metropolitan Tract properties, occupancy throughout the market continues to increase as many companies are expanding their operations and finding their old offices a tight fit. This appears to be a fairly sustainable trend in the near-term. Though the opening of Washington Mutual Center will certainly have its impact, it seems as though the approach of that additional space has been factored into the current market behavior and an anticipation of coming higher rents is prevalent in the market. As of 12/31/05, the CBD office vacancy was approximately 12% with total absorption for the year of nearly 1 million square feet over a 30 million square foot market.

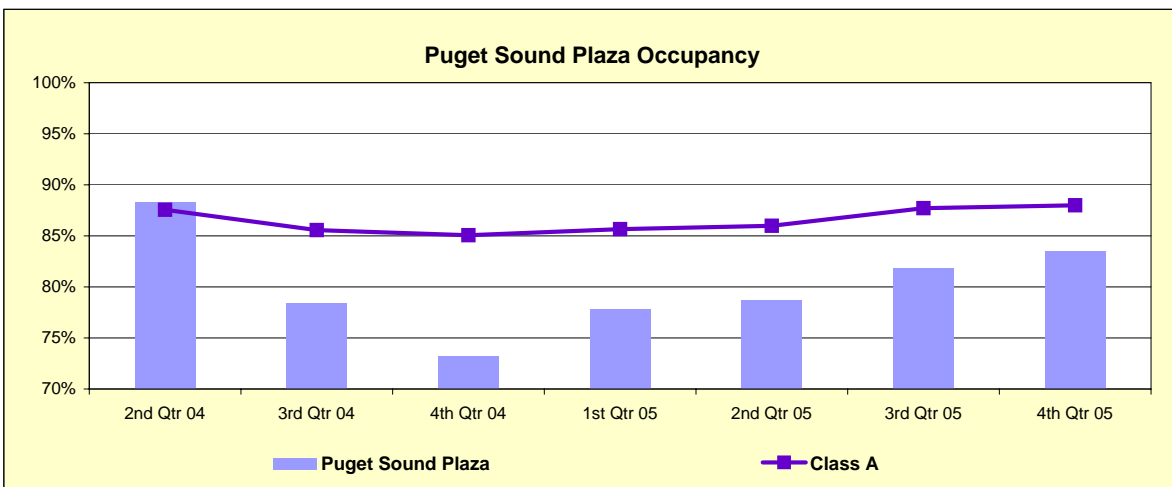
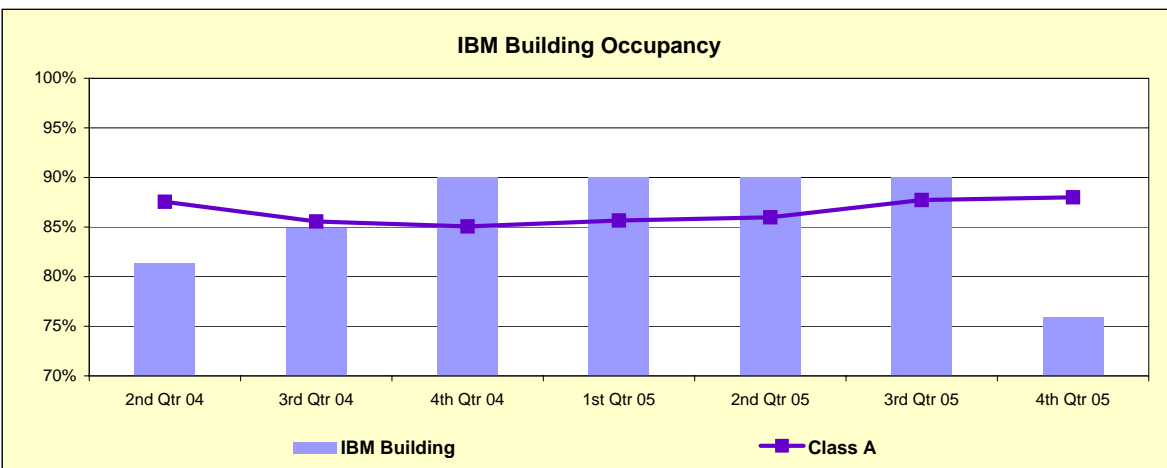
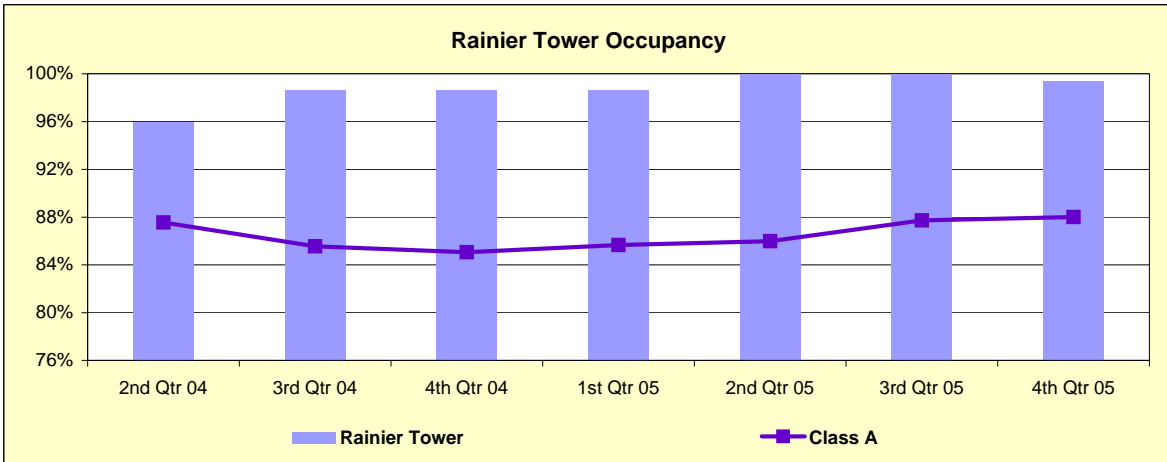
### **HOTEL MARKET**

Despite a somewhat slow start to 2005, it was a phenomenal year throughout the hospitality industry and especially in the downtown luxury hotel market. By summer, occupancy, room rates and revenues were in excess of anything experienced in recent years. While it can be expected that 2006 will continue to build on the growth of the past year, it is unlikely that the market will see another year of 15% revenue growth. Looking further into the future, this market will begin to get crowded. Two new ultra-luxury condo-hotels are already under construction and the new tower at the Sheraton will add 415 rooms to the existing 838. With the new tower and their expanded meeting facilities, Seattle becomes a much more competitive city for drawing large conventions. Thus, this expansion is thought to be complementary to the market, rather than competitive as it will draw more business and revenue into the sector. In addition to the two under construction, there are two additional luxury condo-hotels planned to be built by 2008.

As of 1/31/06, Fairmont announced that it was being acquired by Saudi Prince Alwaleed bin Talal bin Abdulaziz Al Saud and Colony Capital. This should not impact the University's lease. Generally, industry insiders believe that this will be positive for Fairmont as the Prince is highly experienced with luxury hotels. The Fairmont brand will be retained.

University of Washington Metropolitan Tract  
**OFFICE BUILDING OCCUPANCY COMPARISON CHARTS**  
 Last Seven Quarters  
 Quarter Ending December 31, 2005

Includes Direct and Sublease Vacancy

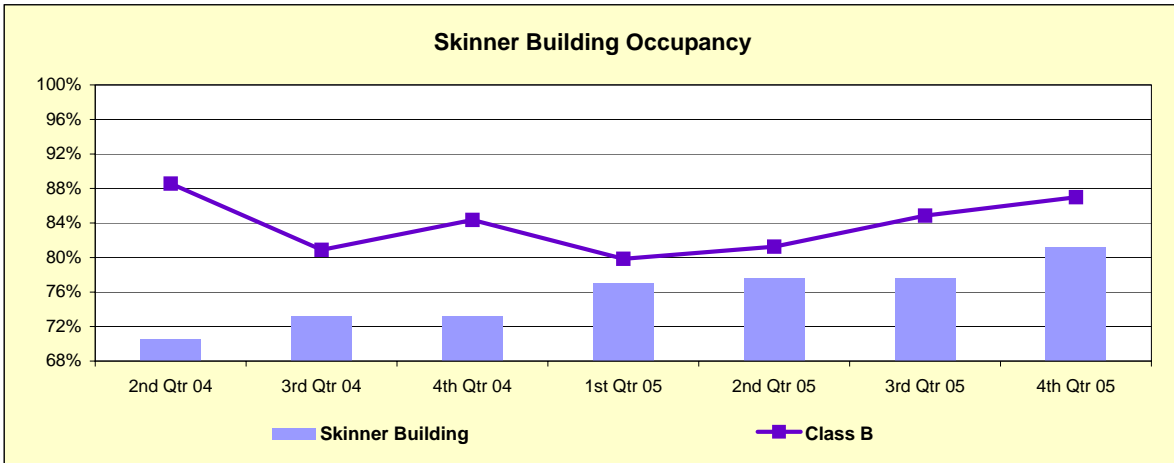
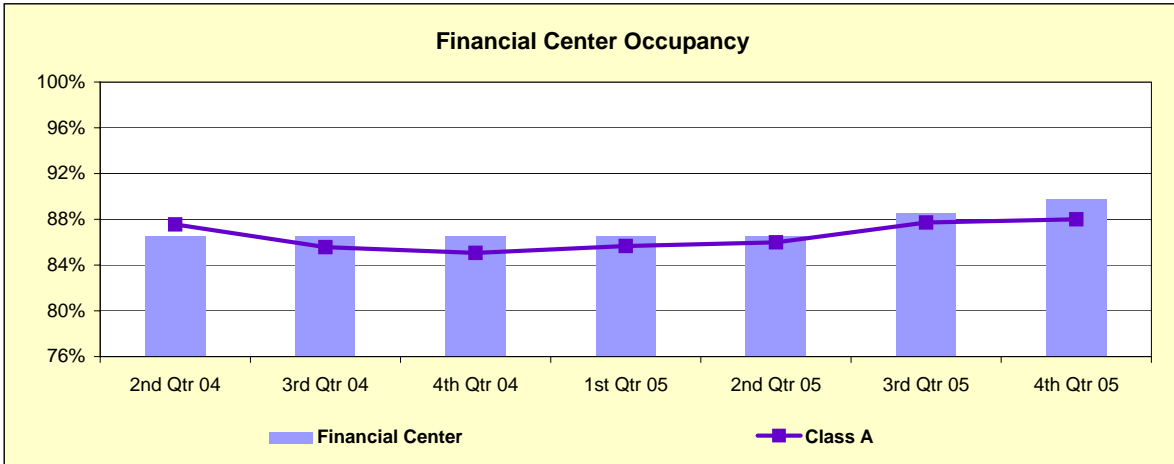


**OFFICE BUILDING OCCUPANCY COMPARISON CHARTS**

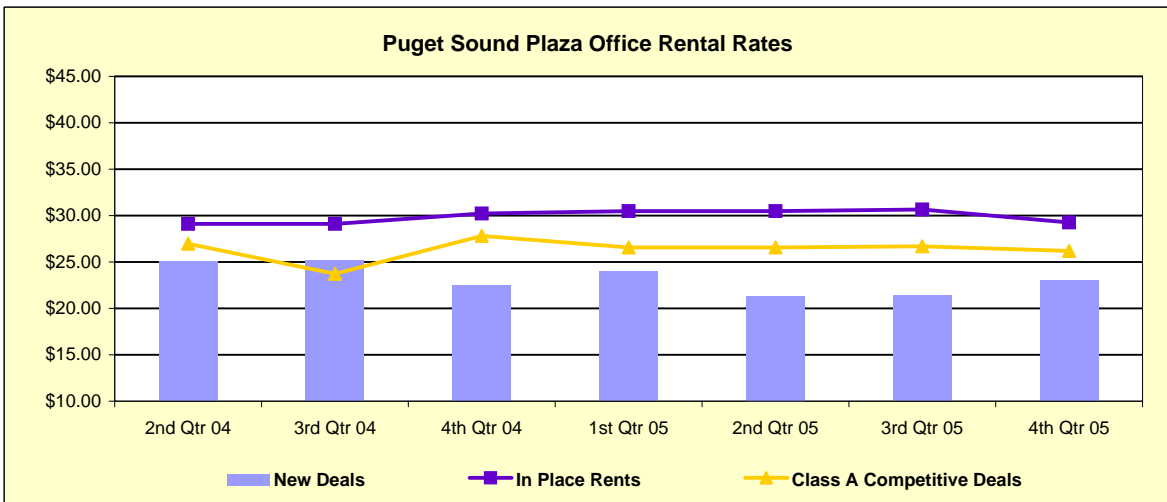
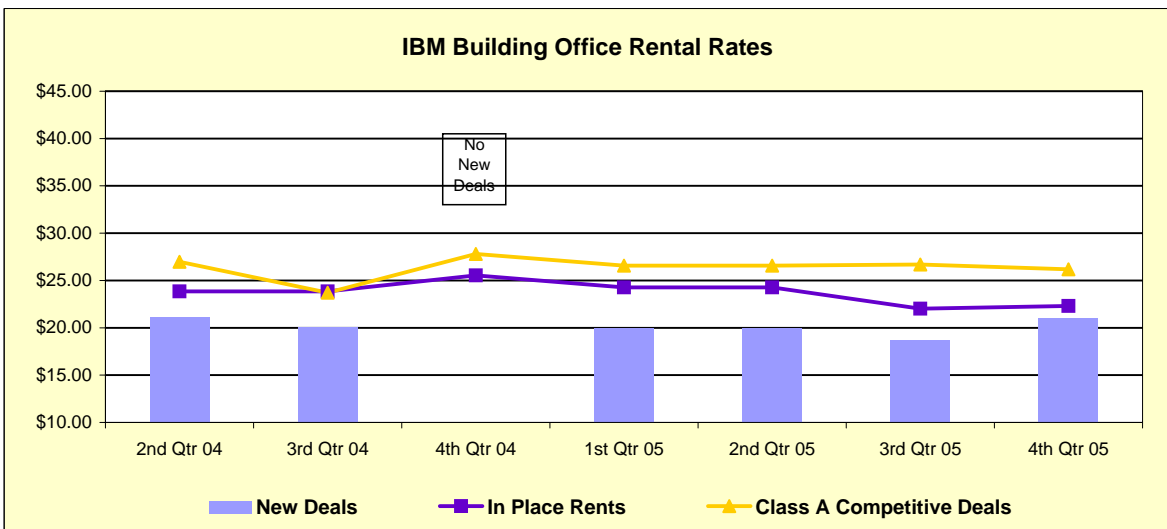
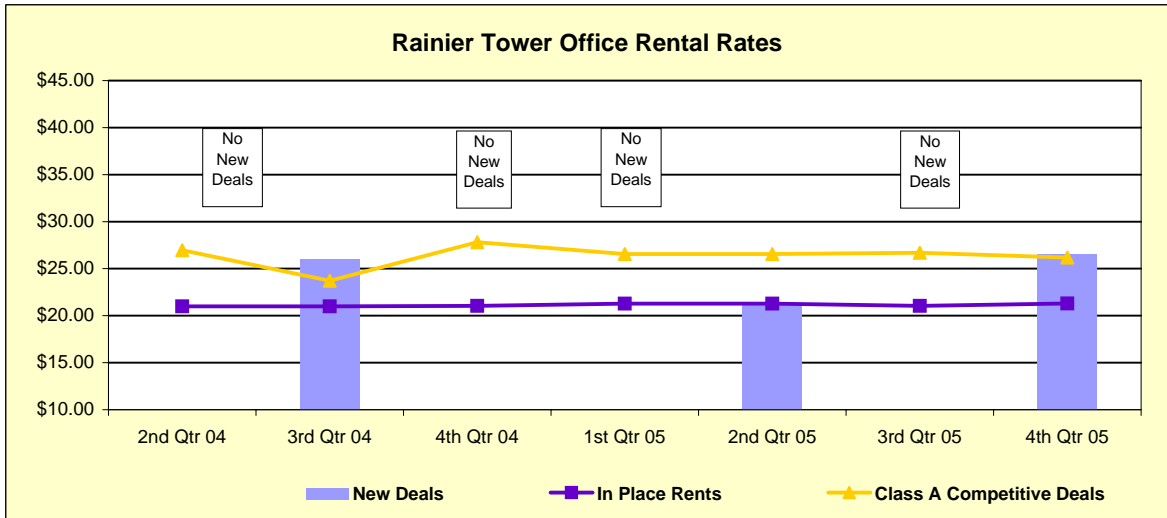
Last Seven Quarters

Quarter Ending December 31, 2005

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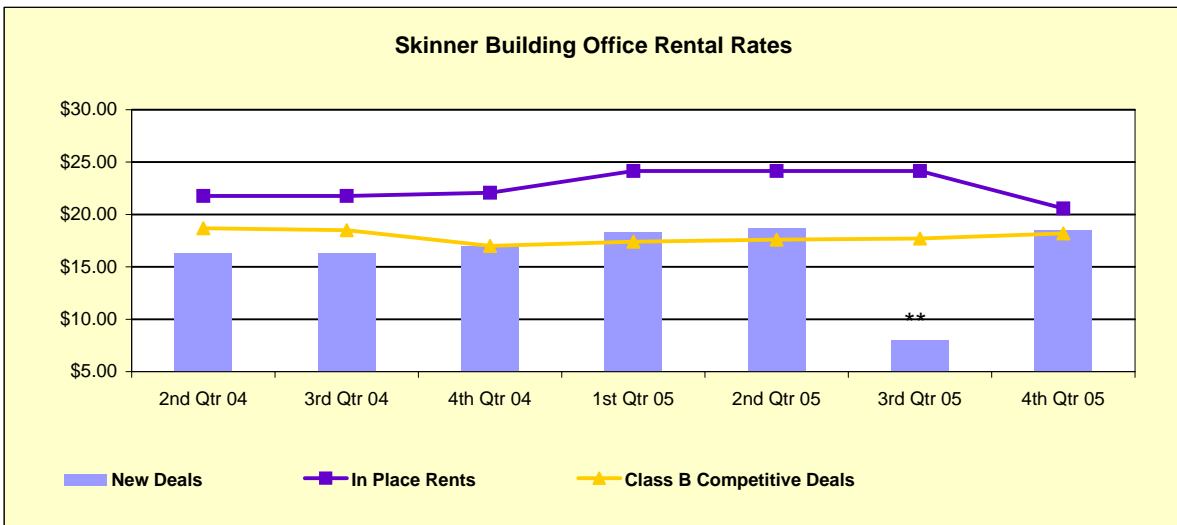
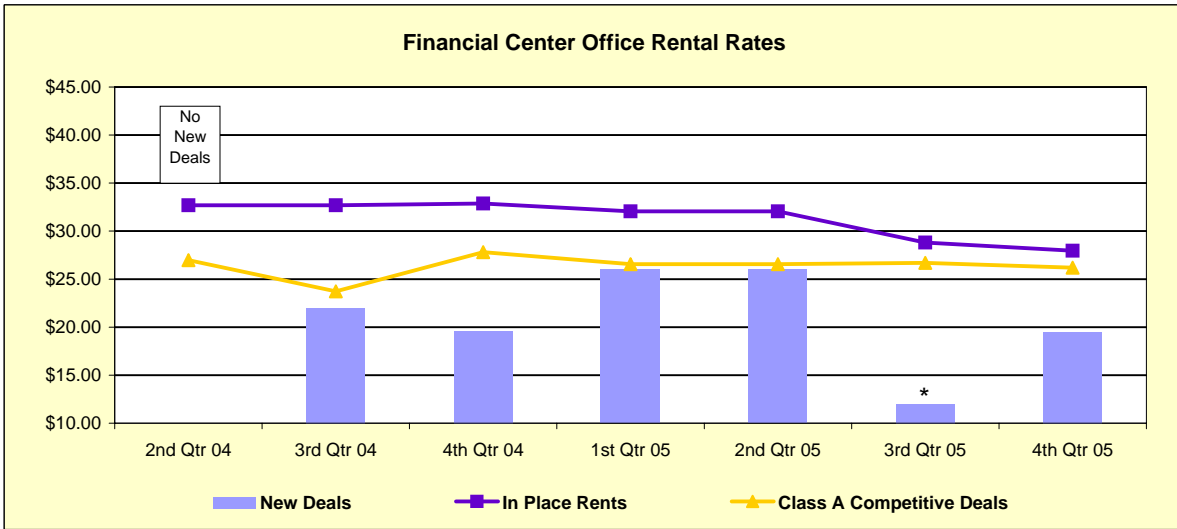


**OFFICE BUILDING RENTAL RATE COMPARISON**  
 Last Seven Quarters  
 Quarter Ending December 31, 2005



**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 and should not reflect poorly on the performance of the properties.

**OFFICE BUILDING RENTAL RATE COMPARISON**  
 Last Seven Quarters  
 Quarter Ending December 31, 2005



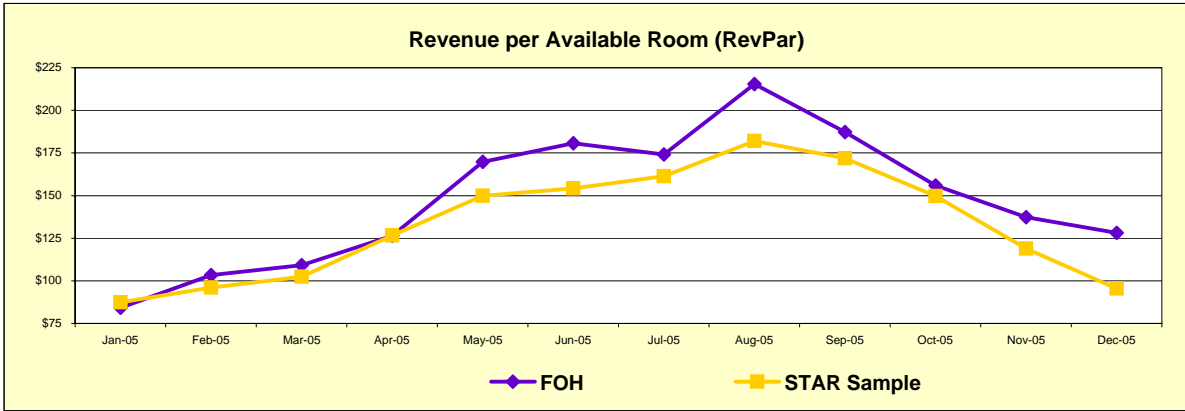
\*Represents short term lease deal

\*\*Represents 5th Avenue Theatre

**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.

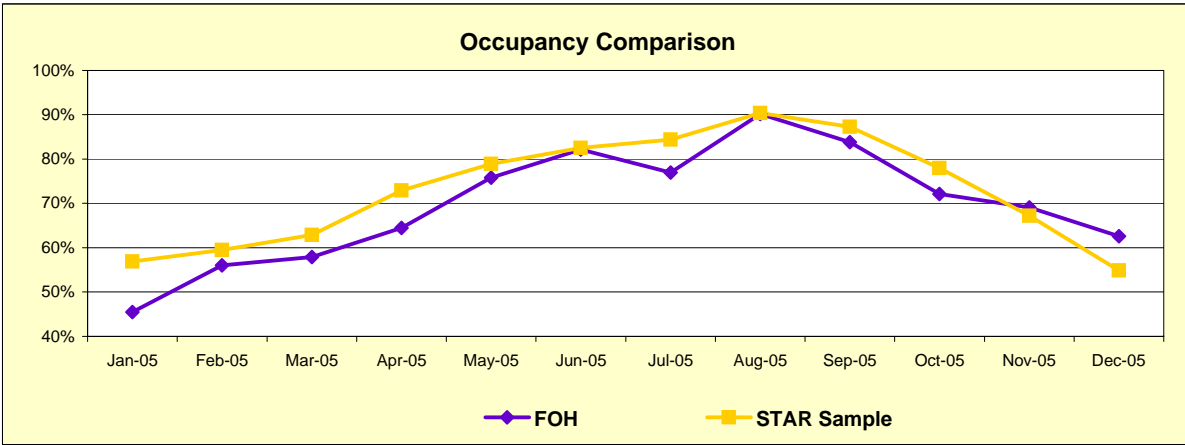


**FAIRMONT OLYMPIC HOTEL MARKET COMPARISONS**  
**Twelve Months Ended December 31, 2005**



RevPar 12-months Average	Dec-05	Dec-04	Change from Prior Year \$
FOH	\$147.65	\$127.77	\$19.87
STAR Sample Avg <1>	\$133.00	\$120.23	\$12.77

RevPar Current Month Ended	Dec-05	Dec-04	Change from Prior Year %
FOH	\$128.16	\$108.08	\$20.08
STAR Sample Avg <1>	\$95.39	\$82.62	\$12.77

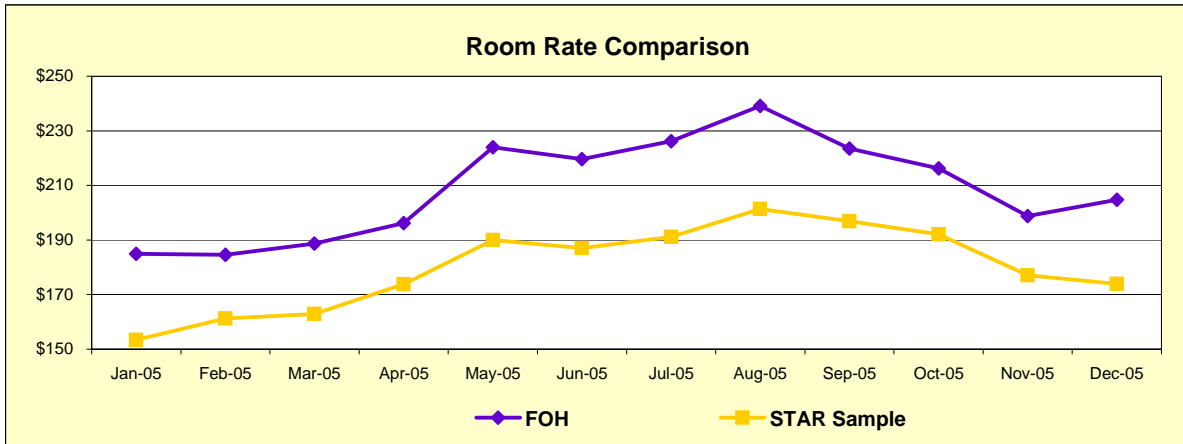


Occupancy 12-months Average	Dec-05	Dec-04	Change from Prior Year %
FOH	69.7%	63.8%	6.0%
STAR Sample Avg <1>	73.0%	69.4%	3.6%

Occupancy Current Month Ended	Dec-05	Dec-04	Change from Prior Year %
FOH	62.6%	53.1%	9.5%
STAR Sample Avg <1>	54.9%	52.0%	2.9%

<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 December 31, 2005**



Average Daily Rate 12-months Average	Dec-05	Dec-04	Change from Prior Year \$
FOH	\$208.87	\$199.36	\$9.52
STAR Sample Avg <1>	\$180.07	\$171.71	\$8.36

Average Daily Rate Month Ended	Dec-05	Dec-04	Change from Prior Year \$
FOH	\$204.80	\$203.61	\$1.19
STAR Sample Avg <1>	\$173.89	\$158.78	\$15.11

<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.