METROPOLITAN TRACT
PERFORMANCE REPORT
For the Quarter Ended
March 31, 2006

Finance, Audit & Facilities Committee

May 18, 2005
### University of Washington Metropolitan Tract

#### CONSOLIDATED METROPOLITAN TRACT PROPERTIES

**Quarterly Summary**

**Quarter Ending March 31, 2006**

#### CURRENT QUARTER

<table>
<thead>
<tr>
<th>Gross Revenue to University</th>
<th>1st Qtr 2006</th>
<th>Prior Qtr*</th>
<th>Prior Year*</th>
<th>Change from Prior Qtr</th>
<th>Change from Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unico Properties</td>
<td>3,351,324</td>
<td>3,536,245</td>
<td>3,206,522</td>
<td>(184,921)</td>
<td>144,802</td>
</tr>
<tr>
<td>Rainier Tower Sublease</td>
<td>(580,110)</td>
<td>288,117</td>
<td>642,267</td>
<td>(868,228)</td>
<td>(1,222,377)</td>
</tr>
<tr>
<td>Fairmont Olympic Hotel</td>
<td>723,426</td>
<td>803,713</td>
<td>554,927</td>
<td>(80,288)</td>
<td>168,498</td>
</tr>
<tr>
<td>Cobb Building</td>
<td>43,443</td>
<td>38,500</td>
<td>38,500</td>
<td>4,943</td>
<td>4,943</td>
</tr>
<tr>
<td><strong>TOTAL GROSS REVENUE</strong></td>
<td><strong>$3,494,640</strong></td>
<td><strong>$4,628,076</strong></td>
<td><strong>$4,403,717</strong></td>
<td><strong>($1,133,436)</strong></td>
<td><strong>($909,077)</strong></td>
</tr>
</tbody>
</table>

#### CALENDAR YEAR TO DATE

<table>
<thead>
<tr>
<th>Gross Revenue to University</th>
<th>YTD 2006</th>
<th>YTD 2005</th>
<th>Change from Prior YTD</th>
<th>Projected 2006</th>
<th>Actual 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unico Properties</td>
<td>3,351,324</td>
<td>3,206,522</td>
<td>144,802</td>
<td>13,068,881</td>
<td>13,436,458</td>
</tr>
<tr>
<td>Rainier Tower Sublease</td>
<td>(580,110)</td>
<td>642,267</td>
<td>(1,222,377)</td>
<td>(286,288)</td>
<td>2,345,964</td>
</tr>
<tr>
<td>Fairmont Olympic Hotel</td>
<td>723,426</td>
<td>554,927</td>
<td>168,498</td>
<td>3,593,016</td>
<td>3,284,468</td>
</tr>
<tr>
<td>Cobb Building</td>
<td>43,443</td>
<td>38,500</td>
<td>4,943</td>
<td>154,000</td>
<td>115,000</td>
</tr>
<tr>
<td><strong>TOTAL GROSS REVENUE</strong></td>
<td><strong>$3,494,640</strong></td>
<td><strong>$4,403,717</strong></td>
<td><strong>($909,077)</strong></td>
<td><strong>$16,375,609</strong></td>
<td><strong>$19,181,890</strong></td>
</tr>
</tbody>
</table>

#### ANNUAL

<table>
<thead>
<tr>
<th>Gross Revenue to University</th>
<th>12/31/05 INTERNAL VALUATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Gross Market Value</strong></td>
</tr>
<tr>
<td>Unico Managed Properties</td>
<td>396,100,000</td>
</tr>
<tr>
<td>Fairmont Olympic Hotel</td>
<td>160,000,000</td>
</tr>
<tr>
<td>Cobb Building</td>
<td>6,700,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$562,800,000</strong></td>
</tr>
</tbody>
</table>

---

1. Includes the Rainier Tower Sublease
2. Represents stabilized value less cost to complete the project

---

5/2/2006

1st Qtr 2006
CONSOLIDATED METROPOLITAN TRACT SUMMARY
The Metropolitan Tract total revenue was $3.5 million in the first quarter of 2006. Capital expenditures in Rainier Tower were the primary cause of a nearly 25% decline from the fourth quarter of 2005. When compared to the year-ago period, the last 3 months show a 20.6% decline, despite increases in every sector except for the Sublease.

Throughout 2006 and into 2007, this will be the norm. Although positive results are projected by the other sectors, the increased capital expense needs of the Sublease until the new leases commence in January of 2008 will dramatically impact the consolidated numbers.

UNICO PROPERTIES
Revenue from the Unico properties was off 5.2%, totaling $3.35 million for the quarter. Office revenue was off 3%, but a nearly 9% decrease in Retail had an almost equal share in the quarterly decline of $185K. Comparing to a year prior, Office was flat and Retail is actually up by more than 27%. Occupancy in the office properties hovers near 90%. The average occupancy in the Seattle Central Business District is approximately 89%.

RAINIER TOWER SUBLEASE
Lower revenue and dramatically increased capital costs related to the new Marsh & Mercer leases and the expansion of Whitepages.com had a negative impact on the Rainier Tower Sublease's bottom line. In the first three months of 2006, the net result from the sublease shows a loss of more than $580,000. Adding to the quarter over quarter variance was the expiration of the Washington Mutual lease for two floors. Three additional floors will be vacated in September when WAMU relocates to its new HQ. The Marsh and Mercer leases commence in January of 2008, at which time revenues will enjoy a marked upturn. However, for 2006 and 2007, we can expect continued operations in the red for the Sublease. Since 1995, the Rainier Tower Sublease has generated more than $14.7 million dollars of net revenue.

FAIRMONT OLYMPIC HOTEL
The Fairmont Olympic Hotel generated revenue to the University of $723,426. While this is an expected decrease (of 10% from the preceding quarter), it is more appropriate to compare it to the year-ago quarter due to the seasonality of the hotel revenues. In that comparison, the first quarter of 2006 was up more than 30%. It is worth noting that while last year's performance was phenomenal, the early part of the year was not out of line with recent years. March, 2006 reported record setting average daily rates 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. Until Washington Mutual Center opens and adds its 800,000 square feet to the market, this will continue to be the case. There is a lot of activity in the market both from new sources as well as expansions from existing tenants who are expanding with the economy. As of 3/31/06, the CBD office vacancy was approximately 11.5% of the nearly 20 million square foot market. Safeco is rumored to have negotiated letters of intent in two buildings for space totaling nearly 500,000 sf. If these result in executed leases, market rents should increase dramatically.

HOTEL MARKET
It has been a robust beginning of 2006 for the hotel industry. The Fairmont Olympic has had amazing performances so far, and the numbers across the luxury hotel sector for downtown Seattle have been very impressive. The outlook for the rest of the year is positive as it is believed that the market will build on 2005's stellar year. Seattle is seen as a very desirable market and many buyers have attempted to enter the market, submitting unsolicited bids on a number of existing hotels in the area, as well as on listed assets. There is some concern, however, based on the high volume of new supply of luxury rooms. While it is commonly believed that Seattle could sustain a large increase in total rooms (such as the new tower at the Sheraton), there is less certainty regarding the large influx of ultra luxury rooms such as those from the Four Seasons (2007), Pan Pacific (late 2006) and 1000 Madison (summer, 2006).
University of Washington Metropolitan Tract

OFFICE BUILDING OCCUPANCY COMPARISON CHARTS
Last Seven Quarters
Quarter Ending March 31, 2006
Includes Direct and Sublease Vacancy

Rainier Tower Occupancy

<table>
<thead>
<tr>
<th>Quarter Ending</th>
<th>3rd Qtr 04</th>
<th>4th Qtr 04</th>
<th>1st Qtr 05</th>
<th>2nd Qtr 05</th>
<th>3rd Qtr 05</th>
<th>4th Qtr 05</th>
<th>1st Qtr 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rainier Tower</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class A</td>
<td>76%</td>
<td>80%</td>
<td>84%</td>
<td>88%</td>
<td>92%</td>
<td>96%</td>
<td>100%</td>
</tr>
</tbody>
</table>

IBM Building Occupancy

<table>
<thead>
<tr>
<th>Quarter Ending</th>
<th>3rd Qtr 04</th>
<th>4th Qtr 04</th>
<th>1st Qtr 05</th>
<th>2nd Qtr 05</th>
<th>3rd Qtr 05</th>
<th>4th Qtr 05</th>
<th>1st Qtr 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBM Building</td>
<td>70%</td>
<td>75%</td>
<td>80%</td>
<td>85%</td>
<td>90%</td>
<td>95%</td>
<td>100%</td>
</tr>
<tr>
<td>Class A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Puget Sound Plaza Occupancy

<table>
<thead>
<tr>
<th>Quarter Ending</th>
<th>3rd Qtr 04</th>
<th>4th Qtr 04</th>
<th>1st Qtr 05</th>
<th>2nd Qtr 05</th>
<th>3rd Qtr 05</th>
<th>4th Qtr 05</th>
<th>1st Qtr 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Puget Sound Plaza</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
OFFICE BUILDING OCCUPANCY COMPARISON CHARTS

Last Seven Quarters
Quarter Ending March 31, 2006
Includes Direct and Sublease Vacancy

Financial Center Occupancy

Skinner Building Occupancy

Page 5
University of Washington Metropolitan Tract

OFFICE BUILDING RENTAL RATE COMPARISON
Last Seven Quarters
Quarter Ending March 31, 2006

Metropolitan Tract Office Rental Rates
Class A New Deals

*In the 3rd Quarter of 2005, a tenant of 5,409 sf for $12.00/sf leased some undesirable space in the Financial Center on an as is basis.

*In the 3rd Quarter of 2005, 5th Avenue Theatre leased space in the lower level of the Skinner Building.

Metropolitan Tract Office Rental Rates
Class B New Deals

*In the 3rd Quarter of 2005, a tenant of 5,409 sf for $12.00/sf leased some undesirable space in the Financial Center on an as is basis.

*In the 3rd Quarter of 2005, 5th Avenue Theatre leased space in the lower level of the Skinner Building.
Notes regarding In Place Rents

As these rates are calculated based on occupied square footage, this chart does not necessarily indicate overall profitability of individual properties, simply how much is being generated per occupied square foot. As such, many of the trends are somewhat counterintuitive in that higher numbers are often the result not of increased revenue, but of leases expiring.

- The increase rent rate in the IBM Building during the most recent quarter is a result of Piper Jaffray vacating. That removed over 40,000 sf which was generating approximately $22/sf.
- Puget Sound Plaza and Financial Center's decreases stem from new leases going into effect that were below the previous level.
- Similarly, Skinner's decrease since the 3rd quarter of 2005 was a result of new deals commencing.
University of Washington Metropolitan Tract

FAIRMONT OLYMPIC HOTEL MARKET COMPARISONS
Twelve Months Ended March 31, 2006

Revenue per Available Room (RevPar)

<table>
<thead>
<tr>
<th></th>
<th>Mar-06</th>
<th>Mar-05</th>
<th>Change from Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOH</td>
<td>$155.64</td>
<td>$126.35</td>
<td>$29.29</td>
</tr>
<tr>
<td>STAR Sample Avg &lt;1&gt;</td>
<td>$136.85</td>
<td>$118.20</td>
<td>$18.65</td>
</tr>
</tbody>
</table>

Occupancy Comparison

<table>
<thead>
<tr>
<th></th>
<th>Apr-05</th>
<th>May-05</th>
<th>Jun-05</th>
<th>Jul-05</th>
<th>Aug-05</th>
<th>Sep-05</th>
<th>Oct-05</th>
<th>Nov-05</th>
<th>Dec-05</th>
<th>Jan-06</th>
<th>Feb-06</th>
<th>Mar-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>STAR Sample</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Mar-06</th>
<th>Mar-05</th>
<th>Change from Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOH</td>
<td>72.0%</td>
<td>63.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>STAR Sample Avg &lt;1&gt;</td>
<td>73.2%</td>
<td>68.5%</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

Occupancy Current Month Ended

<table>
<thead>
<tr>
<th></th>
<th>Mar-06</th>
<th>Mar-05</th>
<th>Change from Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOH</td>
<td>68.5%</td>
<td>57.9%</td>
<td>10.6%</td>
</tr>
<tr>
<td>STAR Sample Avg &lt;1&gt;</td>
<td>66.2%</td>
<td>62.9%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

<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.
University of Washington Metropolitan Tract

FAIRMONT OLYMPIC HOTEL MARKET COMPARISONS
Twelve Months Ended March 31, 2006

Average Daily Rate Change from Prior Year
12-months Average Mar-06 Mar-05 $
FOH $214.67 $199.38 $15.29
STAR Sample Avg <1> $185.71 $171.01 $14.70

Average Daily Rate
Month Ended Mar-06 Mar-05 Change from Prior Year $
FOH $239.58 $188.67 $50.91
STAR Sample Avg <1> $194.44 $162.95 $31.49

<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.