

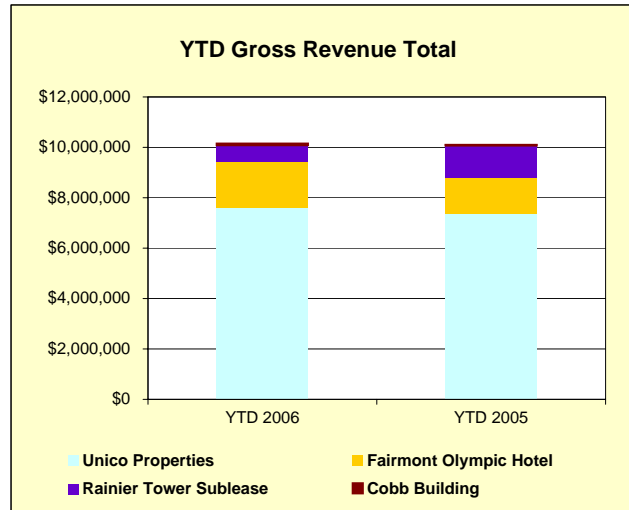
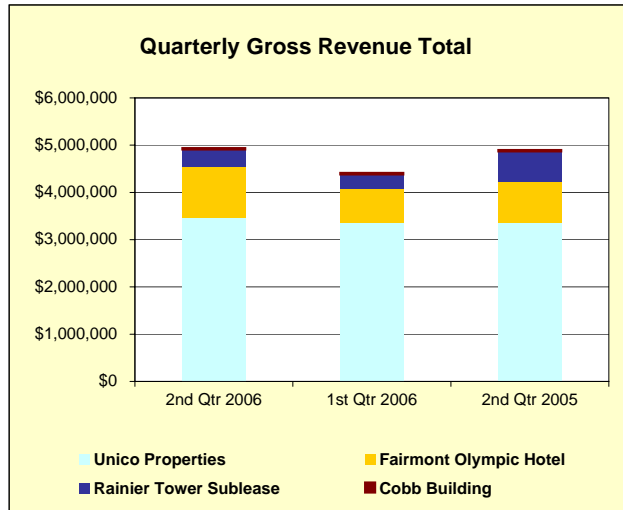
METROPOLITAN TRACT
PERFORMANCE REPORT
For the Quarter Ended
June 30, 2006



Finance, Audit & Facilities Committee

September 21, 2006

University of Washington Metropolitan Tract
CONSOLIDATED METROPOLITAN TRACT PROPERTIES
Quarterly Summary
Quarter Ending June 30, 2006



CURRENT QUARTER							
Gross Revenue to University	2nd Qtr 2006	Prior Qtr 1st Qtr 2006	Prior Year 2nd Qtr 2005	Change from Prior Qtr		Change from Prior Year	
				\$	%	\$	%
Unico Properties	3,465,033	3,351,324	3,362,119	113,708	3.4%	102,914	3.1%
Rainier Tower Sublease	358,495	300,506	633,079	57,989	19.3%	(274,583)	(43.4%)
Fairmont Olympic Hotel	1,079,760	723,426	866,788	356,334	49.3%	212,972	24.6%
Cobb Building	38,500	38,500	38,500	0	0.0%	0	0.0%
TOTAL GROSS REVENUE	\$4,903,288	\$4,375,256	\$4,861,985	\$528,032	12.1%	\$41,303	0.8%

Gross Revenue to University	CALENDAR YEAR TO DATE				ANNUAL	
	YTD 2006	YTD 2005	Change from Prior YTD		Projected 2006	Actual 2005
			\$	%		
Unico Properties	7,616,355	7,368,639	247,716	3.4%	13,068,881	13,436,458
Rainier Tower Sublease	659,001	1,275,346	(616,344)	(48.3%)	(286,288)	2,345,964
Fairmont Olympic Hotel	1,803,185	1,421,715	381,470	26.8%	3,593,016	3,284,468
Cobb Building	77,000	38,500	38,500	100.0%	154,000	115,000
TOTAL GROSS REVENUE	\$10,078,542	\$10,065,700	\$12,842	0.1%	\$16,375,609	\$19,181,890

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

¹ Includes the Rainier Tower Sublease

² Represents stabilized value less cost to complete the project

CONSOLIDATED METROPOLITAN TRACT PROPERTIES

Quarterly Summary

Quarter Ending June 30, 2006

CONSOLIDATED METROPOLITAN TRACT SUMMARY

The Metropolitan Tract total revenue was \$4.9 million in the second quarter of 2006, more than half a million dollars up from the first quarter. Reduced capital expenditures in Rainier Tower and a steep seasonal increase in business at the Fairmont Olympic Hotel account for the majority of the difference, though the Unico properties were up as well. The second quarter's results were flat when compared with the second quarter of 2005, with increases at the hotel, somewhat offsetting declines at the Tower.

The year-to-date totals at the year's midpoint are flat compared to 2005. While Rainier Tower is off nearly 50%, The hotel is up nearly 27% and the Unico results have enjoyed gains of nearly 4% over 2005.

UNICO PROPERTIES

In the second quarter revenue from the Unico properties was up 3.4% over the first three months of 2006, totaling \$3.5 million for the quarter. A nearly 5% increase in Office revenue was the driver behind this, as Retail was off 1.1%. Against the prior year's second quarter, the Unico properties were up just over 3% on increases in both Office and Retail. Occupancy in the office properties is just under 87%. The average occupancy in the Seattle Central Business District is above 90%.

RAINIER TOWER SUBLEASE

After severely depressed income in the first quarter, the second saw the Sublease increase revenue by 19% over the first three months of 2006. The second quarter's results of \$358,000 is still a more than 40% decline from the second quarter of 2005. There were reduced capital costs from the preceding quarter, which helped in the quarterly increase, but the ongoing lower revenue continue to have a negative impact on the Rainier Tower Sublease's bottom line. With the Washington Mutual departures depressing income and leasing costs increasing, we can expect this trend to continue for the next two years, until the Marsh lease commences in 2008. Since 1995, the Rainier Tower Sublease has generated almost \$15 million of net revenue.

FAIRMONT OLYMPIC HOTEL

The Fairmont Olympic Hotel generated revenue to the University of \$1.08 million. This is a huge gain, albeit expected, over the preceding quarter. More significantly, it is an increase of nearly 25% over last spring quarter. At the midpoint of 2006, the hotel has generated year-to-date revenue of 26.8% more than the first six months of 2005. The results are buoyed by both the general market trends that are continuing to increase performance as well as by the ongoing tenancy at the hotel of a Saudi Arabian family occupying 40 rooms, including the Presidential Suite, at \$5,000 per night.

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 big news is the lack of news. Washington Mutual Center opened and the market didn't collapse with the additional 890,000 square feet of new space added to the market. In fact, overall occupancy in the downtown office core is continuing to grow. This is partly due to the other event of the past quarter: Safeco announced it would leave its headquarters in the University District and move into nearly 500,000 square feet in two downtown buildings, 1001 Fourth Avenue Plaza, now Safeco Plaza, and 2nd and Seneca. Over the last quarter deals were getting done, space was coming off the market, but rates had not yet kicked up. After two flat quarters, however, average rates seem to be moving as it becomes more of a landlord's market. The growth is coming from a number of places as the economy continues to expand. There is a great deal of activity both from new tenants in the market as well as expansions from existing tenants. As of 3/31/06, the CBD office vacancy was approximately 9.5% of the now more than 20 million square foot Class A market.

HOTEL MARKET

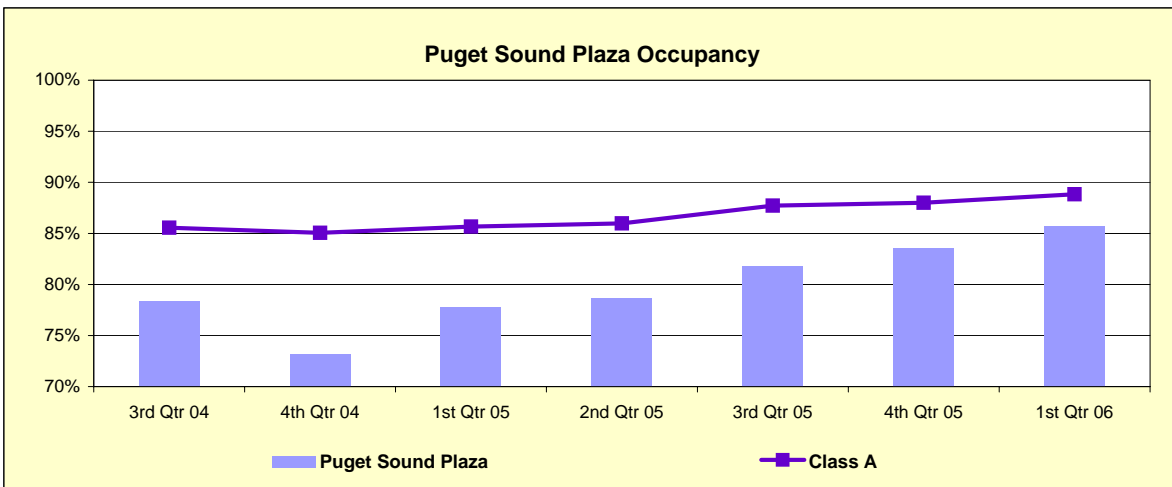
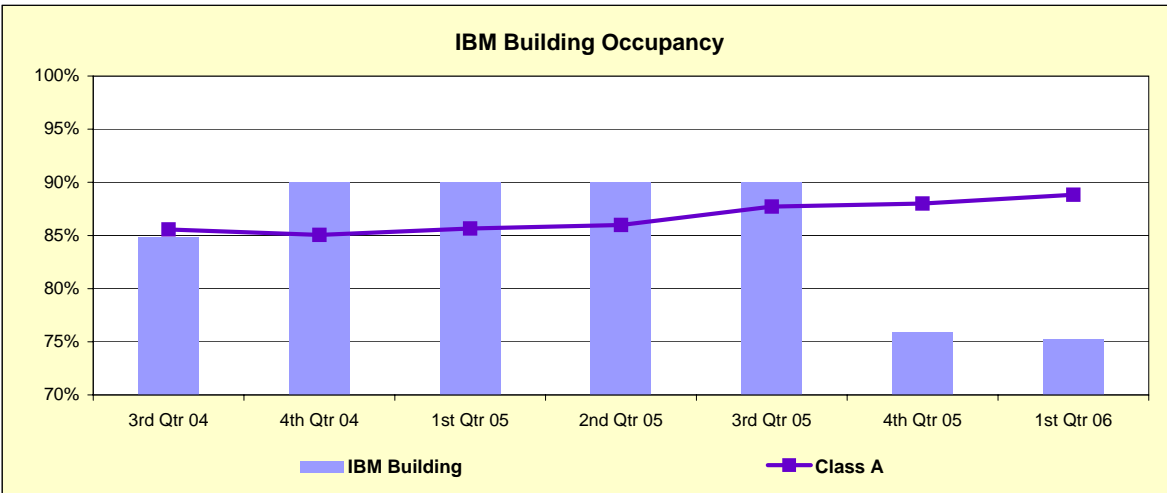
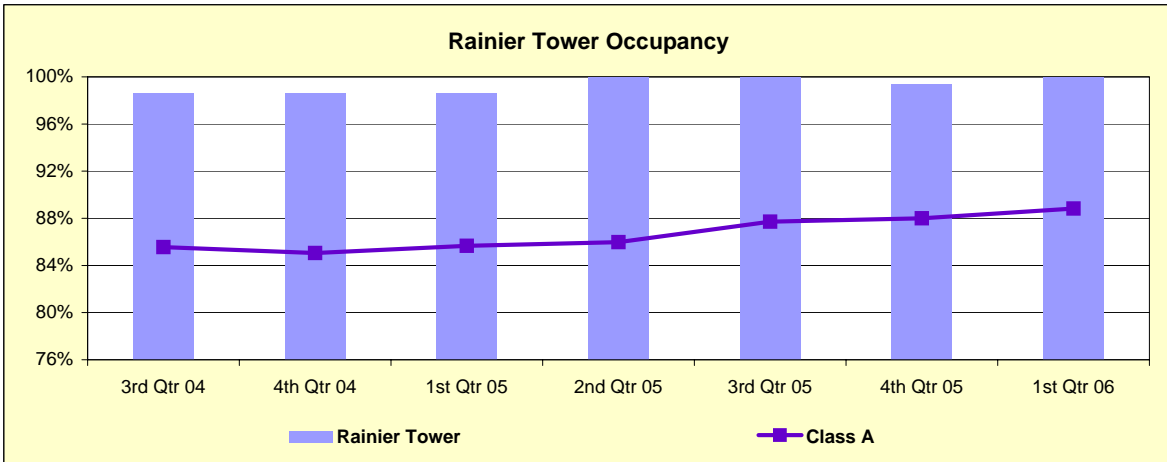
Business continues to boom in the hospitality industry and the luxury hotel market is certainly enjoying the continuing wave of money washing up onto its plush-carpeted shores. After 2005's incredible resurgence, we were very cautious in our forecast for 2006, assuming the growth could not be sustained. At the midpoint in the year, however, it is evident that we underestimated the market's appetite. The Fairmont Olympic has, thus far, exceeded last year's remarkable performance by more than 26%. The rest of the market is behaving similarly, so growth continues to be the norm. That's especially good news as the market is getting diluted. We have been following the development of the new luxury hotels and hotel/condominiums. This past quarter Hotel 1000, at First and Madison opened with what appears to be the highest rates in the city. The next hotel to open will be the Pan Pacific in the South Lake Union neighborhood, in November. With a number of other projects on the horizon, the big concern is whether there is enough demand to support all this new supply. For now, though, and the rest of the booming summer season, we only have Hotel 1000's additional 120 rooms in the market.

OFFICE BUILDING OCCUPANCY COMPARISON CHARTS

Last Seven Quarters

Quarter Ending June 30, 2006

Includes Direct and Sublease Vacancy

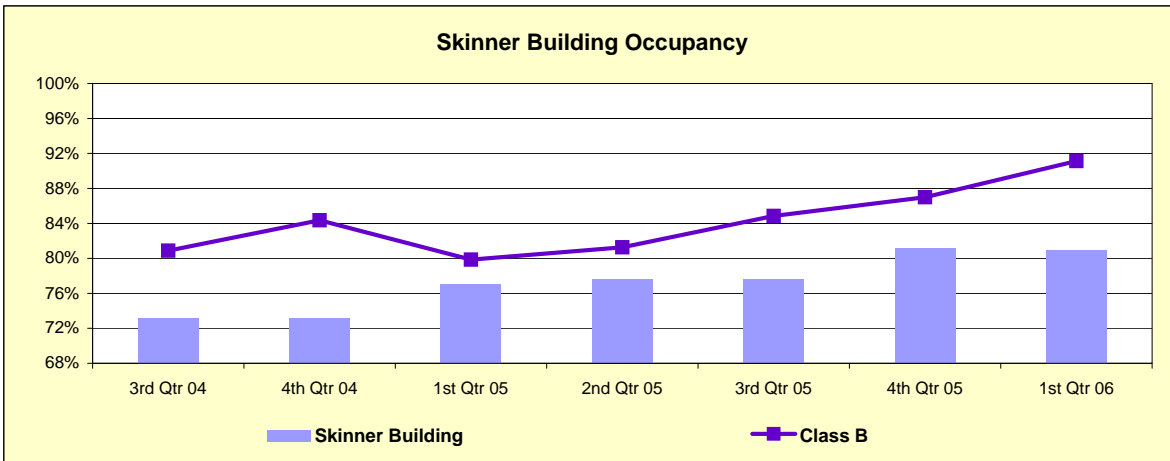
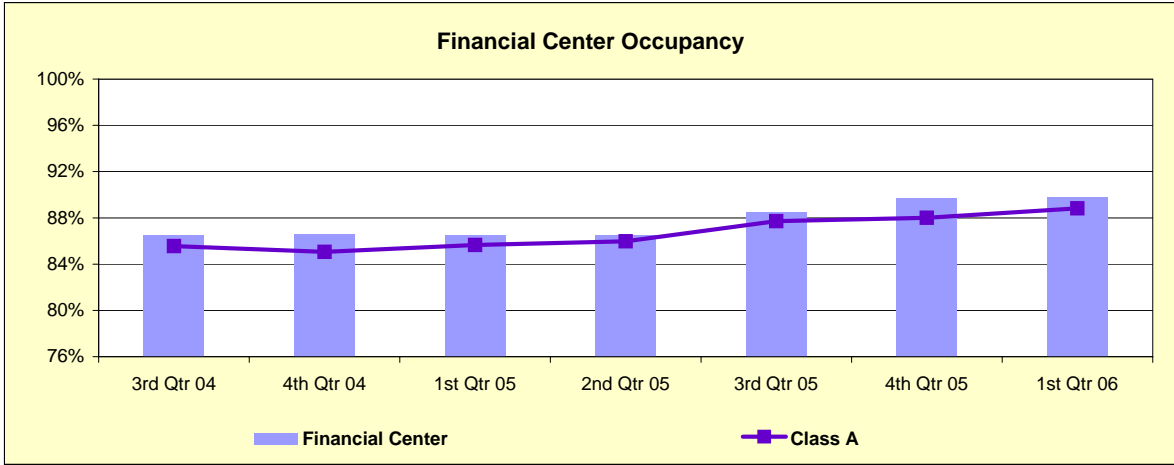


OFFICE BUILDING OCCUPANCY COMPARISON CHARTS

Last Seven Quarters

Quarter Ending June 30, 2006

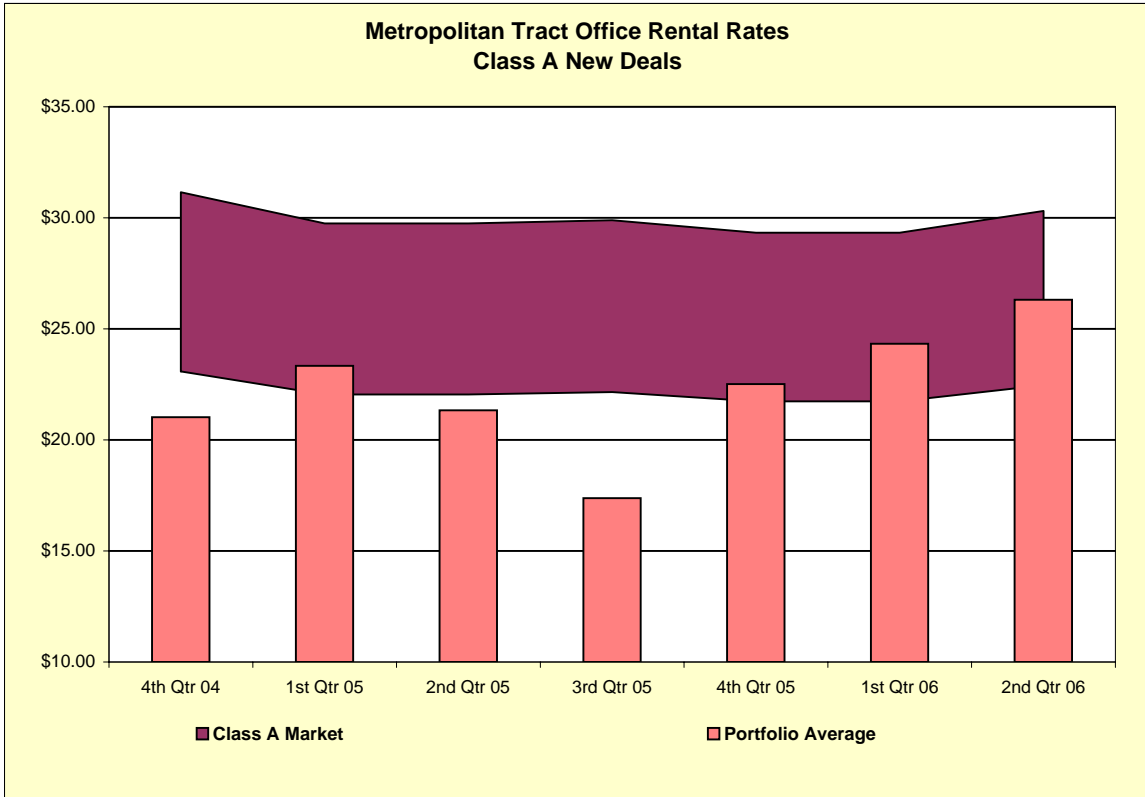
Includes Direct and Sublease Vacancy



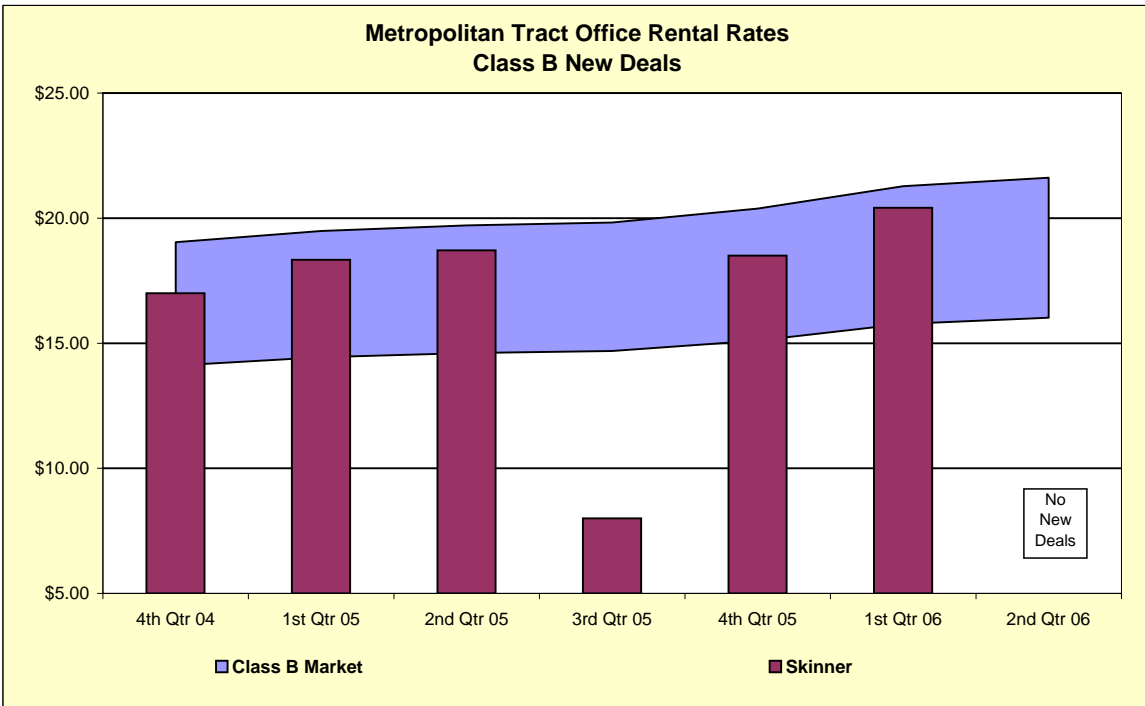
OFFICE BUILDING RENTAL RATE COMPARISON

Last Seven Quarters

Quarter Ending June 30, 2006



*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.

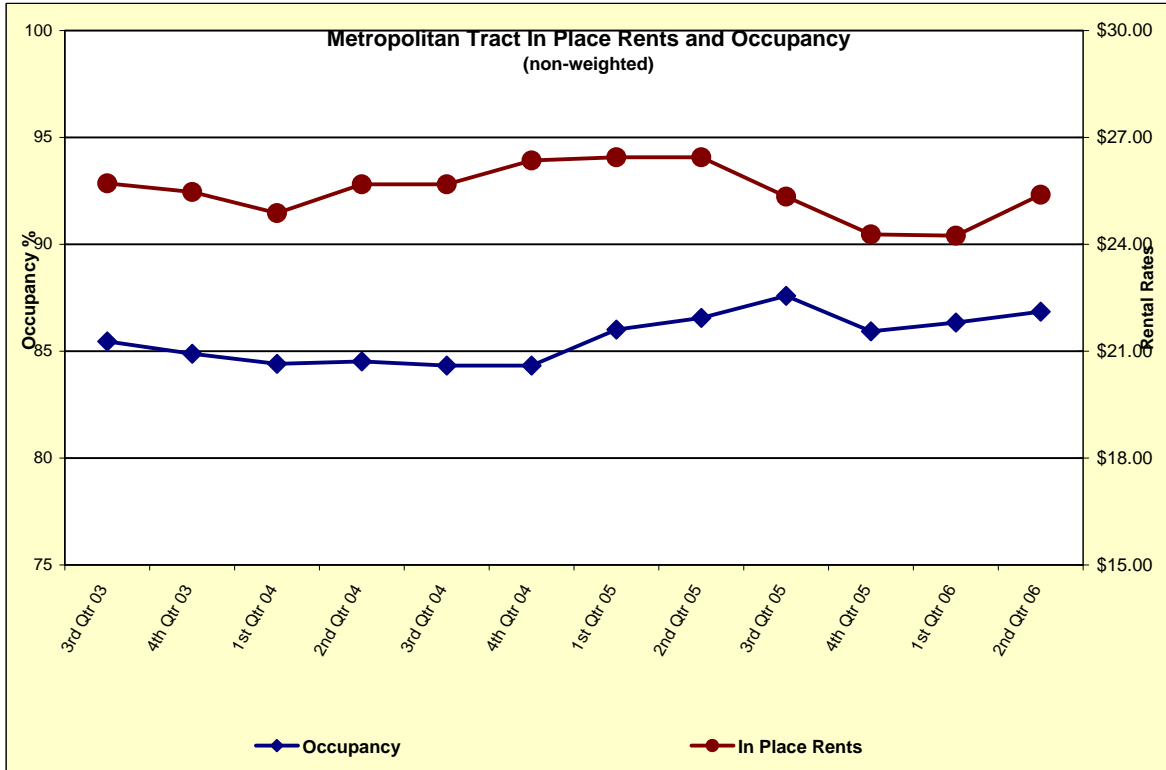


*In the 3rd Quarter of 2005, 5th Avenue Theatre leased space in the lower level of the Skinner Building.

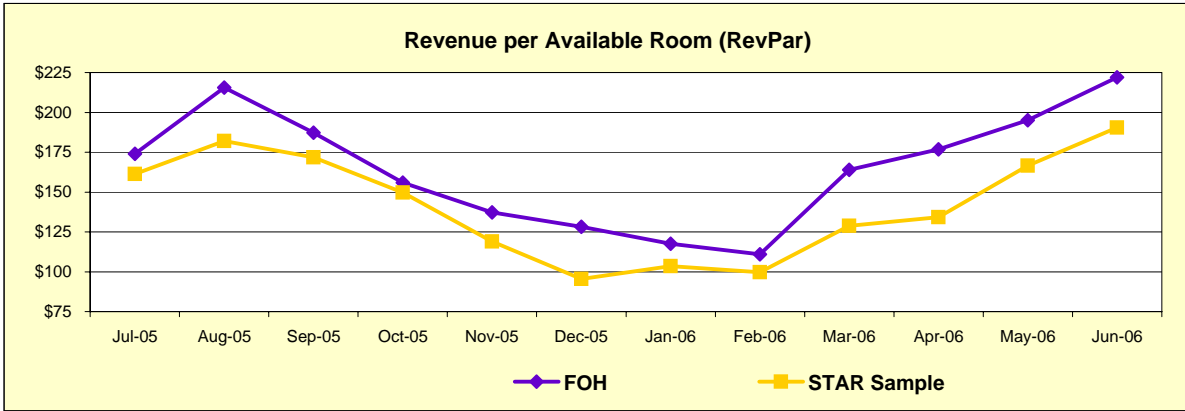
OFFICE BUILDING RENTAL RATE COMPARISON

Last 3 Years

Quarter Ending June 30, 2006

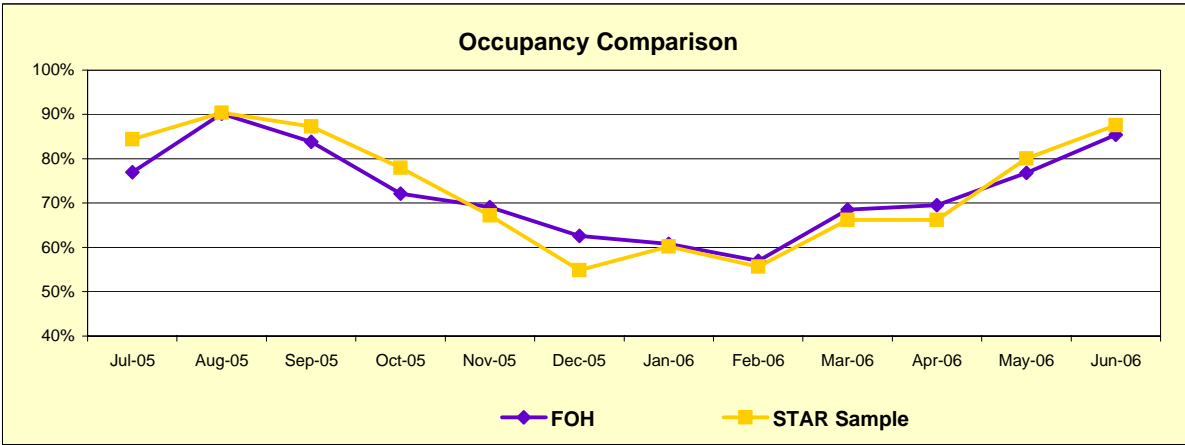


FAIRMONT OLYMPIC HOTEL MARKET COMPARISONS
Twelve Months Ended March 31, 2006



RevPar 12-months Average	Jun-06	Jun-05	Change from Prior Year \$
FOH	\$165.39	\$133.94	\$31.45
STAR Sample Avg <1>	\$141.89	\$123.71	\$18.18

RevPar Current Month Ended	Jun-06	Jun-05	Change from Prior Year %
FOH	\$221.96	\$180.66	\$41.30
STAR Sample Avg <1>	\$190.50	\$154.25	\$36.25

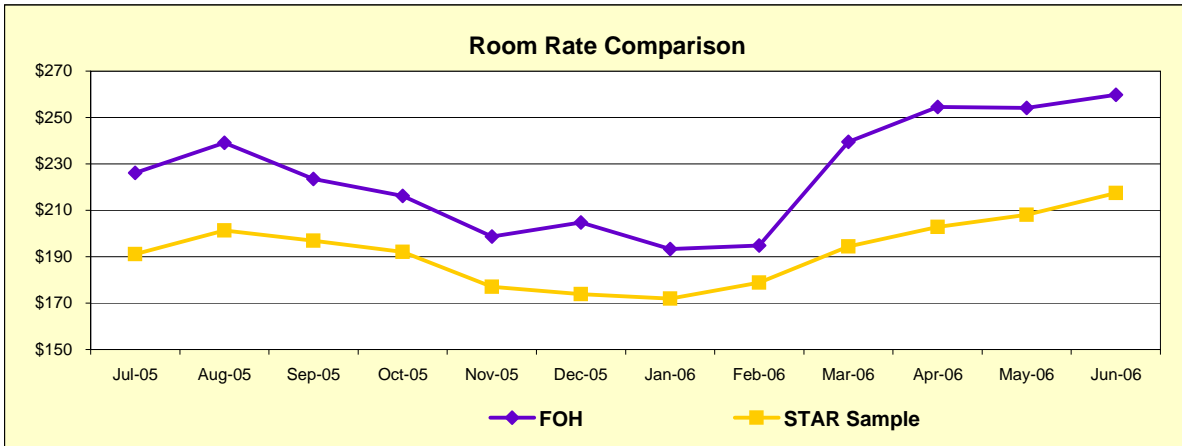


Occupancy 12-months Average	Jun-06	Jun-05	Change from Prior Year %
FOH	72.7%	65.2%	7.5%
STAR Sample Avg <1>	73.2%	70.5%	2.7%

Occupancy Current Month Ended	Jun-06	Jun-05	Change from Prior Year %
FOH	85.4%	82.2%	3.2%
STAR Sample Avg <1>	87.6%	82.5%	5.1%

<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 March 31, 2006



Average Daily Rate 12-months Average	Jun-06	Jun-05	Change from Prior Year \$
FOH	\$225.39	\$203.62	\$21.77
STAR Sample Avg <1>	\$192.16	\$173.66	\$18.50

Average Daily Rate Month Ended	Jun-06	Jun-05	Change from Prior Year \$
FOH	\$259.80	\$219.66	\$40.14
STAR Sample Avg <1>	\$217.44	\$187.04	\$30.40

<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.