

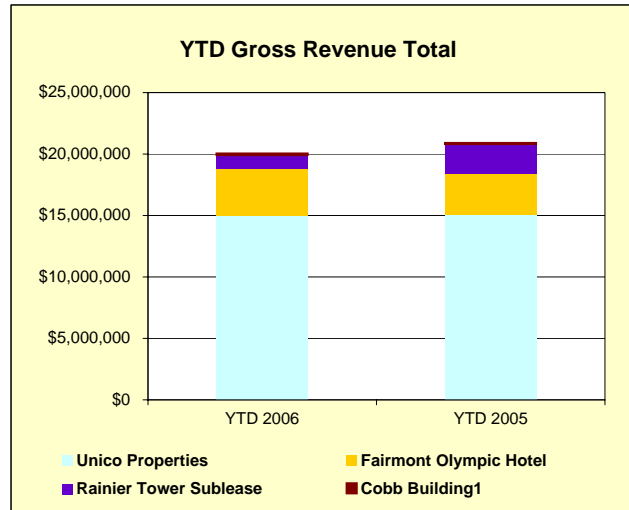
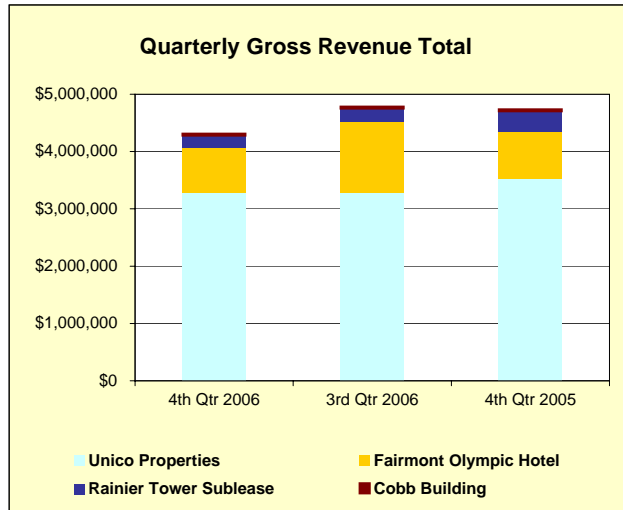
METROPOLITAN TRACT
PERFORMANCE REPORT
For the Quarter Ended
December 31, 2006



Finance, Audit & Facilities Committee

March 22, 2006

University of Washington Metropolitan Tract
CONSOLIDATED METROPOLITAN TRACT PROPERTIES
Quarterly Summary
Quarter Ending December 31, 2006



CURRENT QUARTER							
Gross Revenue to University	4th Qtr 2006	Prior Qtr 3rd Qtr 2006	Prior Year 4th Qtr 2005	Change from Prior Qtr		Change from Prior Year	
				\$	%	\$	%
Unico Properties	3,279,551	3,283,024	3,536,245	(3,474)	(0.1%)	(256,694)	(7.3%)
Rainier Tower Sublease	202,443	232,387	357,739	(29,944)	(12.9%)	(155,296)	(43.4%)
Fairmont Olympic Hotel	791,427	1,231,223	803,713	(439,796)	(35.7%)	(12,286)	(1.5%)
Cobb Building	38,500	38,500	38,500	0	0.0%	0	0.0%
TOTAL GROSS REVENUE	\$4,273,421	\$4,746,635	\$4,697,697	(\$473,214)	(10.0%)	(\$424,276)	(9.0%)

Gross Revenue to University	CALENDAR YEAR TO DATE				ANNUAL	
	YTD 2006	YTD 2005	Change from Prior YTD		Projected 2006	Actual 2005
			\$	%		
Unico Properties	14,978,928	15,092,953	(114,025)	(0.8%)	14,668,881	15,036,458
Rainier Tower Sublease	1,093,831	2,417,036	(1,323,204)	(54.7%)	1,277,699	2,345,964
Fairmont Olympic Hotel	3,825,836	3,284,468	541,368	16.5%	3,600,785	3,284,468
Cobb Building ¹	154,000	115,500	38,500	33.3%	154,000	115,500
TOTAL GROSS REVENUE	\$19,898,595	\$20,794,456	(\$895,861)	(4.3%)	\$19,547,365	\$20,782,390

¹ The Cobb lease commenced during the 2nd quarter of 2005 explaining the variance between 2005 and 2006.

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 December 31, 2006

CONSOLIDATED METROPOLITAN TRACT SUMMARY

The Metropolitan Tract total revenue finished 2006 over \$300,000 ahead of projections for a total of almost \$20 million. In the 4th quarter, total revenue was \$4.27 million, down 10% from the third quarter. Continued decreases at Rainier Tower and the seasonal decline in business for the Fairmont Olympic Hotel were the causes of the decline. The quarter's results were down 9% when compared with the fourth quarter of 2005, with decreases in the office components driving the majority of the decline.

For the total year results, the gross revenue was down 4.3% from 2005. The hotel was up 16.5%, topping the seemingly optimistic projections set out at the beginning of the year. The Unico properties were essentially flat, declining by less than one percent from the previous year. As expected, the lack of rents related to the Washington Mutual vacancy and the capital improvements related to the pending occupancy of Marsh and Mercer Consulting accounted for the lack luster performance of the Rainier Tower Sublease.

UNICO PROPERTIES

In the fourth quarter, revenue from the Unico properties was flat from the third quarter results, totaling \$3.28 million for the quarter. While Office revenue was off 1.7%, Retail revenue increased more than 5%. Against the prior year's fourth quarter, the Unico properties were down more than 7%, with decreases in both Office and Retail. Year-to-date, the decrease is less than 1%, with declines in Office revenue being largely offset by Retail gains. There are several large blocks of space that are currently in transition, stemming in large part from the relocation of Washington Mutual Bank to its newly opened headquarters at 2nd and Union. Much of this space has been backfilled, most notably by the Washington State Bar Association which has leased nearly 55,000 square feet in Puget Sound Plaza. Leasing activity has been strong and the new tenant rents commencing in 2007 will positively impact the University's rent.

RAINIER TOWER SUBLEASE

As with the Unico properties, the Rainier Tower's income to the University was down from the preceding quarter. The 4th quarter's income of \$202,443 is a 13% decrease from the 3rd quarter and is down more than 43% from 4th Quarter 2005. While the recently vacated spaces have had a negative impact on cash flow, they have largely been leased. A combination of Marsh, Mercer and several other tenants will backfill the space vacated by Washington Mutual. However, with the corresponding leasing costs and lack of rent until the tenants occupy, we can expect this trend to continue through 2007. Since 1995, the Rainier Tower Sublease has generated more than \$15 million of net revenue.

FAIRMONT OLYMPIC HOTEL

For the second year, the big bright spot in 2006 was the Fairmont Olympic Hotel. It generated revenue to the University of almost \$800,000 in the fourth quarter. Though this is a nearly 36% decrease from the third quarter, it was an anticipated decline in this seasonal business. For the whole year of 2006, the Olympic yielded revenue to the University in excess of \$3.8 million an increase over the 2005 results of more than 16%.

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

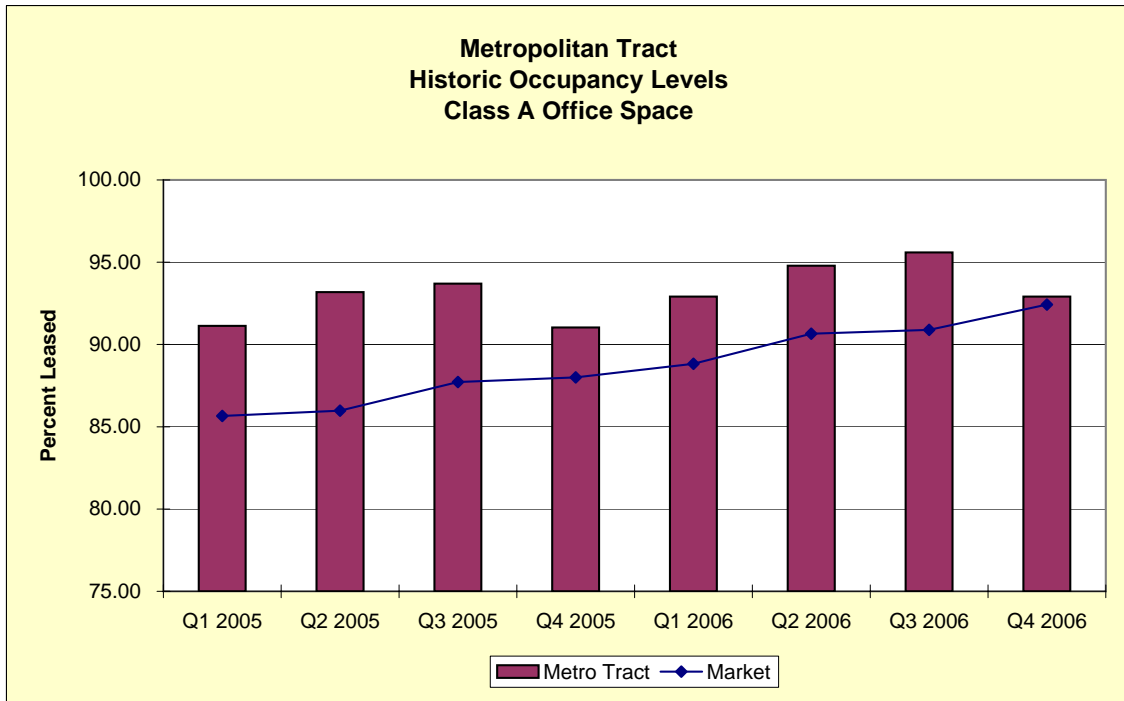
OFFICE MARKET

The office market finished 2006 with an occupancy level of over 90%. Major leases such as Safeco and continued tenant expansions within the downtown core contributed to more than 1.5 million square feet of absorption in the Central Business District. With no significant office projects due to open until late 2008, 2007 is looking to be a strong year for landlords. Downtown continues to benefit from the surge in residential projects in the core (nearly 4,000 units currently under construction or in permitting) adding life after 6:00 pm and supporting the 24/7 spirit of a strong downtown.

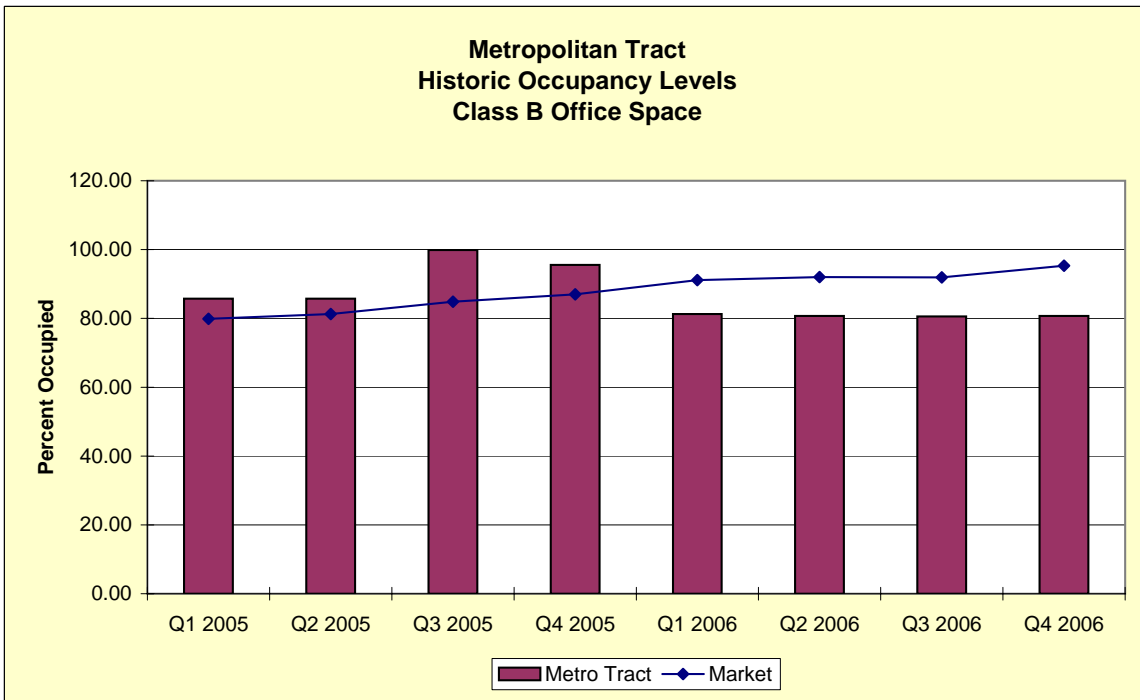
HOTEL MARKET

In 2006, the downtown hotel market grew by 280 rooms, or 4.2 %. The addition of 500 rooms in the Sheraton in the Spring of 2007 is expected to benefit the convention business and should result in higher occupancies across the downtown market. In 2008 and 2009, there are at least 800 new rooms planned. Smith Travel Research placed Seattle's hotel occupancy at 70.5% at the end of 2006, up from 68.2% in 2005. The average room rate was up 11.6% during the same period which tied for third with Chicago on a national basis. The industry experts are projecting increased room rates in the near term.

University of Washington Metropolitan Tract
OFFICE BUILDING OCCUPANCY COMPARISON CHARTS
 Last Eight Quarters
 Quarter Ending December 31, 2006

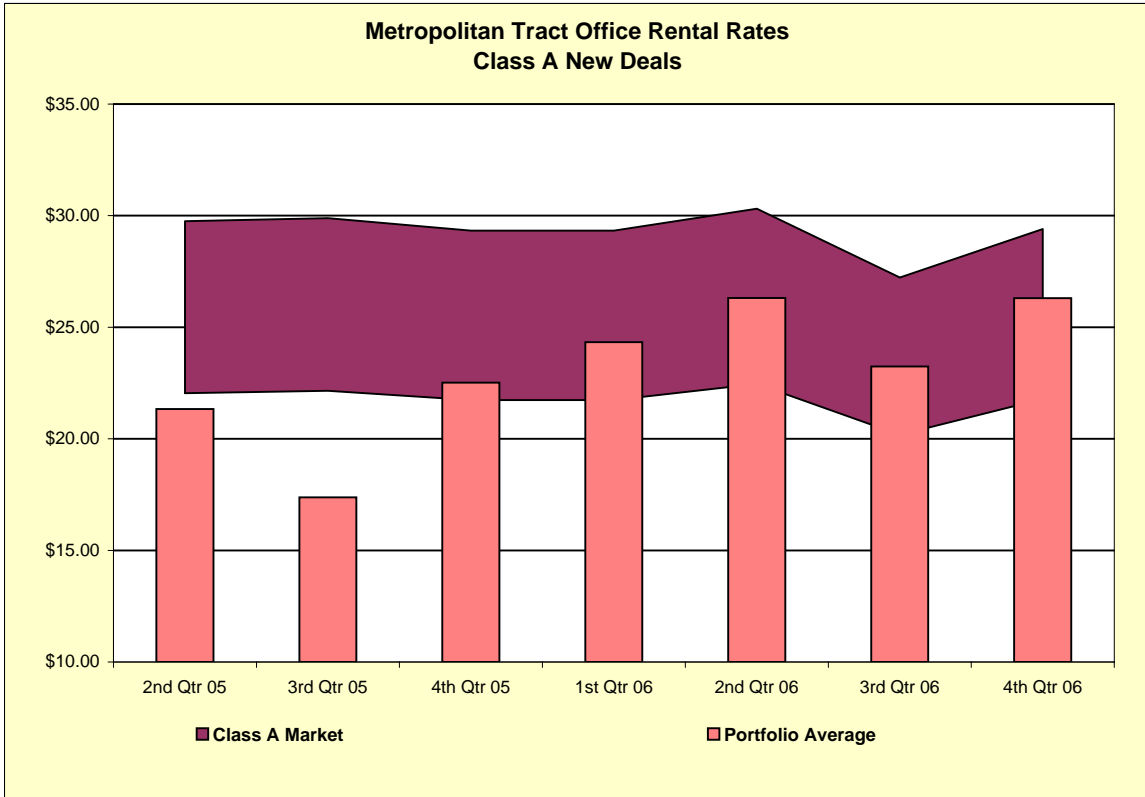


Includes Rainier Tower, Puget Sound Plaza, IBM Building and Financial Center

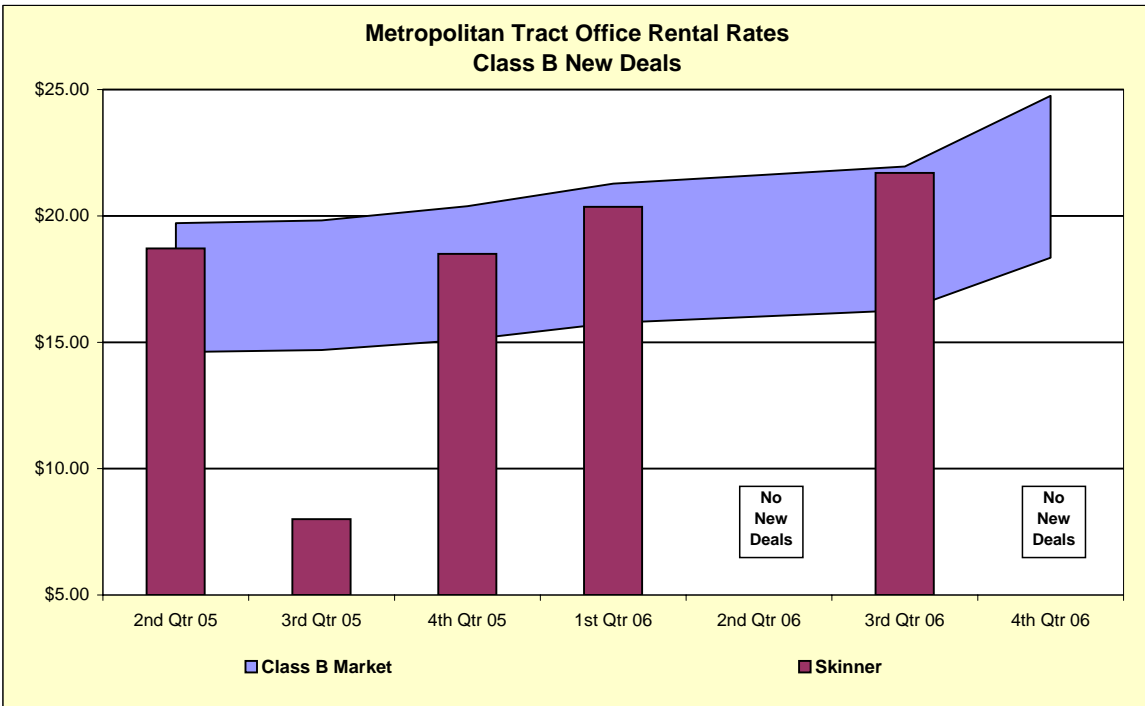


Includes Skinner Building

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

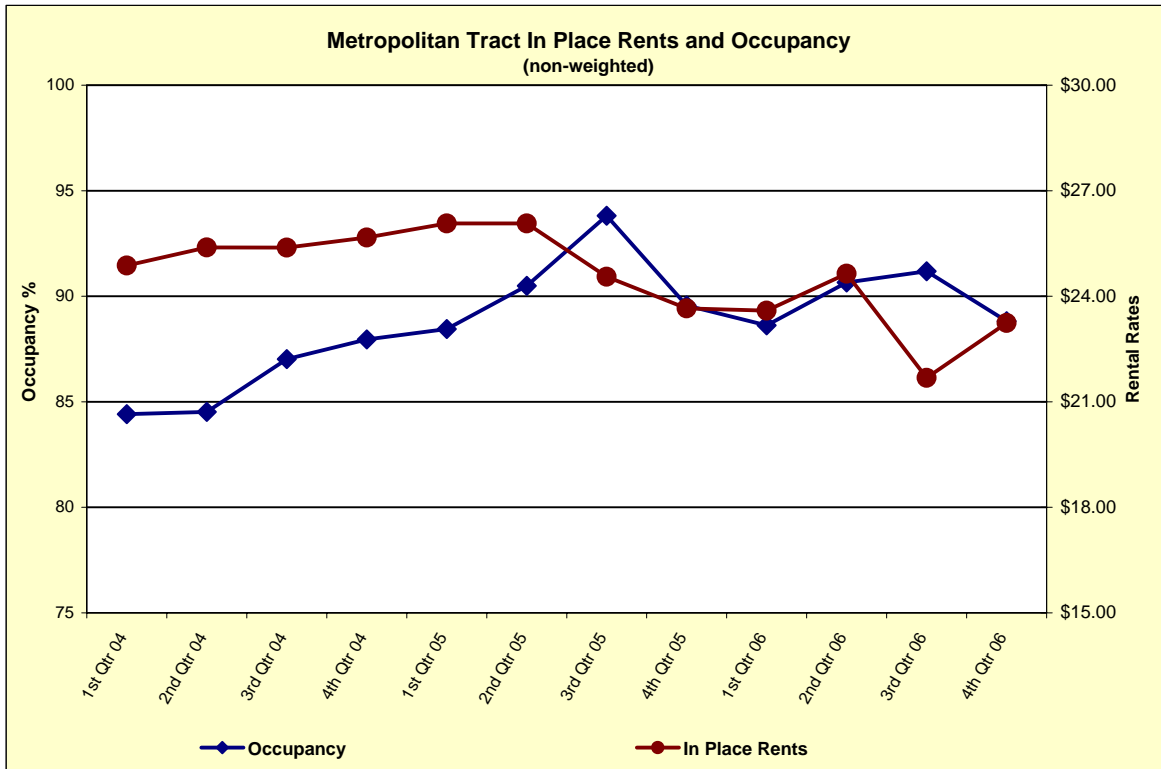


*In the 3rd Quarter of 2005, a tenant of 5,409 sf for \$12.00/sf leased some undesirable space in the Financial Center on an "as is" basis.



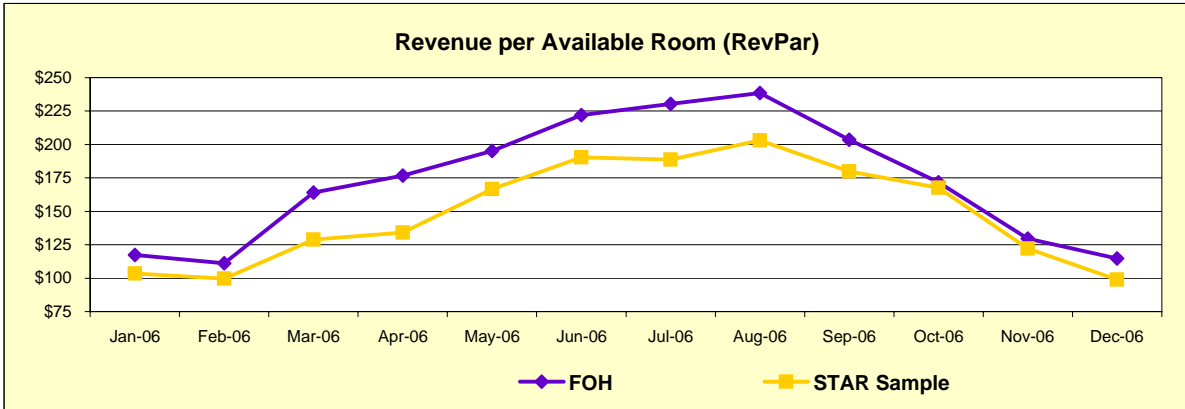
*In the 3rd Quarter of 2005, 5th Avenue Theatre leased space in the lower level of the Skinner Building.

University of Washington Metropolitan Tract
OFFICE BUILDING RENTAL RATE COMPARISON
 Last 3 Years
 Quarter Ending December 31, 2006



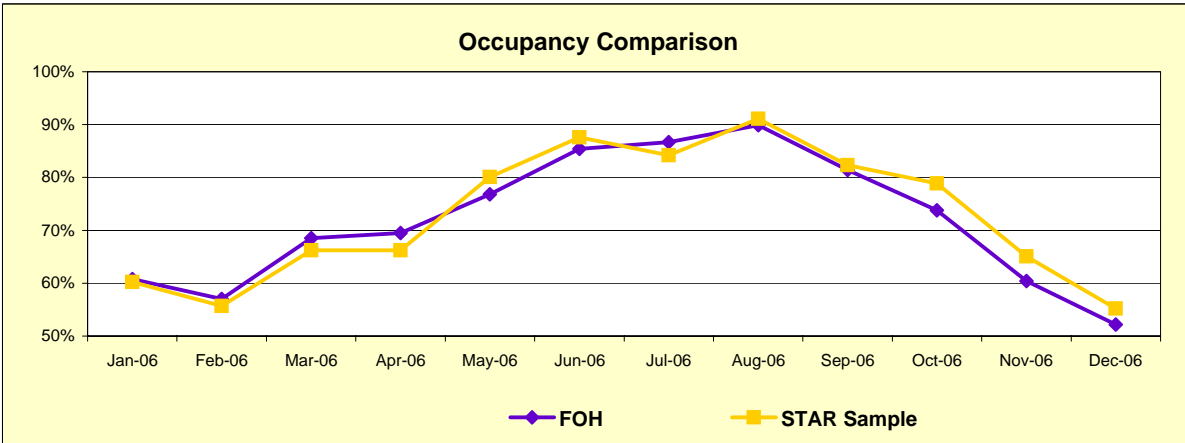
The in-place rents and occupancy for the 3rd quarter were significantly impacted by the vacation of Washington Mutual and does not reflect leases signed but not yet commenced. These categories will rebound in subsequent quarters.

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



RevPar 12-months Average	Dec-06	Dec-05	Change from Prior Year \$
FOH	\$172.90	\$147.65	\$25.25
STAR Sample Avg <1>	\$148.63	\$133.00	\$15.63

RevPar Current Month Ended	Dec-06	Dec-05	Change from Prior Year %
FOH	\$114.73	\$128.16	(\$13.43)
STAR Sample Avg <1>	\$98.93	\$95.39	\$3.54

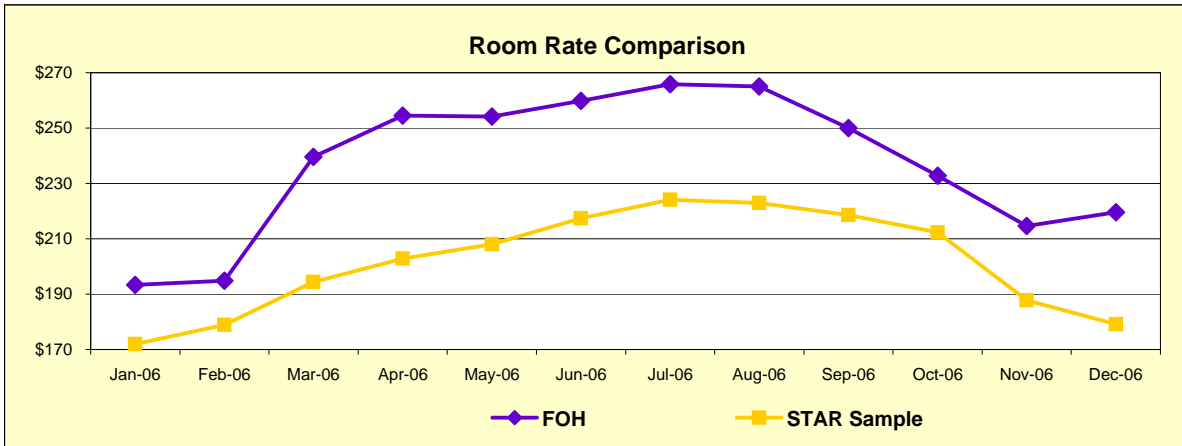


Occupancy 12-months Average	Dec-06	Dec-05	Change from Prior Year %
FOH	71.9%	69.7%	2.1%
STAR Sample Avg <1>	72.7%	73.0%	(0.3%)

Occupancy Current Month Ended	Dec-06	Dec-05	Change from Prior Year %
FOH	52.2%	62.6%	(10.4%)
STAR Sample Avg <1>	55.2%	54.9%	0.3%

<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	Dec-06	Dec-05	Change from Prior Year \$
FOH	\$237.01	\$208.87	\$28.14
STAR Sample Avg <1>	\$201.53	\$180.07	\$21.46

Average Daily Rate Month Ended	Dec-06	Dec-05	Change from Prior Year \$
FOH	\$219.60	\$204.80	\$14.80
STAR Sample Avg <1>	\$179.10	\$173.89	\$5.21

<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.