

METROPOLITAN TRACT
PERFORMANCE REPORT
For the Quarter Ended
March 31, 2007

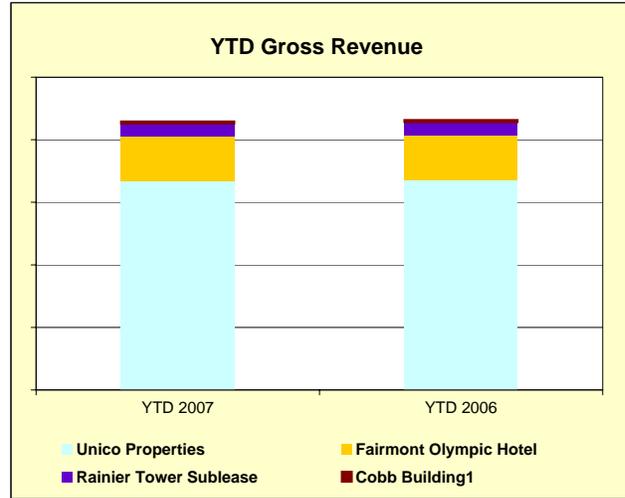
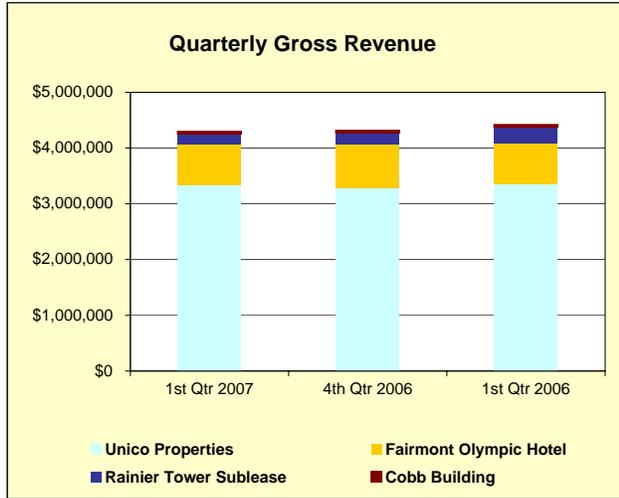


Finance, Audit & Facilities Committee

May 17, 2007

University of Washington Metropolitan Tract

CONSOLIDATED METROPOLITAN TRACT PROPERTIES
Quarterly Summary
Quarter Ending March 31, 2007



CURRENT QUARTER							
Gross Revenue to University	1st Qtr 2007	Prior Qtr 4th Qtr 2006	Prior Year 1st Qtr 2006	Change from Prior Qtr		Change from Prior Year	
				\$	%	\$	%
Unico Properties	3,338,783	3,279,551	3,351,324	59,233	1.8%	(12,541)	(0.4%)
Rainier Tower Sublease	192,910	202,443	300,506	(9,533)	(4.7%)	(107,596)	(35.8%)
Fairmont Olympic Hotel	722,226	791,427	723,426	(69,201)	(8.7%)	(1,199)	(0.2%)
Cobb Building	38,500	38,500	38,500	0	0.0%	0	0.0%
TOTAL GROSS REVENUE	\$4,292,419	\$4,311,921	\$4,413,756	(\$19,501)	(0.5%)	(\$121,337)	(2.7%)

Gross Revenue to University	CALENDAR YEAR TO DATE				ANNUAL	
	YTD 2007	YTD 2006	Change from Prior YTD		Projected 2007	Actual 2006
			\$	%		
Unico Properties	3,338,783	3,351,324	(12,541)	(0.4%)	14,073,512	13,378,928
Rainier Tower Sublease	192,910	202,320	(9,410)	(4.7%)	(1,903,345)	(683,177)
Fairmont Olympic Hotel	722,226	723,426	(1,199)	(0.2%)	3,554,724	3,825,836
Cobb Building ¹	38,500	38,500	0	0.0%	154,000	154,000
TOTAL GROSS REVENUE	\$4,292,419	\$4,315,570	(\$23,150)	(0.5%)	\$15,878,891	\$16,675,587

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

12/31/06 INTERNAL VALUATION	
	Gross Market Value
Unico Managed Properties ¹	488,197,000
Fairmont Olympic Hotel	192,700,000
Cobb Building ²	2,200,000
TOTAL	\$683,097,000

¹ Includes the Rainier Tower Sublease

² Represents UW's land value; not improvements

CONSOLIDATED METROPOLITAN TRACT PROPERTIES

Quarterly Summary

Quarter Ending March 31, 2007

CONSOLIDATED METROPOLITAN TRACT SUMMARY

The Metropolitan Tract started 2007 by generating \$4.3 million in revenue during the first quarter. This result is fairly comparable to the last quarter of 2006. The slight difference between the quarters is in the Office component of Unico Properties (down 2.8%) and the Fairmont Olympic Hotel (down 8.7%). However, these declines were largely offset by a robust increase in the Retail sector which was up 12.6%. Year to date results for the first three months of 2007 were also comparable to the opening quarter of 2006.

UNICO PROPERTIES

In the first quarter of 2007, revenue from the Unico properties increased 1.8% from the last quarter of 2006. This results in revenue to the University of more than \$3.3 million. Office revenue was down 2.8%, while Retail revenue increased by 12.6% and parking revenue was up 6.8%, more than offsetting the decrease in Office income. Leasing activity continues to be brisk with the expectation of decreasing vacancy rates in 2007. Most 2007 lease rollovers have already been addressed ensuring stable occupancy. Only the Financial Center has a remaining lease rollover at the end of 2007 and Unico is actively working to pre-lease the pending vacancy.

RAINIER TOWER SUBLEASE

The Rainier Tower Sublease generated approximately \$200,000 to the University during the first quarter. This is only a slight decline compared to the immediately preceding quarter, but compared to the first quarter of 2006, it is a decrease of close to 36%. Notably, the quarter a year ago was a time of much fuller occupancy, before WaMu vacated its floors. Most of the vacant space has already been leased, but until those leases commence, bringing positive cash flow, these lower numbers will continue.

FAIRMONT OLYMPIC HOTEL

The hotel generated \$722,226 in revenue to start the year. That decline, from the last quarter of 2006, is an 8.7% decrease, but is an expected seasonal decline as the first three months of the year are historically the least robust for this sector. More significantly is the comparison to the year-ago quarter. After two years of very solid, even explosive growth for the hotel, results were fairly comparable between these quarters.

INTERNAL VALUATION

The numbers presented represent the overall value of the real estate as estimated by Heitman and Urbis Partners as of 12/31/06, but do not account for the leasehold encumbrances.

MARKET UPDATE

OFFICE MARKET

The office market opened 2007 growing occupancy to 93%. Correspondingly, lease rates are also climbing for 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. Also significant in the first quarter was the 10 million square foot sales transaction of Equity Office Properties' Puget Sound portfolio of which approximately 5 million square feet were Class A assets in downtown Seattle. The subsequent break up of the portfolio to multiple owners at record prices will also drive rental rates up in the near future as the new owners' return requirements will require higher rental rates to support the acquisitions.

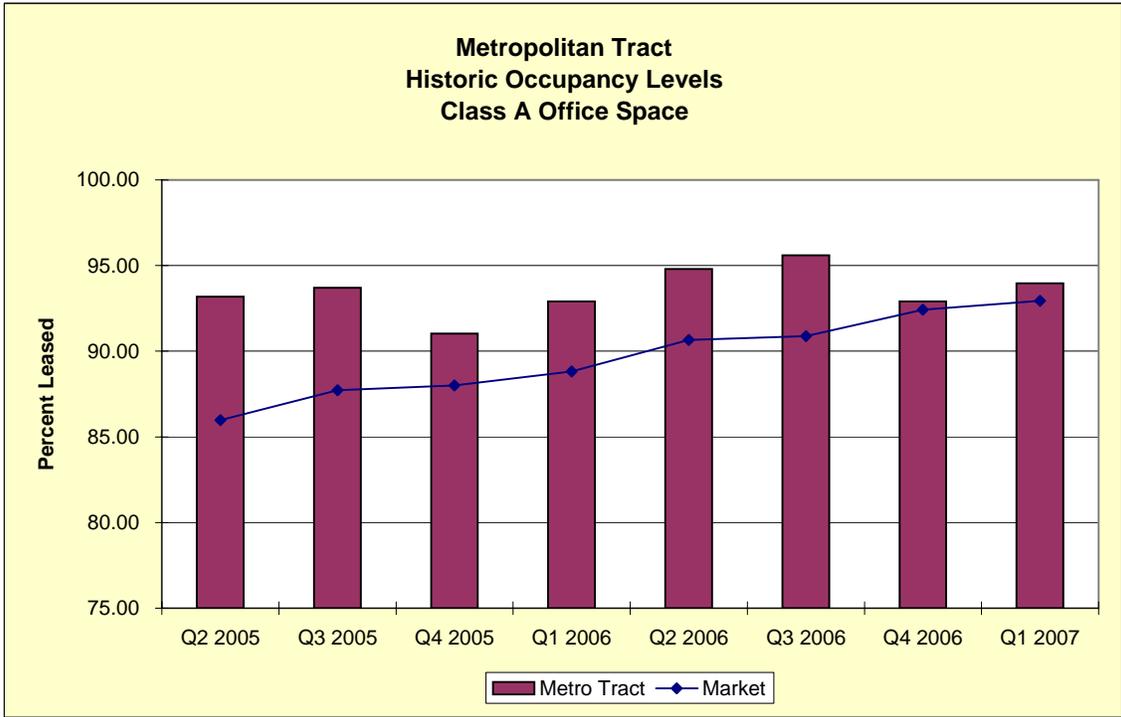
HOTEL MARKET

In 2006, the downtown hotel market grew by 280 rooms, or 4.2 %. This spring, 415 rooms in the Sheraton's new tower will be complete. In 2008 and 2009, there are at least 800 new rooms planned. Within four or five years, the downtown Seattle Hotel market will grow by more than 1,600 rooms. This has largely been perceived to be a benefit for the market: with the greater capacity, Seattle will be a more appealing market for major conventions, filling hotel rooms throughout the downtown and therefore benefiting all.

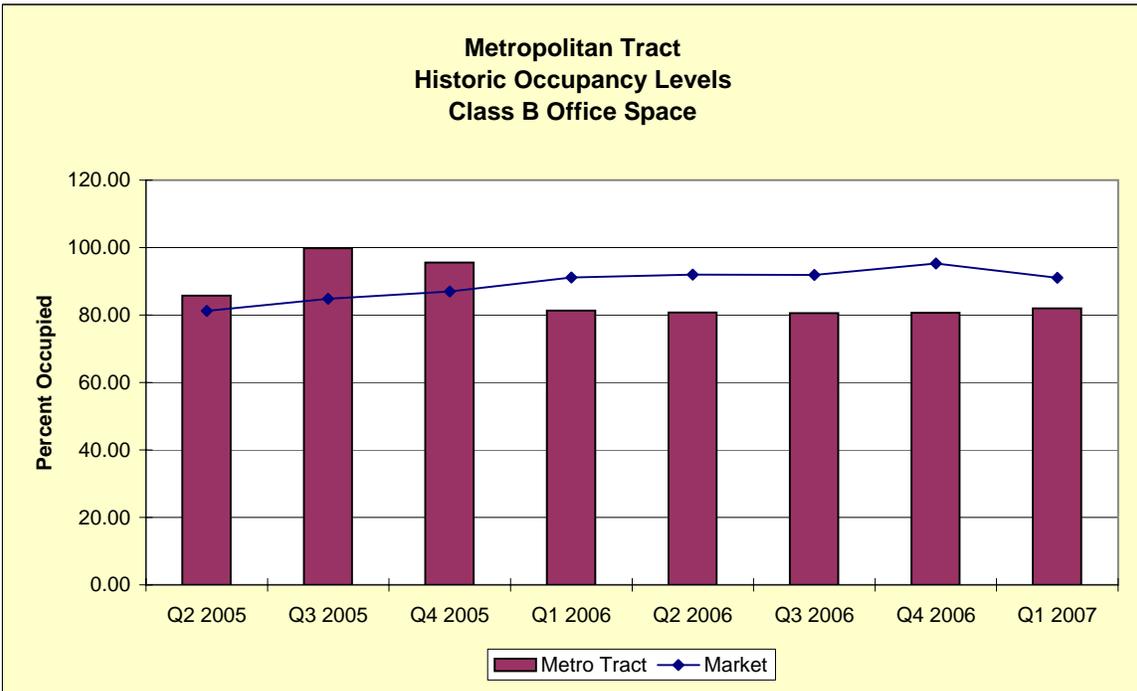
OFFICE BUILDING OCCUPANCY COMPARISON CHARTS

Last Eight Quarters

Quarter Ending March 31, 2007

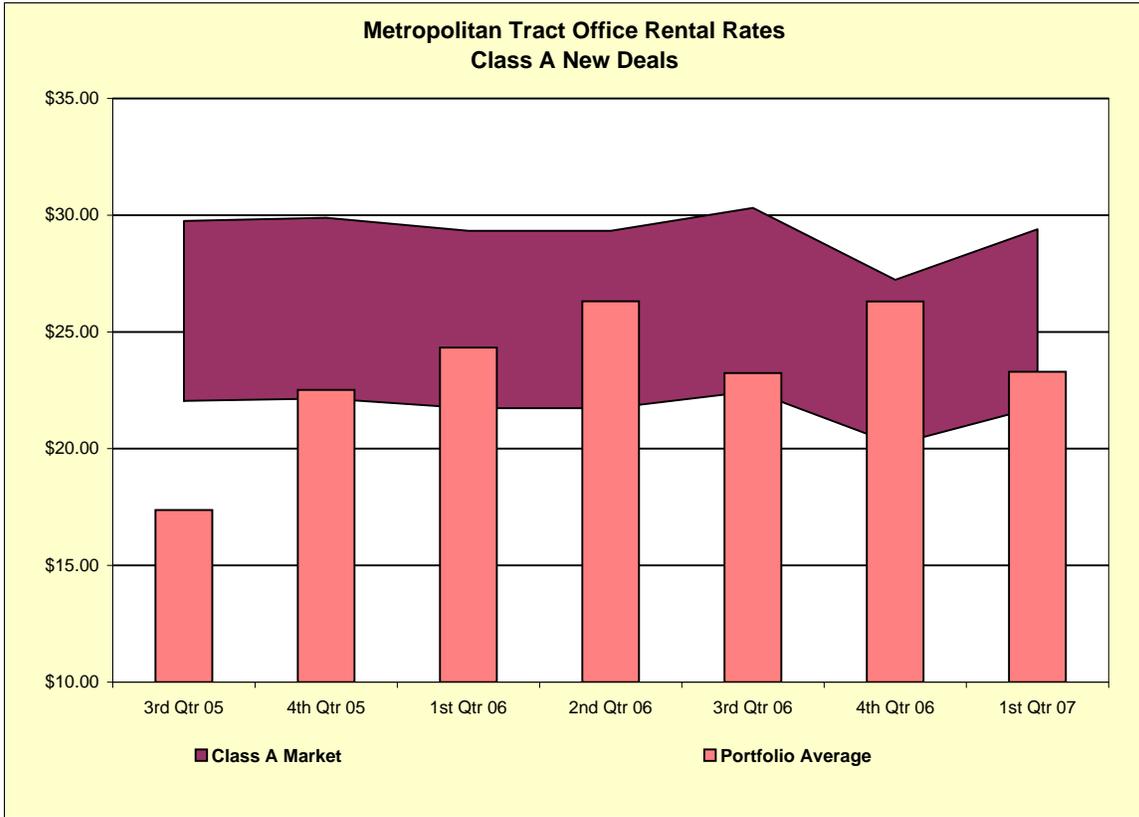


Includes Rainier Tower, Puget Sound Plaza, IBM Building and Financial Center

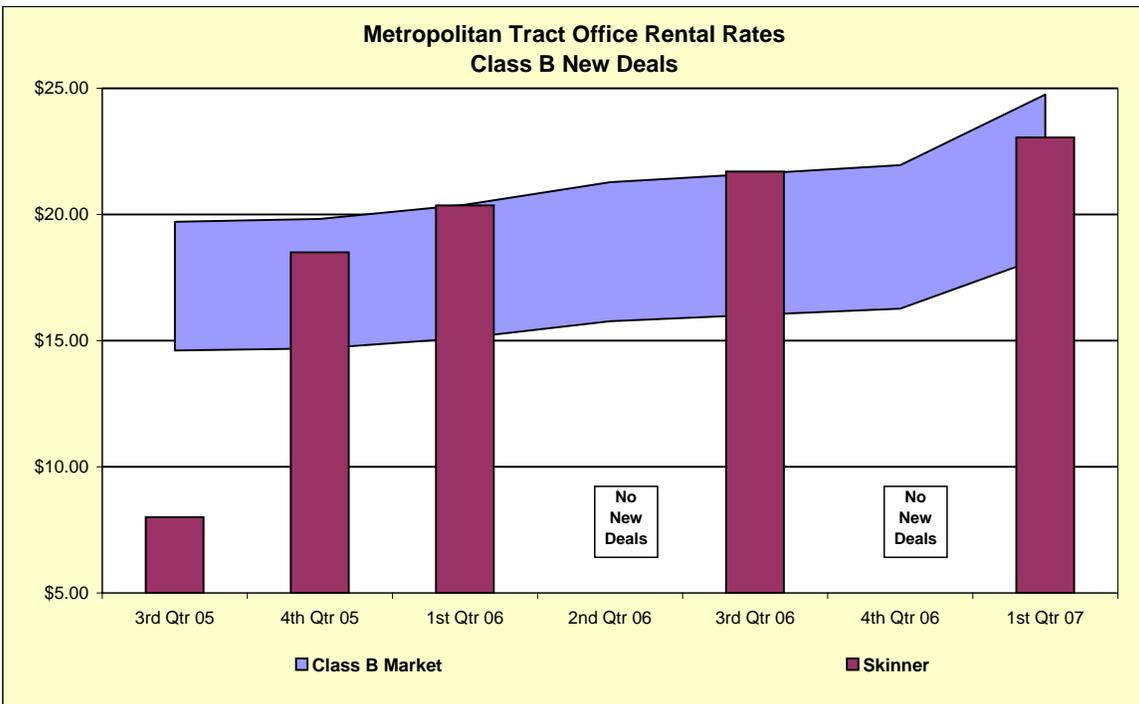


Includes Skinner Building

OFFICE BUILDING RENTAL RATE COMPARISON
 Last Seven Quarters
 Quarter Ending March 31, 2007

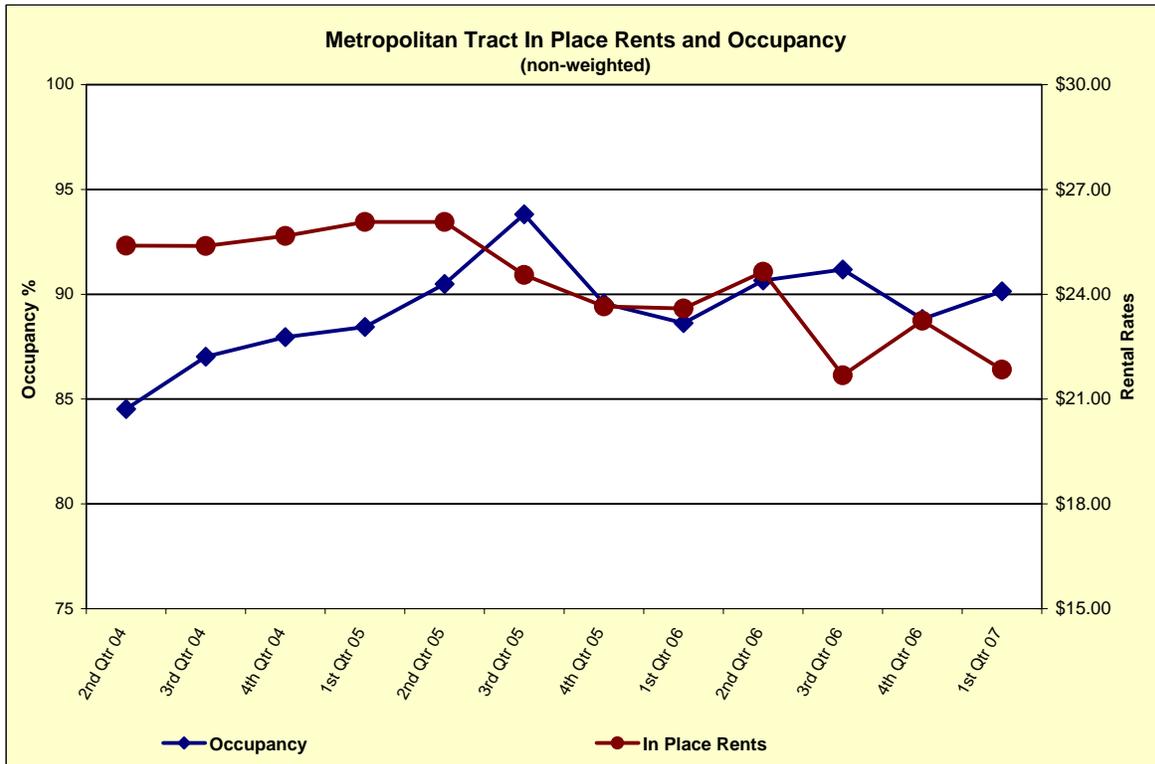


*In the 3rd Quarter of 2005, a tenant of 5,409 sf for \$12.00/sf leased some undesirable space in the Financial Center on an "as is" basis.



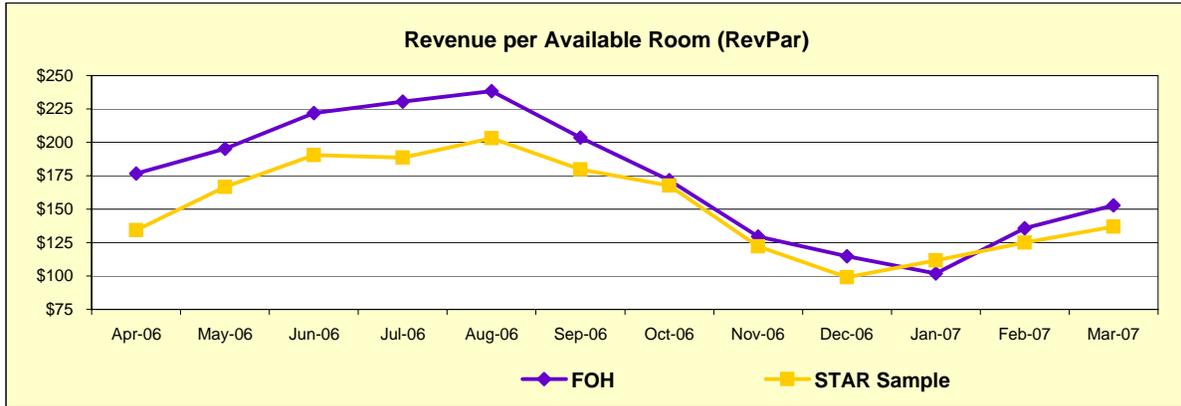
*In the 3rd Quarter of 2005, 5th Avenue Theatre leased space in the lower level of the Skinner Building.

University of Washington Metropolitan Tract
OFFICE BUILDING RENTAL RATE COMPARISON
 Last 3 Years
 Quarter Ending March 31, 2007



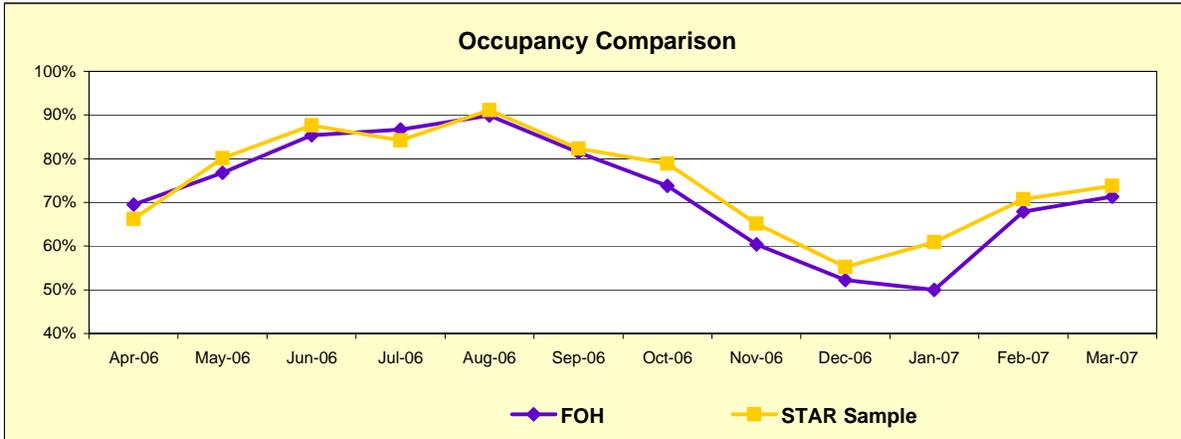
The in-place rents and occupancy for the 3rd quarter were significantly impacted by the vacation of Washington Mutual and does not reflect leases signed but not yet commenced. These categories will rebound in subsequent quarters.

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



RevPar 12-months Average	Mar-07	Mar-06	Change from Prior Year \$
FOH	\$172.74	\$155.64	\$17.10
STAR Sample Avg <1>	\$152.11	\$136.85	\$15.26

RevPar Current Month Ended	Mar-07	Mar-06	Change from Prior Year %
FOH	\$152.96	\$164.02	(\$11.06)
STAR Sample Avg <1>	\$136.98	\$128.77	\$8.21

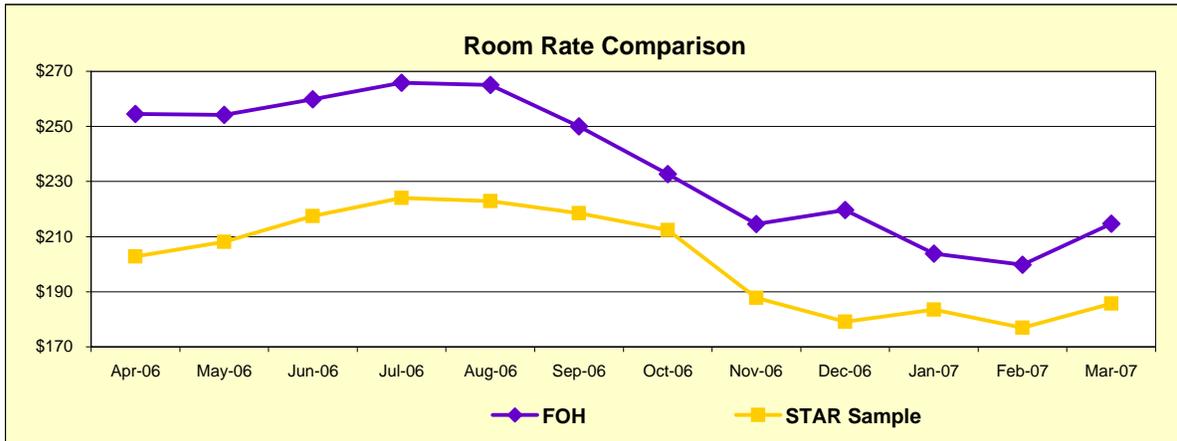


Occupancy 12-months Average	Mar-07	Mar-06	Change from Prior Year %
FOH	72.1%	72.0%	0.1%
STAR Sample Avg <1>	74.7%	73.2%	1.5%

Occupancy Current Month Ended	Mar-07	Mar-06	Change from Prior Year %
FOH	50.0%	68.5%	(18.5%)
STAR Sample Avg <1>	60.9%	66.2%	(5.3%)

<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	Mar-07	Mar-06	Change from Prior Year \$
FOH	\$237.89	\$209.57	\$28.32
STAR Sample Avg <1>	\$202.49	\$181.61	\$20.88

Average Daily Rate Month Ended	Mar-07	Mar-06	Change from Prior Year \$
FOH	\$203.88	\$193.32	\$10.56
STAR Sample Avg <1>	\$183.52	\$171.98	\$11.54

<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.