

METROPOLITAN TRACT
PERFORMANCE REPORT
For the Quarter Ended
September 30, 2007

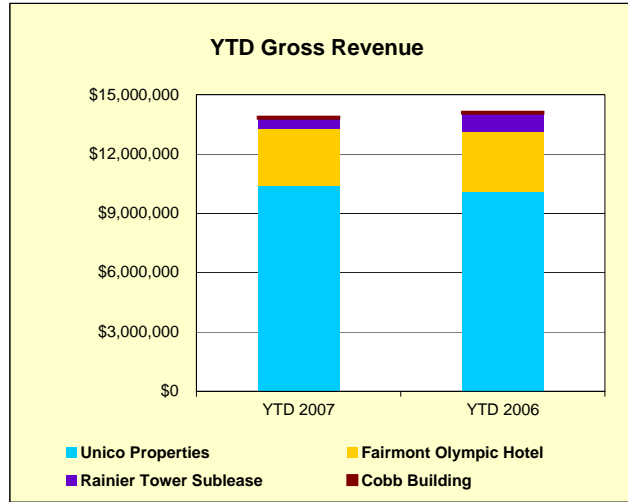
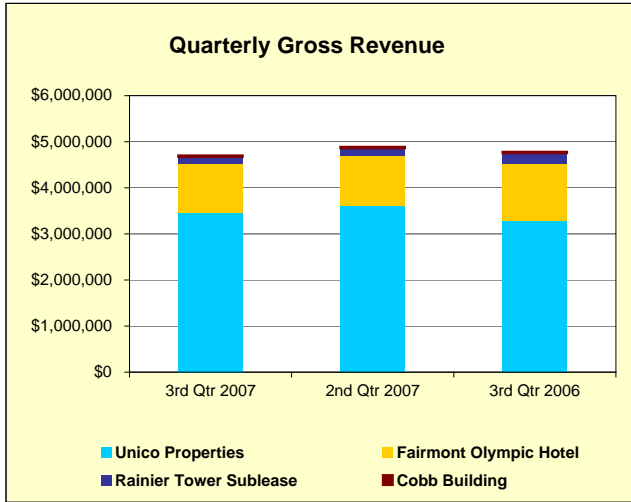


Finance, Audit & Facilities Committee

November 15, 2007

University of Washington Metropolitan Tract

CONSOLIDATED METROPOLITAN TRACT PROPERTIES
Quarterly Summary
Quarter Ending September 30, 2007



CURRENT QUARTER							
Gross Revenue to University	3rd Qtr 2007	Prior Qtr	Prior Year	Change from Prior Qtr		Change from Prior Year	
		2nd Qtr 2007	3rd Qtr 2006	\$	%	\$	%
Unico Properties	3,452,245	3,613,108	3,283,024	(160,863)	(4.5%)	169,220	5.2%
Rainier Tower Sublease	147,347	162,197	232,387	(14,850)	(9.2%)	(85,040)	(36.6%)
Fairmont Olympic Hotel	1,068,036	1,079,398	1,231,223	(11,362)	(1.1%)	(163,187)	(13.3%)
Cobb Building	38,500	38,500	38,500	0	0.0%	0	0.0%
TOTAL GROSS REVENUE	\$4,706,128	\$4,893,203	\$4,785,135	(\$187,075)	(3.8%)	(\$79,007)	(1.7%)

Gross Revenue to University	CALENDAR YEAR TO DATE				ANNUAL	
	YTD 2007	YTD 2006	Change from Prior YTD		Projected 2007	Actual 2006
			\$	%		
Unico Properties	10,404,136	10,099,381	304,755	3.0%	14,073,512	13,378,928
Rainier Tower Sublease	502,454	891,388	(388,935)	(43.6%)	(1,903,345)	(683,177)
Fairmont Olympic Hotel	2,869,660	3,034,409	(164,749)	(5.4%)	3,554,724	3,825,836
Cobb Building	115,500	115,500	0	0.0%	154,000	154,000
TOTAL GROSS REVENUE	\$13,891,750	\$14,140,678	(\$248,929)	(1.8%)	\$15,878,891	\$16,675,587

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 September 30, 2007

CONSOLIDATED METROPOLITAN TRACT SUMMARY

The Metropolitan Tract generated \$4.7M of revenue during the third quarter of 2007. This is a 3.8% decrease from the second quarter and a 1.7% decrease from a year ago. On a quarter-to-quarter basis, each of the three primary contributors went down. From a year-ago perspective, the decreases come from the hotel (off 5.4%) and an expected decrease from the Rainier Tower Sublease due to the vacancy and capital expenditures as a result of the Marsh/Mercer lease. Through three quarters, the Tract has netted \$13.9M.

UNICO PROPERTIES

The third quarter's gross revenues from the Unico Properties was \$3.45M; a 4.5% decrease over the second quarter. The Office component was flat, with Retail off by 13.4% from the previous quarter. Comparing 2006 to 2007, the trend is favorable, with gains in both Office (up 2.2%) and Retail (up 11.3%). Unico has made major gains in leasing as of late with a new 40,000 sf tenant signed for the Financial Center and strong activity for the remaining vacancies. Only the Skinner Building continues to have any significant vacancy.

RAINIER TOWER SUBLEASE

The Rainier Tower Sublease generated \$147,347 to the University during the third quarter. As expected, 2007 will be off from previous years due to the vacancy created by Washington Mutual's relocation to the new Washington Mutual Center and the downtime until Marsh and Mercer start paying rent in early 2008. Once the leasing costs related to the Marsh lease are absorbed, the sublease will produce positive cash flow once again.

FAIRMONT OLYMPIC HOTEL

The hotel generated a bit more than \$1M in the summer quarter. After a record breaking 2006, 2007 has been somewhat inconsistent for Fairmont and the Seattle hotel market in general. While the third quarter is typically the strongest of the year, the hotel's revenue was actually off by 1.1% from the second quarter. More significantly is the comparison to the year-ago quarter. After two years of very solid, even explosive growth for the hotel, this year's third quarter was down 13.3% from 2006.

The Legacy sale of the REIT which leases the hotel from the University to a partnership of Caisse de depot et placement du Quebec was completed on September 18, 2007 to Westmont Hospitality Group and InnVest REIT, Canadian hotel investors and operators. The management agreement with Fairmont Hotels and Resorts will remain in place with no change to the operation or the name of the hotel.

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

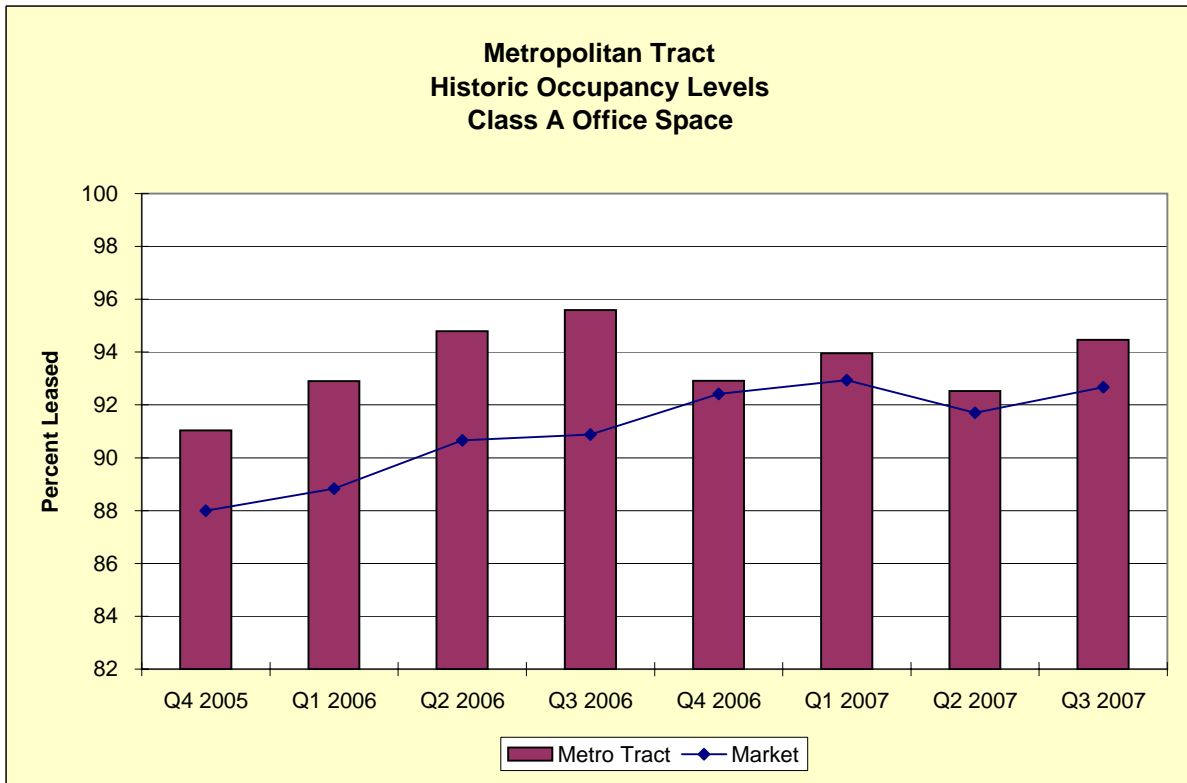
OFFICE MARKET

Occupancy percentage figures in the downtown office market continue to hover in the low 90s. The Eastside is leading the region with even lower vacancy rates and higher rents since Microsoft leased 1.3 million square feet in the Bellevue CBD earlier this year. This had a dramatic impact on the smaller Bellevue market and has had some ancillary impact on the Seattle market as it is currently the (slightly) lower-cost option between the two. Seattle's market was already on the increase due to general economic growth, and further buoyed by Safeco's move from the University District to the Seattle Central Business District. The occupancy level of the Metropolitan Tract properties is consistent with current market levels. Additionally, lease rates are also climbing with the decrease in available space. With no significant office projects due to open until late 2008, 2007 should continue to be a strong year for landlords. The high occupancy, combined with the break up of the recently-sold Equity Office Properties portfolio to multiple owners seems to be driving rental rates up in the near future as the new owners' return requirements will require higher rental rates to support the acquisitions.

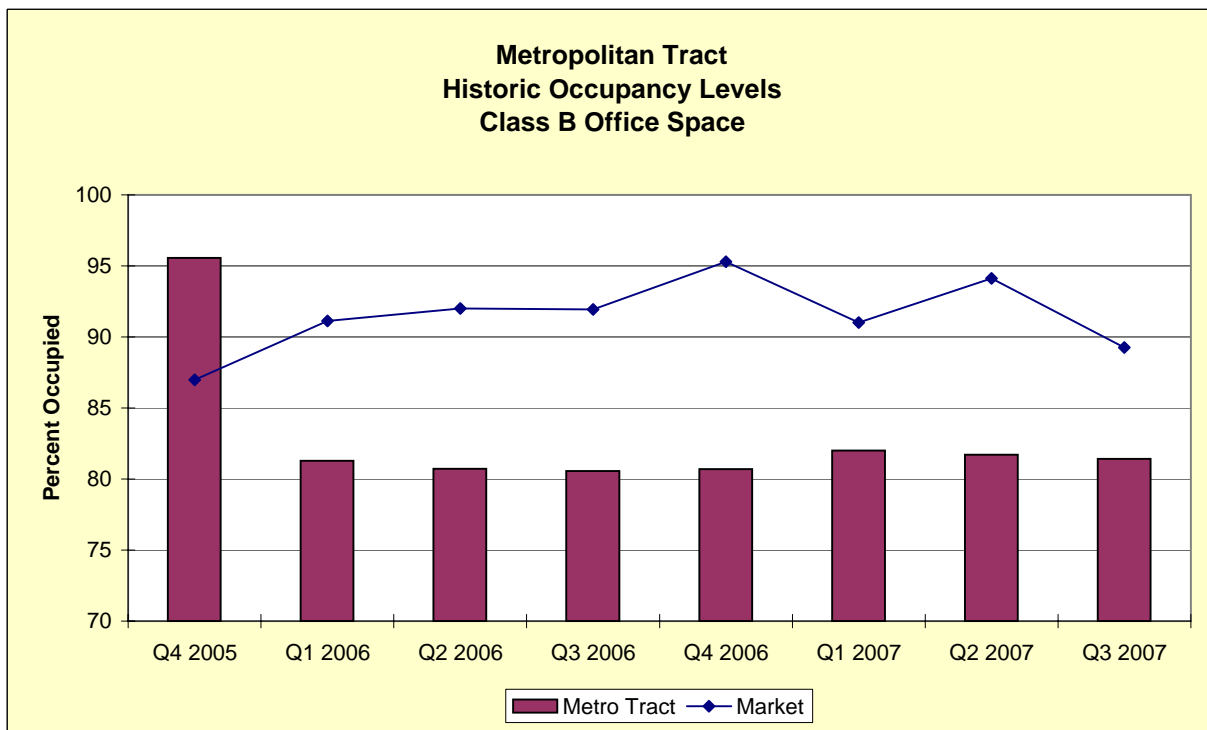
HOTEL MARKET

While the downtown upscale hotel market continues to grow in inventory, the last two years' growth rates have tempered considerably. The Fairmont started the year with flat results compared to the previous year, but has fallen below 2006 in recent months. This trend is consistent through the other luxury hotels in the downtown Seattle market. This largely stems from a drop in convention business that led to a 31% drop in total business travel bookings for the third quarter. Additionally, despite that third quarter drop in demand, hotels generally managed to keep room rates at a very steady level, tempering a revenue decrease which could have been more impactful. On a bright note, convention business is increasing for the 4th quarter of 2007. Convention attendee room reservations are up 40% over 2006's last three months.

University of Washington Metropolitan Tract
OFFICE BUILDING OCCUPANCY COMPARISON CHARTS
 Last Eight Quarters
 Quarter Ending September 30, 2007



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

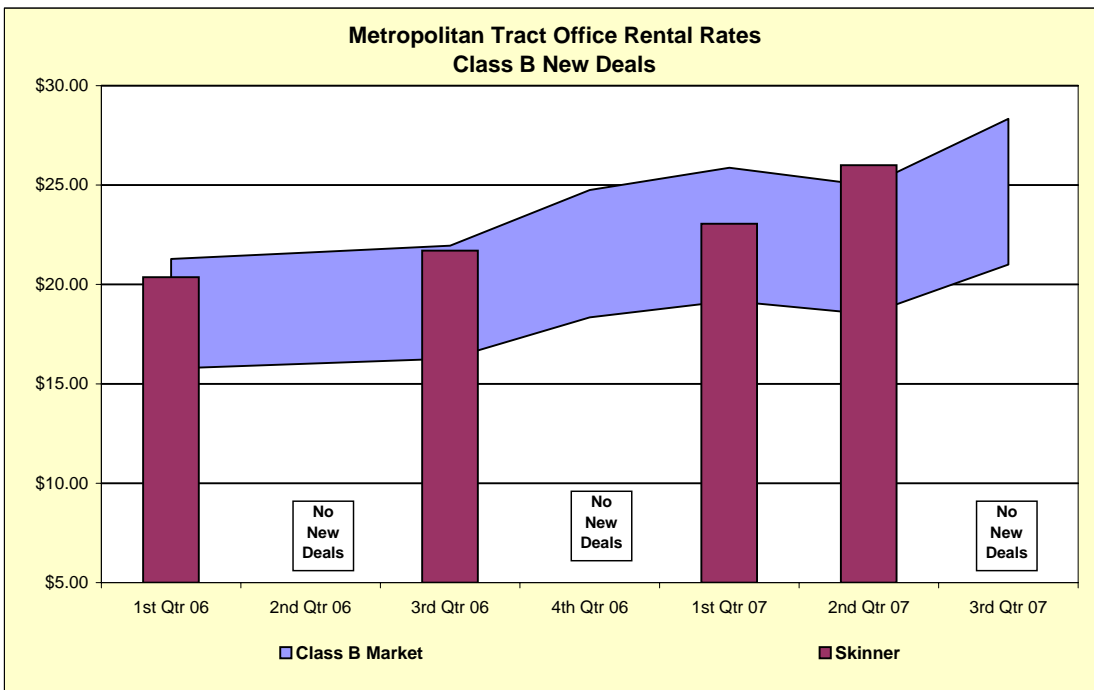
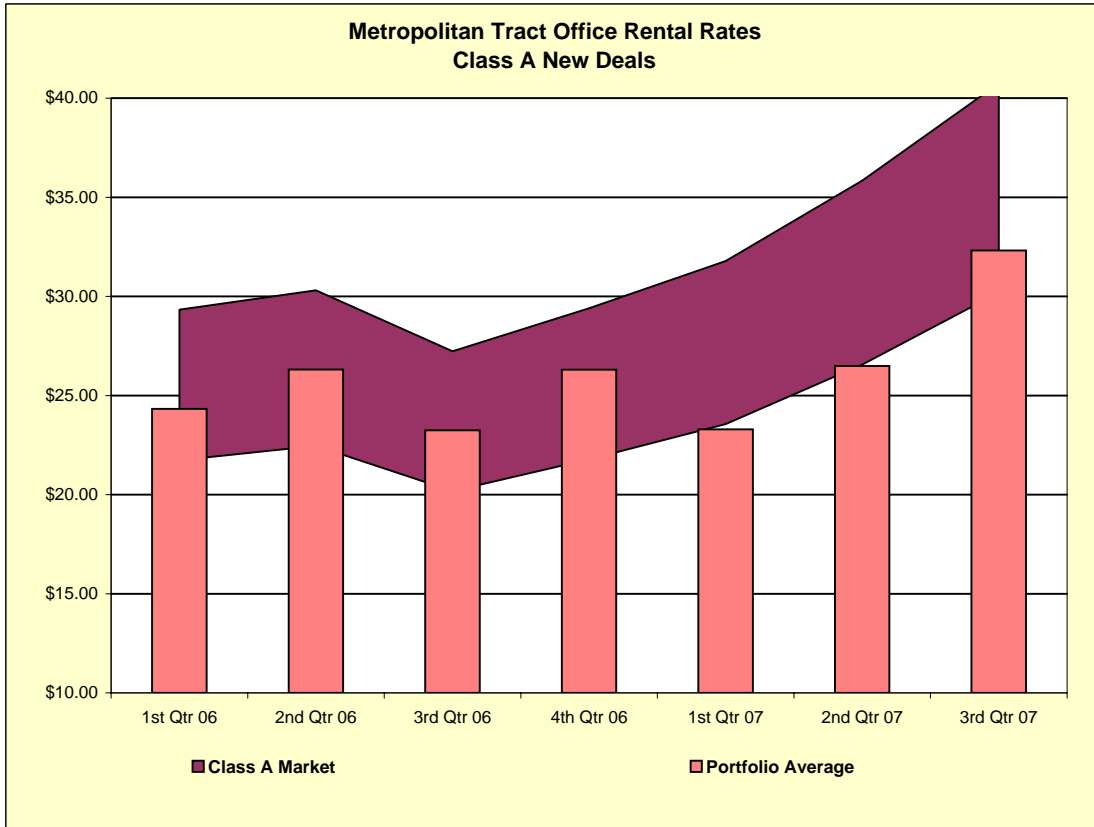


Includes Skinner Building

OFFICE BUILDING RENTAL RATE COMPARISON

Last Seven Quarters

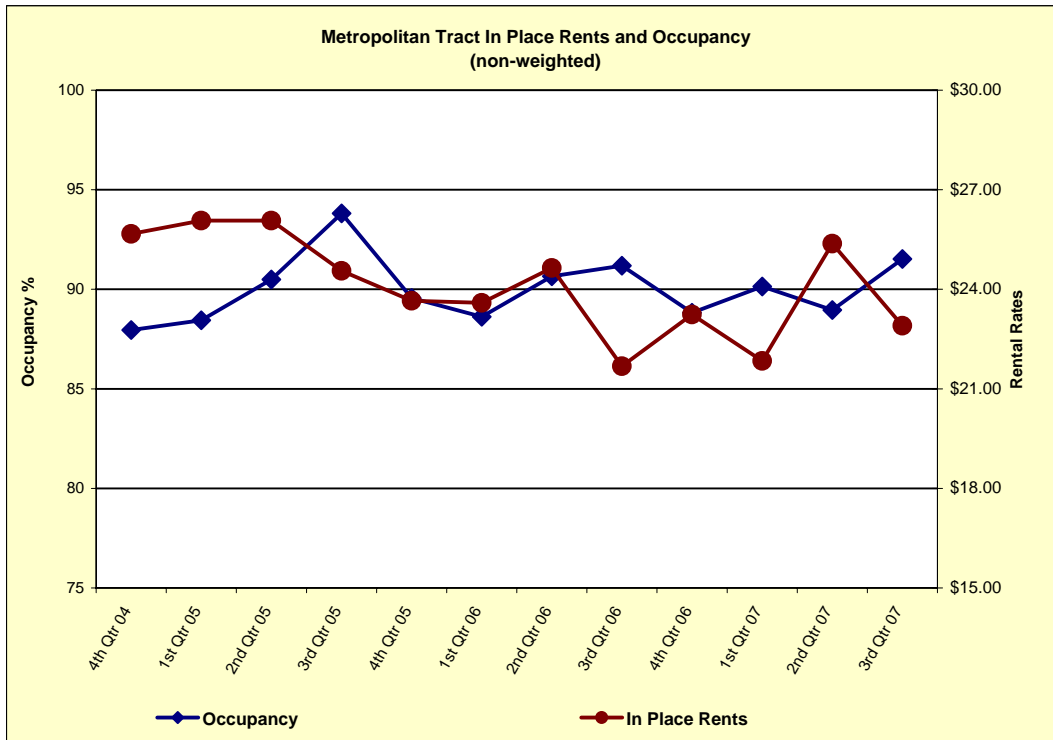
Quarter Ending September 30, 2007



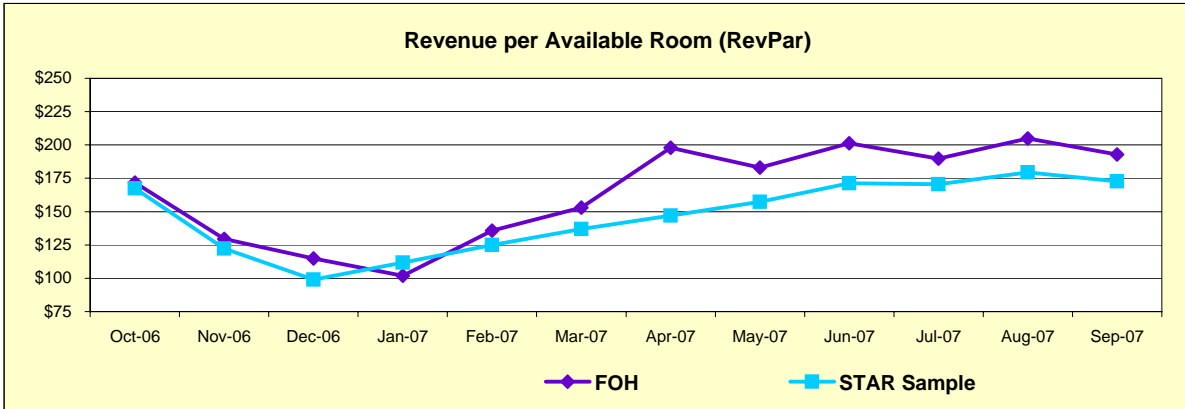
OFFICE BUILDING RENTAL RATE COMPARISON

Last 3 Years

Quarter Ending September 30, 2007

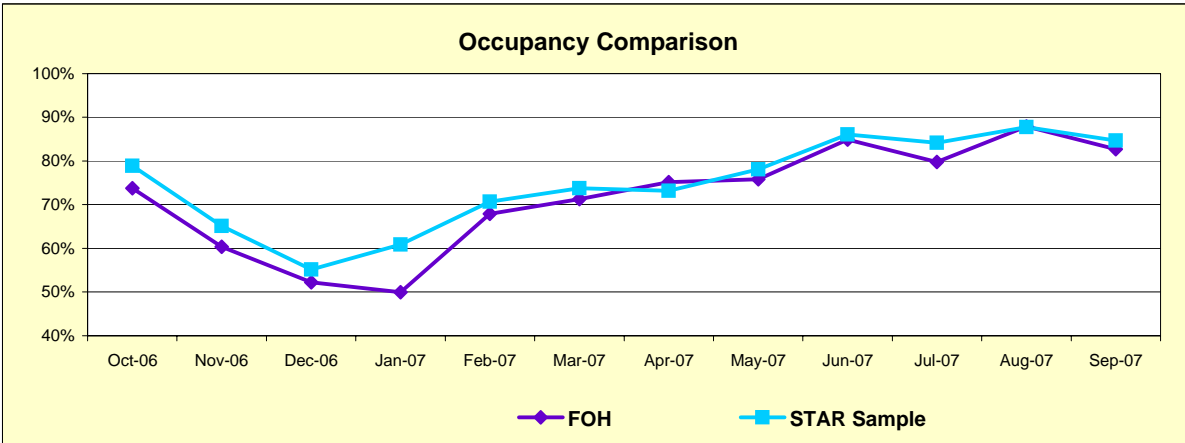


FAIRMONT OLYMPIC HOTEL MARKET COMPARISONS
Twelve Months Ended September 30, 2007



RevPar 12-months Average	Sep-07	Sep-06	Change from Prior Year \$
FOH	\$164.68	\$173.35	(\$8.67)
STAR Sample Avg <1>	\$146.75	\$146.59	\$0.16

RevPar Current Month Ended	Sep-07	Sep-06	Change from Prior Year %
FOH	\$192.75	\$203.52	(\$10.77)
STAR Sample Avg <1>	\$172.82	\$179.77	(\$6.95)

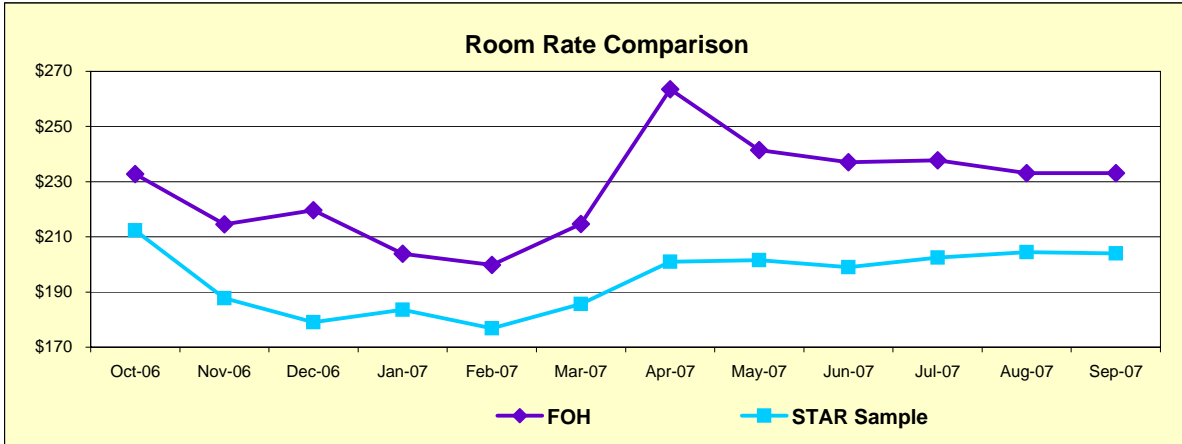


Occupancy 12-months Average	Sep-07	Sep-06	Change from Prior Year %
FOH	71.8%	73.3%	(1.5%)
STAR Sample Avg <1>	74.9%	72.8%	2.1%

Occupancy Current Month Ended	Sep-07	Sep-06	Change from Prior Year %
FOH	82.7%	81.4%	1.3%
STAR Sample Avg <1>	84.7%	82.3%	2.4%

<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 September 30, 2007



Average Daily Rate 12-months Average	Sep-07	Sep-06	Change from Prior Year \$
FOH	\$227.60	\$225.39	\$2.21
STAR Sample Avg <1>	\$194.82	\$192.16	\$2.66

Average Daily Rate Month Ended	Sep-07	Sep-06	Change from Prior Year \$
FOH	\$233.11	\$249.99	(\$16.88)
STAR Sample Avg <1>	\$204.01	\$218.50	(\$14.49)

<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.