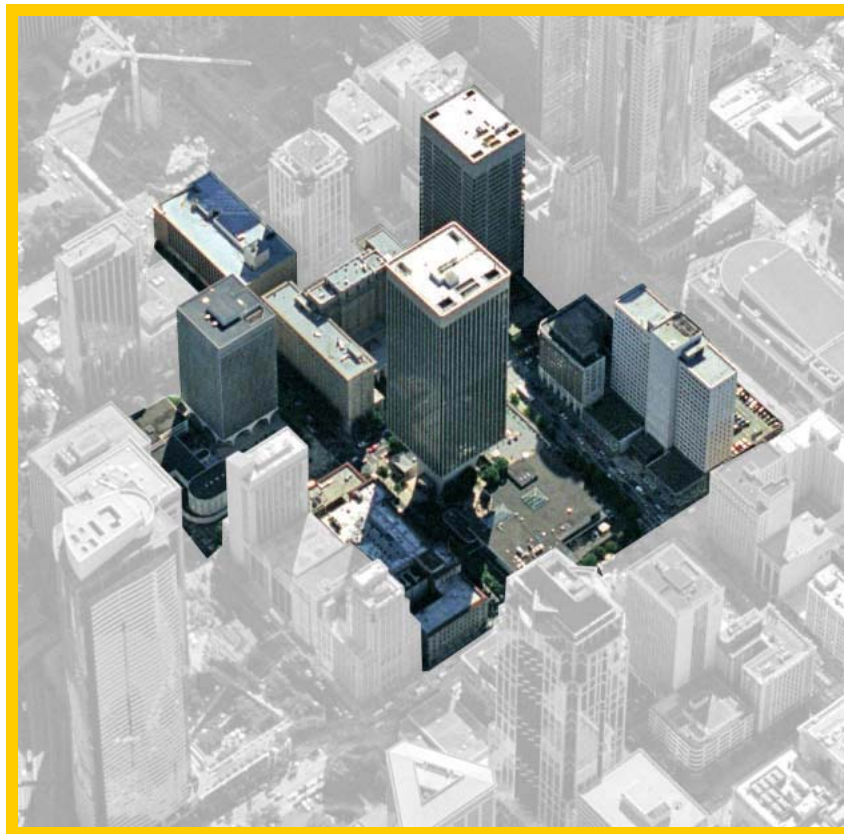


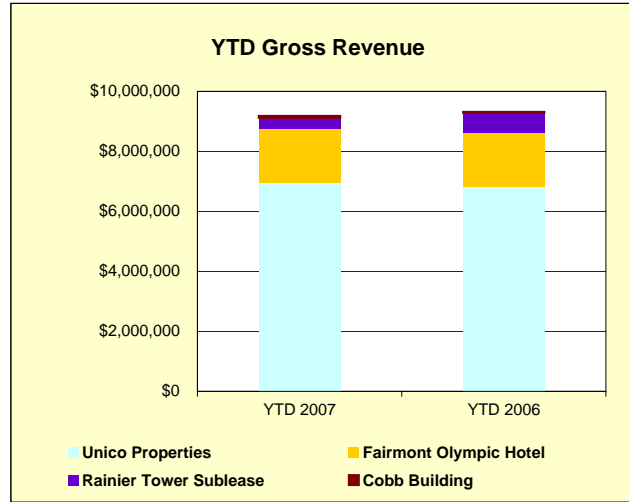
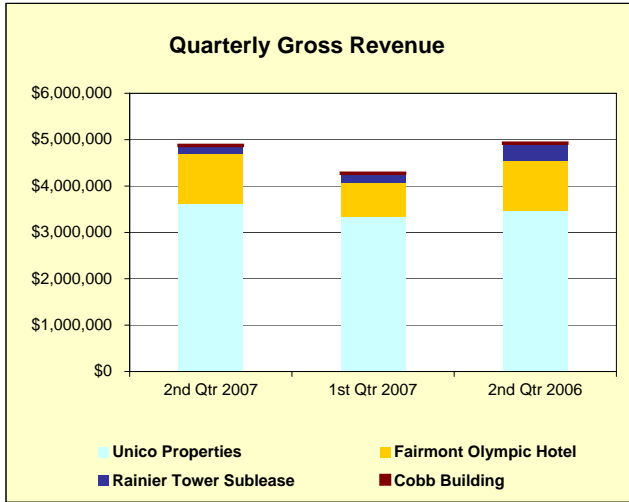
**METROPOLITAN TRACT**  
**PERFORMANCE REPORT**  
**For the Quarter Ended**  
**June 30, 2007**



**Finance, Audit & Facilities Committee**

September 20, 2007

University of Washington Metropolitan Tract  
**CONSOLIDATED METROPOLITAN TRACT PROPERTIES**  
**Quarterly Summary**  
**Quarter Ending June 30, 2007**



CURRENT QUARTER							
Gross Revenue to University	2nd Qtr 2007	Prior Qtr		Change from Prior Qtr		Change from Prior Year	
		1st Qtr 2007	2nd Qtr 2006	\$	%	\$	%
Unico Properties	3,613,108	3,338,783	3,465,033	274,325	8.2%	148,075	4.3%
Rainier Tower Sublease	162,197	192,910	358,495	(30,713)	(15.9%)	(196,299)	(54.8%)
Fairmont Olympic Hotel	1,079,398	722,226	1,079,760	357,171	49.5%	(362)	(0.0%)
Cobb Building	38,500	38,500	38,500	0	0.0%	0	0.0%
<b>TOTAL GROSS REVENUE</b>	<b>\$4,893,203</b>	<b>\$4,292,419</b>	<b>\$4,941,788</b>	<b>\$600,783</b>	<b>14.0%</b>	<b>(\$48,585)</b>	<b>(1.0%)</b>

Gross Revenue to University	CALENDAR YEAR TO DATE				ANNUAL	
	YTD 2007	YTD 2006	Change from Prior YTD		Projected 2007	Actual 2006
			\$	%		
Unico Properties	6,951,891	6,816,357	135,534	2.0%	14,073,512	13,378,928
Rainier Tower Sublease	355,107	659,001	(303,895)	(46.1%)	(1,903,345)	(683,177)
Fairmont Olympic Hotel	1,801,624	1,803,185	(1,561)	(0.1%)	3,554,724	3,825,836
Cobb Building	77,000	38,500	38,500	100.0%	154,000	154,000
<b>TOTAL GROSS REVENUE</b>	<b>\$9,185,622</b>	<b>\$9,317,044</b>	<b>(\$131,422)</b>	<b>(1.4%)</b>	<b>\$15,878,891</b>	<b>\$16,675,587</b>

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

<sup>1</sup> Includes the Rainier Tower Sublease

<sup>2</sup> Represents UW's land value; not improvements

## **CONSOLIDATED METROPOLITAN TRACT PROPERTIES**

### **Quarterly Summary**

**Quarter Ending June 30, 2007**

#### **CONSOLIDATED METROPOLITAN TRACT SUMMARY**

The Metropolitan Tract generated \$4.9M of revenue in the second quarter of 2007. This result is an increase of 14% over the first three months of the year. More than half of the gain stems from the seasonally predictable upswing at the Fairmont Olympic Hotel, though Unico's Office and Retail components contributed as well. Compared to a year ago, this quarter was down, but only by 1%. On a six-month, year-to-date basis, 2007 trails 2006 by 1.4%, most dramatically pulled down by the Rainier Tower Sublease.

#### **UNICO PROPERTIES**

The second quarter's aggregate revenues for the Unico Properties was \$3.6M; an increase over the first quarter of more than 8%. Both Office and Retail had gains of at least 8%, while parking is fixed for the year. The total revenue is also a gain of 4.3% from the same period in 2006, with Retail leading the gain with more than a 20% jump. Office revenue was slightly off (down 1.8%). From a year-to-date perspective, the \$6.95M income is a 2% increase from 2006. 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 \$162,000 to the University during the second quarter. This is down 16% from the first quarter and compared to the second quarter of 2006, it is a decrease of 55%. 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, influenced by both the downtime preceding the commencements and depressed further by the leasing costs.

#### **FAIRMONT OLYMPIC HOTEL**

The hotel generated more than \$1m in the spring quarter. That is an expected gain over the previous quarter due to the season attributes of the hotel's performance. 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. In fact, the first quarter also matched up comparably with the first quarter of 2006 and, as such, the year to date figures differ by only a tenth of a percent.

In July, Legacy announced the sale of the REIT which leases the hotel from the University to a partnership of Caisse de depot et placement du Quebec, 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. We are currently reviewing information on the prospective buyer and the process of assignment in accordance with the lease. The sale is expected to close in late September.

#### **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**

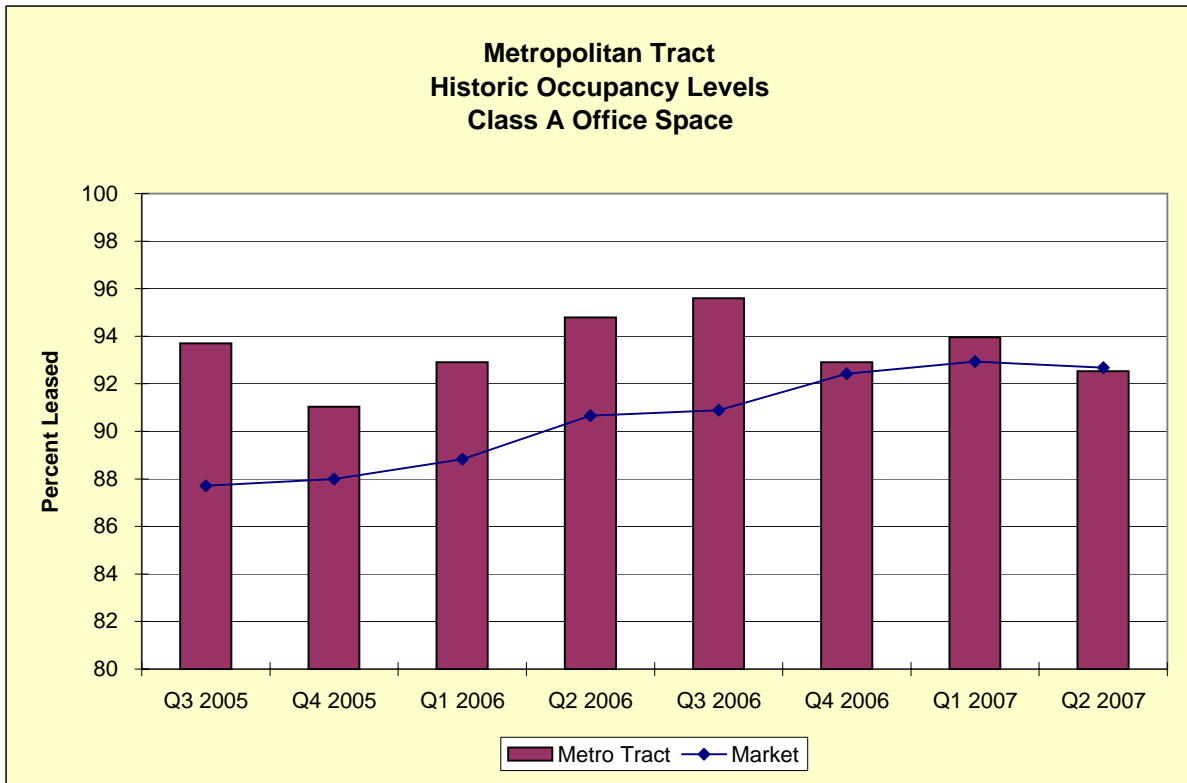
### **OFFICE MARKET**

Occupancy figures in the downtown office market appear to be levelling off, in fact the second quarter saw a slightly lower occupancy in the market than at the end of the 1st quarter of the year. The occupancy level of the Metropolitan Tract properties is right in line with current market. The flattening of vacancy rates did not see a corresponding trend in lease rates which continued to climb. With no significant office projects due to open until late 2008, 2007 is looking 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.

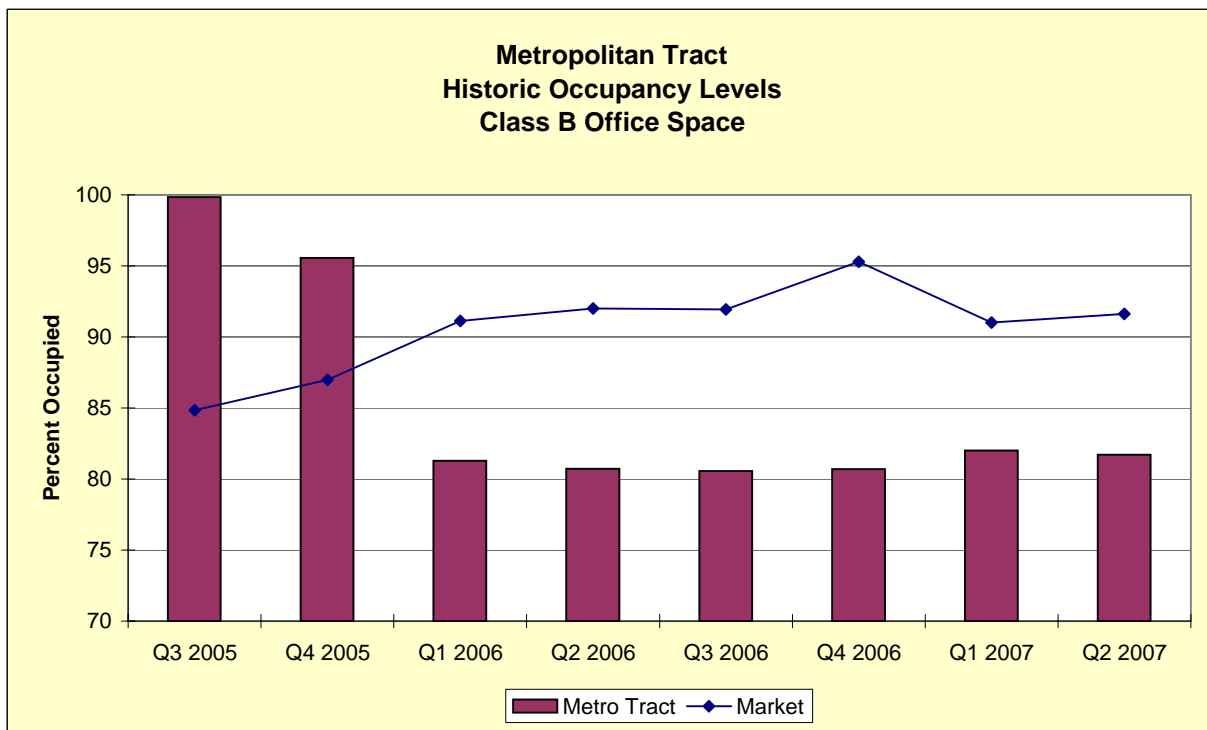
### **HOTEL MARKET**

While the downtown upscale hotel market continues to grow in inventory, the last two years' growth rates have tempered considerably. Not only have revenues at the Fairmont Olympic Hotel been level compared to 2006's first half, the rest of the competitive hotels are experiencing similar flattening. Nonetheless, there are yet another 1,000 rooms expected to come up in the new future, adding to last year's 4% growth in inventory.

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



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

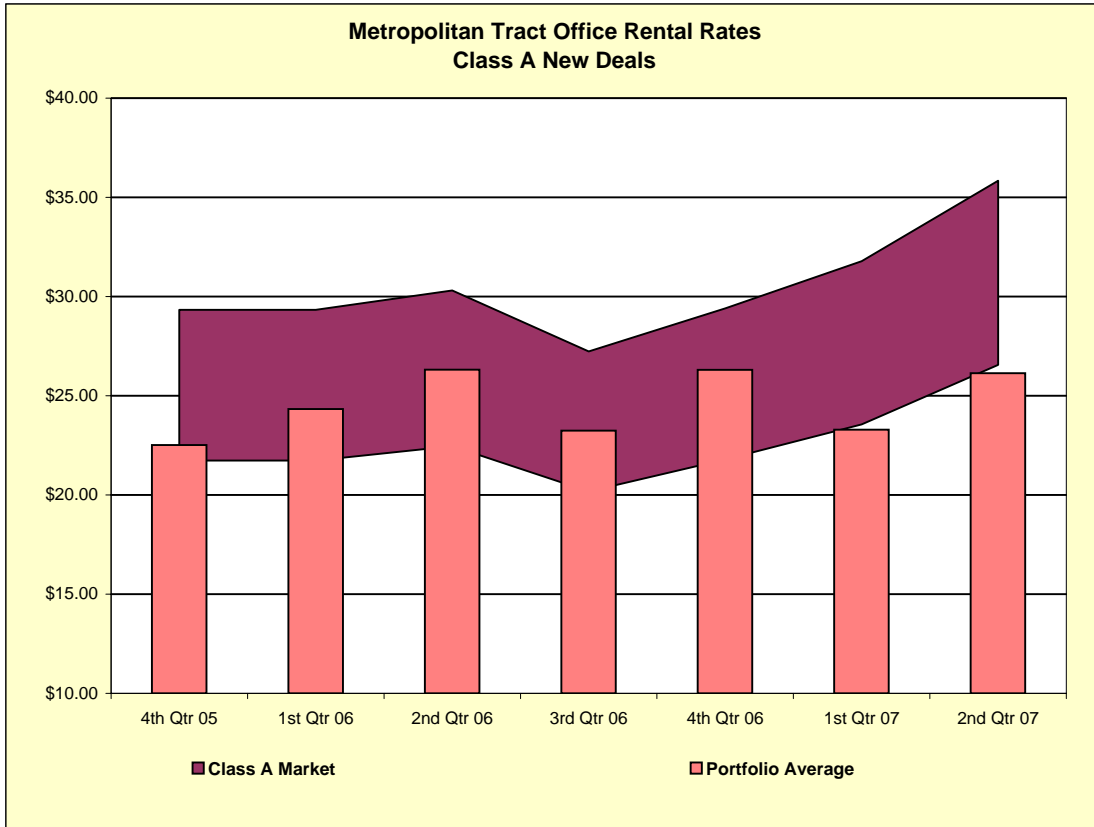


Includes Skinner Building

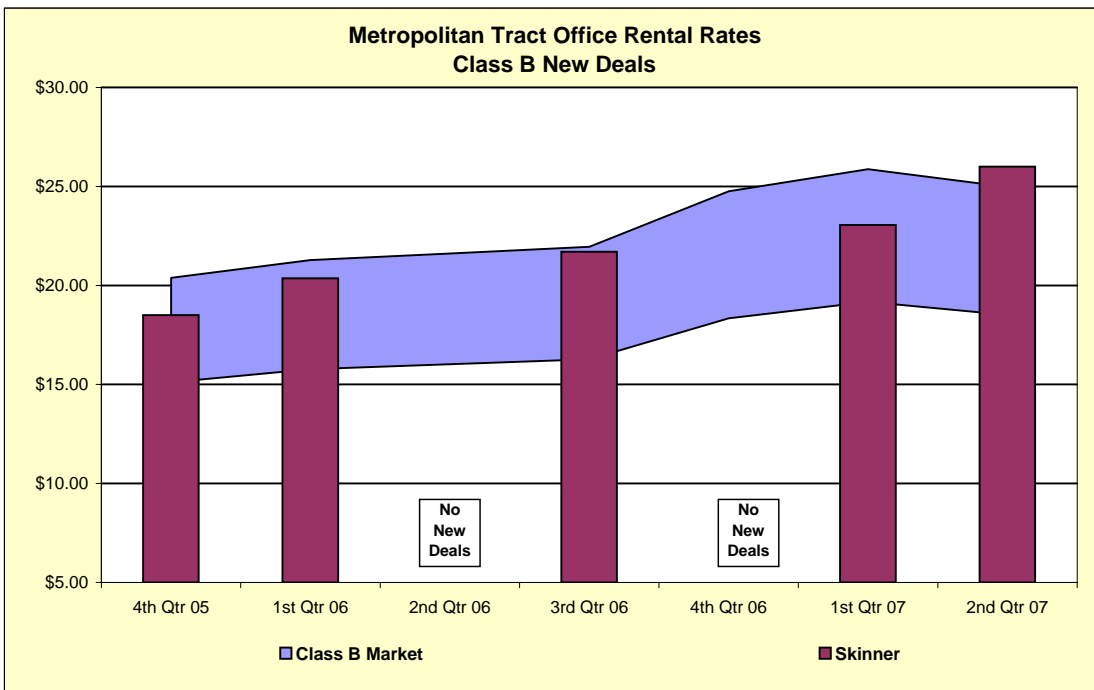
**OFFICE BUILDING RENTAL RATE COMPARISON**

Last Seven Quarters

Quarter Ending June 30, 2007

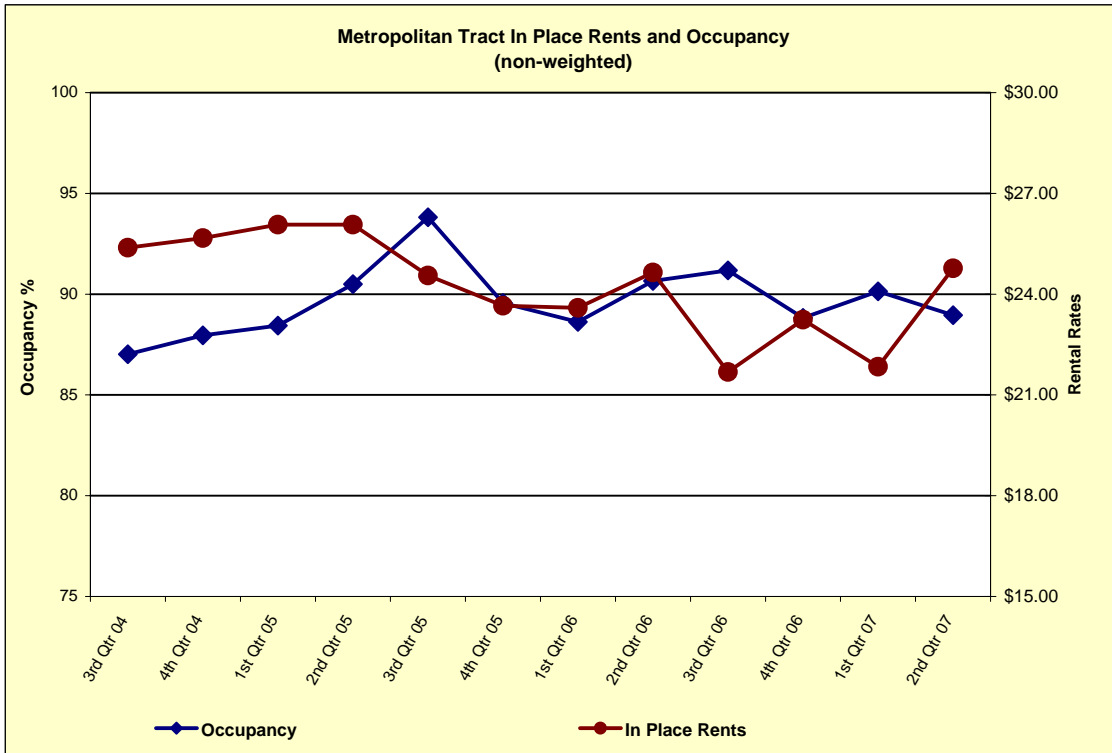


\*In the 3rd Quarter of 2005, a tenant of 5,409 sf for \$12.00/sf leased some undesirable space in the Financial Center on an "as is" basis.

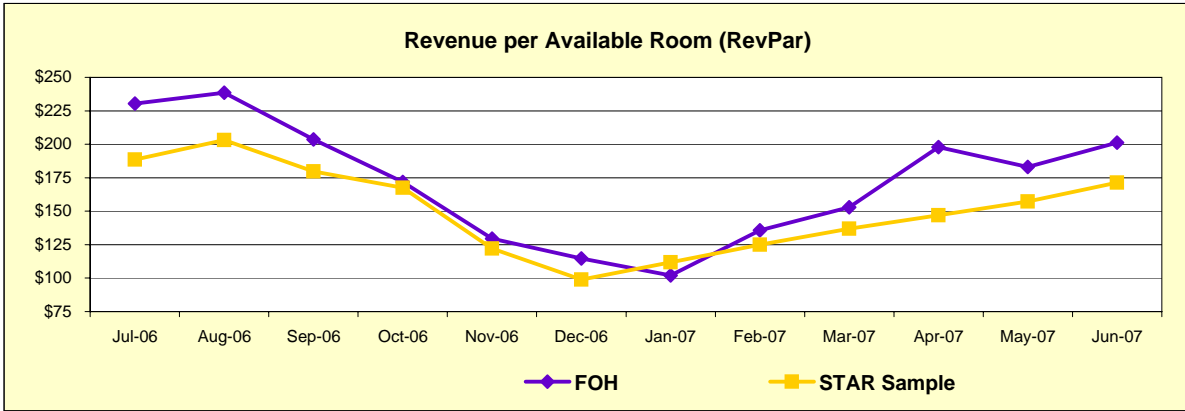


\*In the 3rd Quarter of 2005, 5th Avenue Theatre leased space in the lower level of the Skinner Building.

**OFFICE BUILDING RENTAL RATE COMPARISON**  
Last 3 Years  
Quarter Ending June 30, 2007

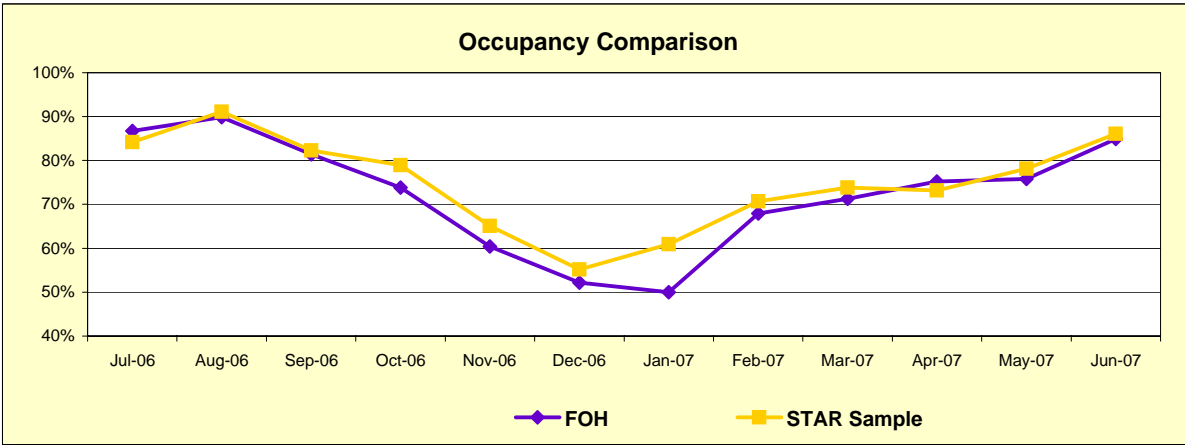


**FAIRMONT OLYMPIC HOTEL MARKET COMPARISONS**  
**Twelve Months Ended June 30, 2007**



RevPar 12-months Average	Jun-07	Jun-06	Change from Prior Year \$
FOH	\$171.78	\$165.39	\$6.39
STAR Sample Avg <1>	\$150.81	\$141.89	\$8.92

RevPar Current Month Ended	Jun-07	Jun-06	Change from Prior Year %
FOH	\$201.22	\$221.96	(\$20.74)
STAR Sample Avg <1>	\$171.37	\$190.50	(\$19.13)



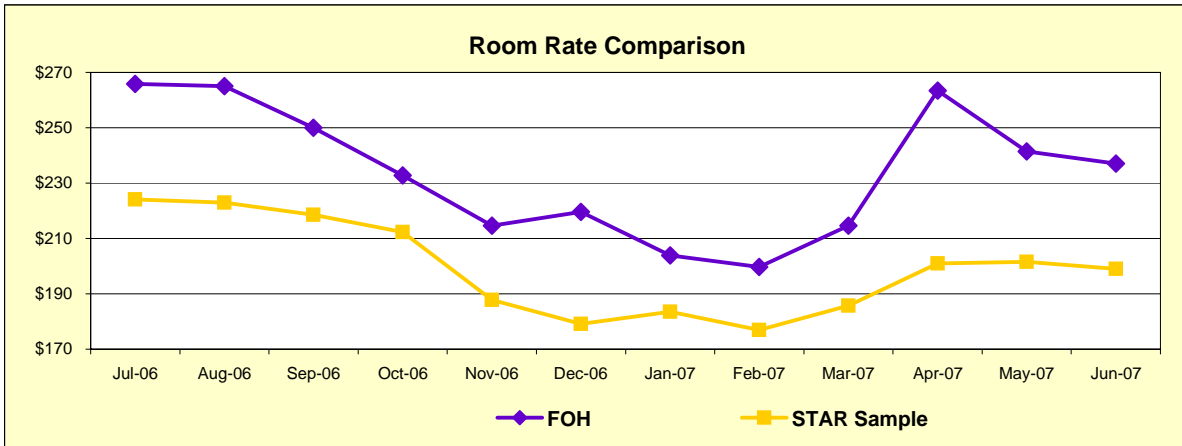
Occupancy 12-months Average	Jun-07	Jun-06	Change from Prior Year %
FOH	72.5%	72.7%	(0.3%)
STAR Sample Avg <1>	75.0%	73.2%	1.8%

Occupancy Current Month Ended	Jun-07	Jun-06	Change from Prior Year %
FOH	84.9%	85.4%	(0.5%)
STAR Sample Avg <1>	86.1%	87.6%	(1.5%)

<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 June 30, 2007**



Average Daily Rate 12-months Average	Jun-07	Jun-06	Change from Prior Year \$
FOH	\$234.01	\$225.39	\$8.62
STAR Sample Avg <1>	\$199.36	\$192.16	\$7.21

Average Daily Rate Month Ended	Jun-07	Jun-06	Change from Prior Year \$
FOH	\$237.10	\$259.80	(\$22.70)
STAR Sample Avg <1>	\$199.01	\$217.44	(\$18.43)

<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.