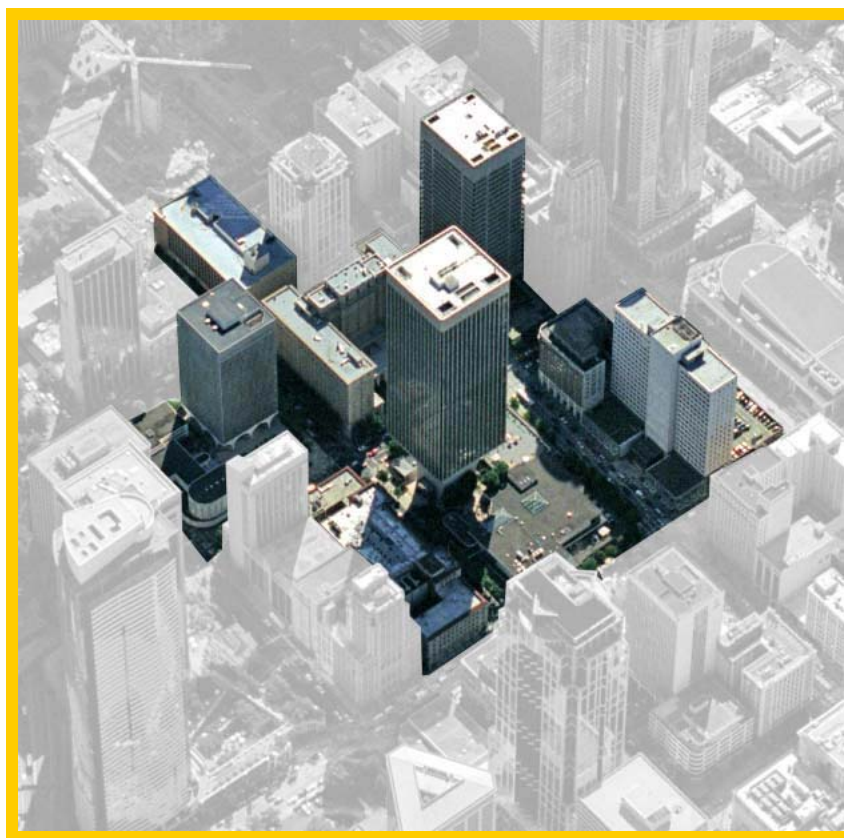


**METROPOLITAN TRACT**  
**PERFORMANCE REPORT**  
**For the Quarter Ended**  
**March 31, 2008**

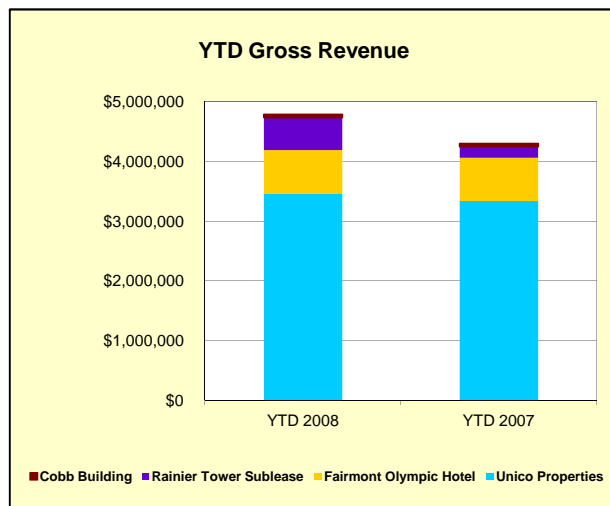
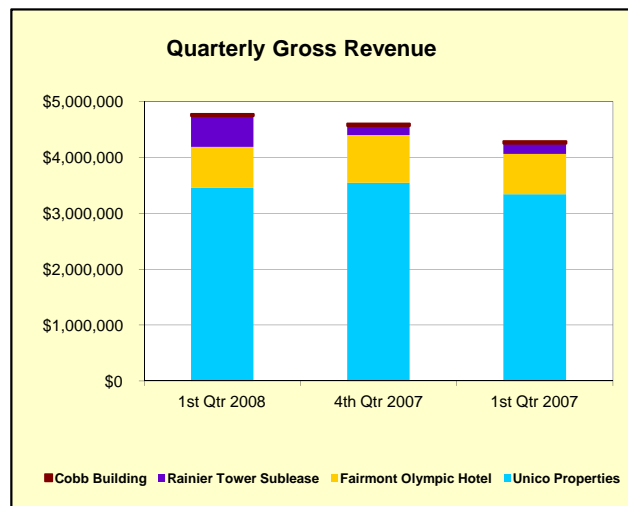


**Finance, Audit & Facilities Committee**

June 12, 2008

University of Washington Metropolitan Tract

**CONSOLIDATED METROPOLITAN TRACT PROPERTIES**  
**Quarterly Summary**  
**Quarter Ending March 31, 2008**



CURRENT QUARTER							
Gross Revenue to University	1st Qtr 2008	Prior Qtr 4th Qtr 2007	Prior Year 1st Qtr 2007	Change from Prior Qtr		Change from Prior Year	
				\$	%	\$	%
Unico Properties	3,455,323	3,546,703	3,338,783	(91,381)	(2.6%)	116,539	3.5%
Rainier Tower Sublease	554,882	167,522	192,910	387,361	231.2%	361,973	187.6%
Fairmont Olympic Hotel	730,590	853,399	722,226	(122,809)	(14.4%)	8,363	1.2%
Cobb Building	38,500	38,500	38,500	0	0.0%	0	0.0%
<b>TOTAL GROSS REVENUE</b>	<b>\$4,779,295</b>	<b>\$4,606,124</b>	<b>\$4,292,419</b>	<b>\$173,171</b>	<b>3.8%</b>	<b>\$486,875</b>	<b>11.3%</b>

	CALENDAR YEAR TO DATE				ANNUAL	
Gross Revenue to University	YTD 2008	YTD 2007	Change from Prior YTD		Projected 2008	Actual 2007
			\$	%		
Unico Properties	3,455,323	3,338,783	116,539	3.5%	15,481,600	13,950,835
Rainier Tower Sublease	554,882	192,910	361,973	187.6%	NA <sup>3</sup>	294,432
Fairmont Olympic Hotel	730,590	722,226	8,363	1.2%	3,730,825	3,723,059
Cobb Building	38,500	38,500	0	0.0%	154,000	154,000
<b>TOTAL GROSS REVENUE</b>	<b>\$4,779,295</b>	<b>\$4,292,419</b>	<b>\$486,875</b>	<b>11.3%</b>	<b>\$19,366,425</b>	<b>\$18,122,326</b>

12/31/07 INTERNAL VALUATION		
	2007 Gross Market Value	2006 Gross Market Value
Unico Managed Properties <sup>1</sup>	\$501,700,000	\$488,197,000
Fairmont Olympic Hotel	\$168,300,000	\$192,700,000
Cobb Building <sup>2</sup>	\$2,200,000	\$2,200,000
<b>TOTAL</b>	<b>\$672,200,000</b>	<b>\$683,097,000</b>

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

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

<sup>3</sup> Rainier Tower Sublease budget is in progress

## **CONSOLIDATED METROPOLITAN TRACT PROPERTIES**

### **Quarterly Summary**

**Quarter Ending March 31, 2008**

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

The Metropolitan Tract generated \$4.8M of revenue during the initial three months of 2008. This is up 4% from the fourth quarter of 2007 and a 11% increase from a year ago. On a quarter-to-quarter basis, only the Rainier Tower sublease showed an increase. From a year-ago perspective, all contributors posted gains.

#### **UNICO PROPERTIES**

The 1st quarter's gross revenue from the Unico Properties was down 2.6% from the the fourth quarter of 2007, generating just under \$3.5M. Retail and Parking were both up, but Office income fell 7.5%. Compared to the year-ago quarter, we see growth of 4.6%, with all contributors increasing revenue.

#### **RAINIER TOWER SUBLEASE**

The Rainier Tower Sublease generated \$554,882 in operating cash flow during the first quarter. Due to Marsh's occupancy of approximatley 100,000 sf, this is a notable increase from the previous quarter and previous year -to-date where the Sublease's cash flow was less than \$200,000. The upswing is thanks to successful leasing, placing the Sublease at 89% occupied. On the other hand, while the operating cash flow is trending more positive, getting occupants into the tower has yielded total capital outlays of \$4,000,000 in 2008.

#### **FAIRMONT OLYMPIC HOTEL**

Expectedly, the first three months of 2008 were down from the last three of 2007. The first quarter is perennially the weakest month and the yield of \$730,000 is a decrease of 14.4% from the previous quarter. Compared to a year ago, the hotel's revenues were fairly flat, posting a 1.2% increase.

#### **INTERNAL VALUATION**

The numbers presented represent the overall value of the real estate as estimated by Heitman and Urbis Partners as of 12/31/07, but do not account for the leasehold encumbrances.

#### **MARKET UPDATE**

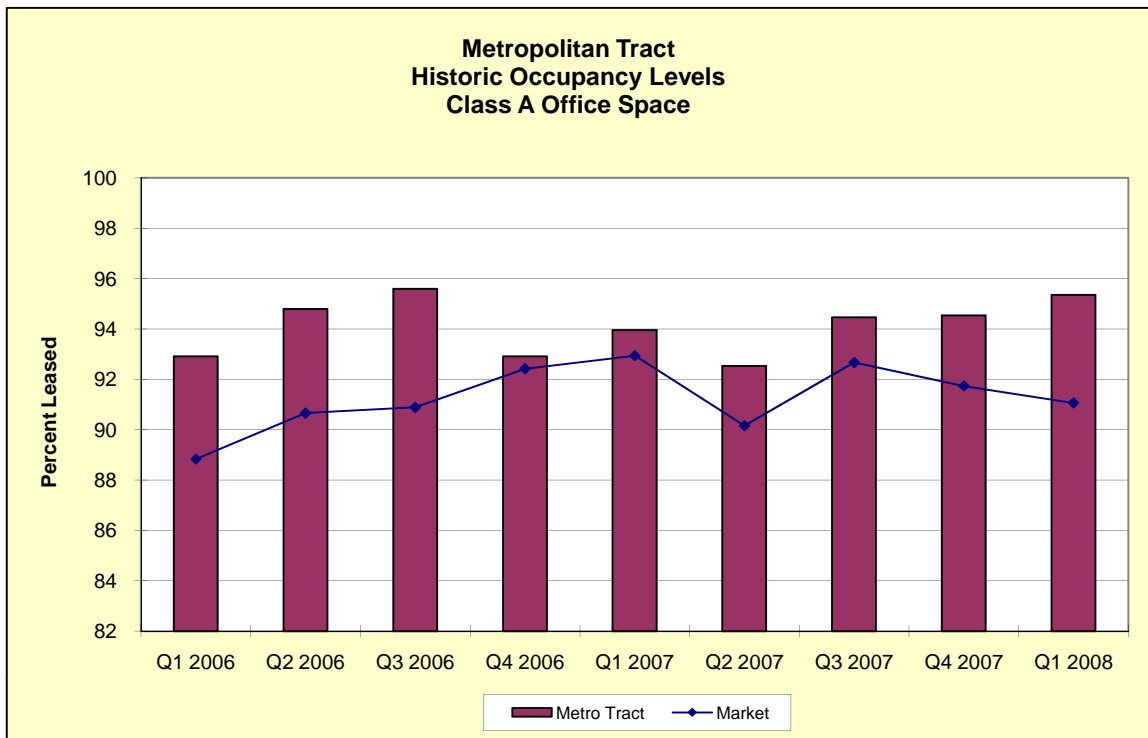
##### **OFFICE MARKET**

Occupancy percentages in the downtown office market continue to hover in the low 90s. The Eastside is leading the region with vacancy of only 5%. That said, the downtown occupancy has decreased the past two quarters. This may reflect the slowing economy and an unwillingness by tenants to expand their footprints. At this point, however, rental rates still continue to trend upward in Seattle's downtown core.

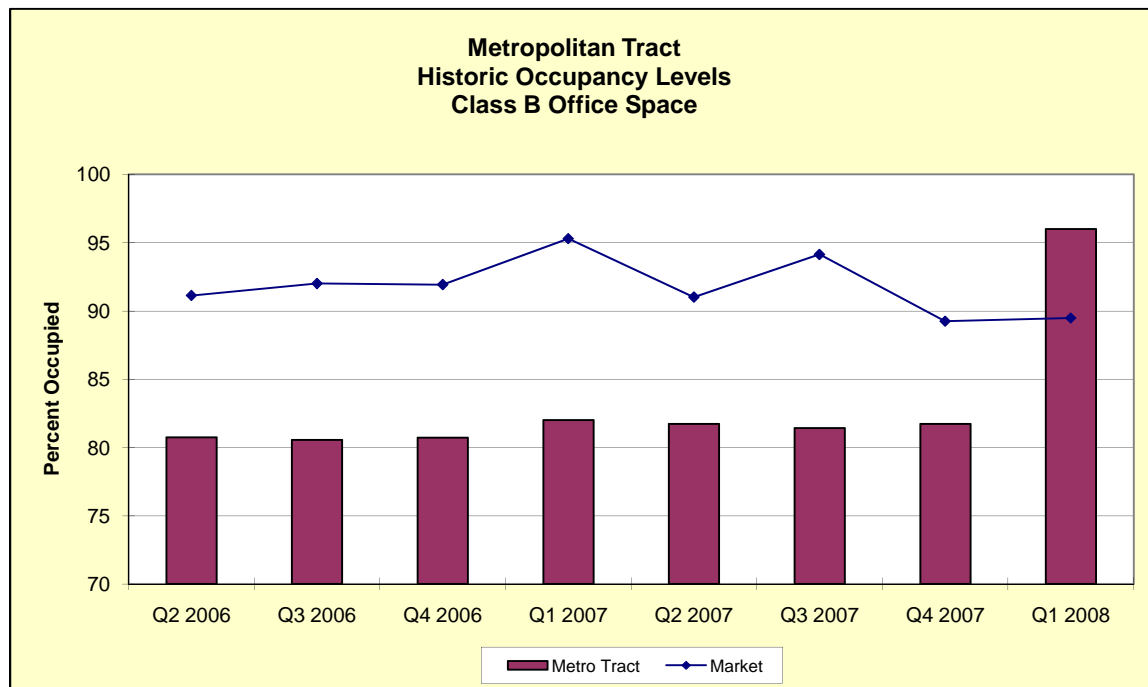
##### **HOTEL MARKET**

After a very fickle 2007 saw hotel business bucking many historical patterns and ultimately ending down for the year, the start for this year appears to be both positive and consistent. More hotels continue to join the sector, with more under construction. Hotel's construction has been on hold for the better part of the year due to an inability to secure financing as the credit markets tightened. Construction on The Four Seasons continues and it should be open toward the end of the year. Additionally, more plans continue to surface for additional hotels, though they seem to be targeting a more mid, to longer term, horizons.

University of Washington Metropolitan Tract  
**OFFICE BUILDING OCCUPANCY COMPARISON CHARTS**  
 Last Eight Quarters  
 Quarter Ending March 31, 2008



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

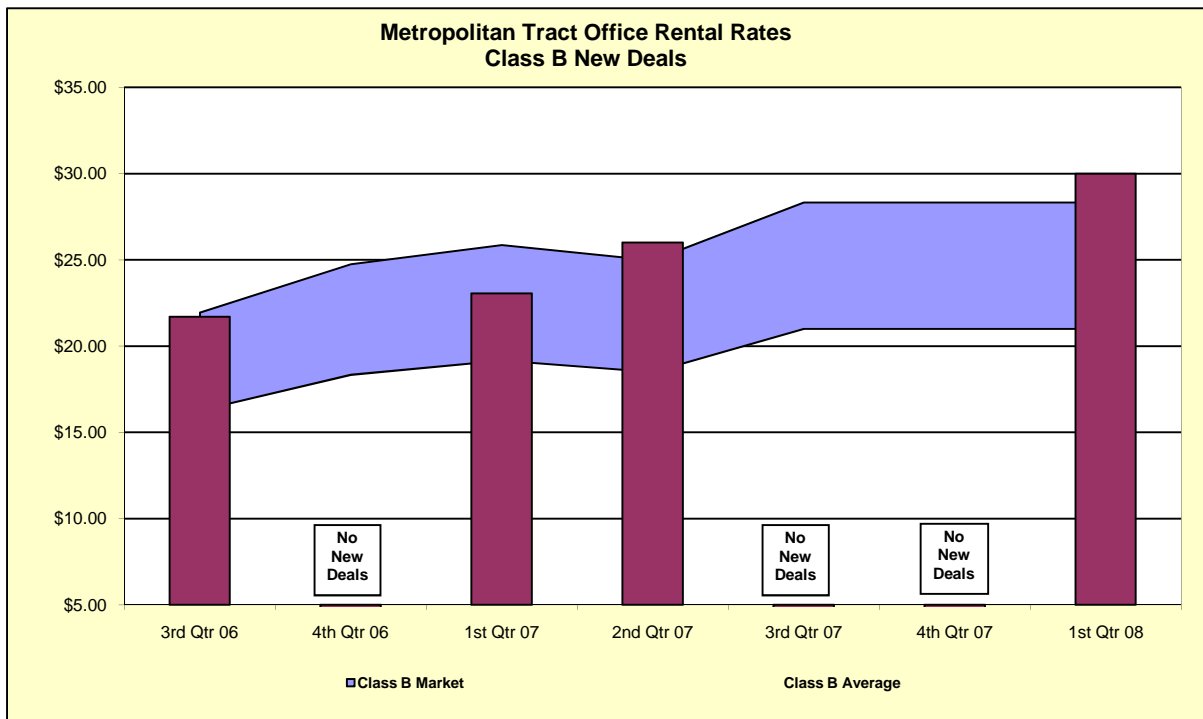
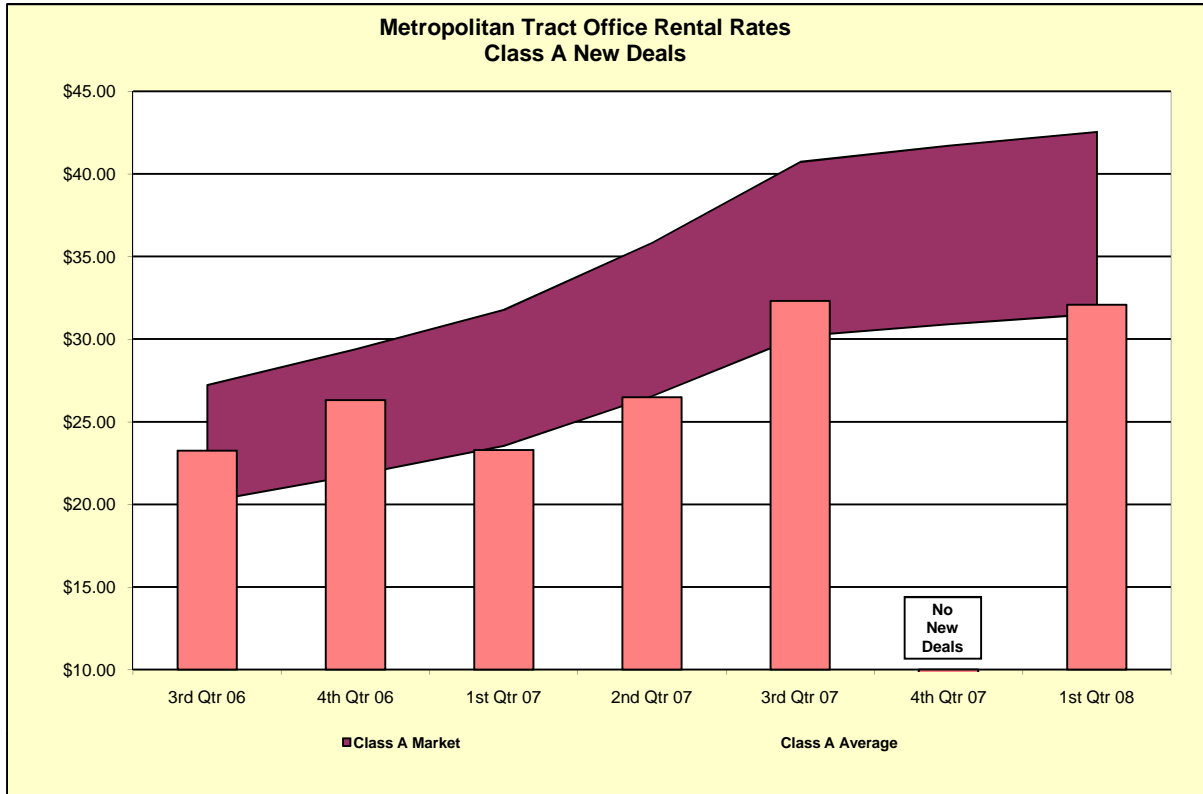


Includes Skinner Building

# OFFICE BUILDING RENTAL RATE COMPARISON

Last Seven Quarters

Quarter Ending March 31, 2008

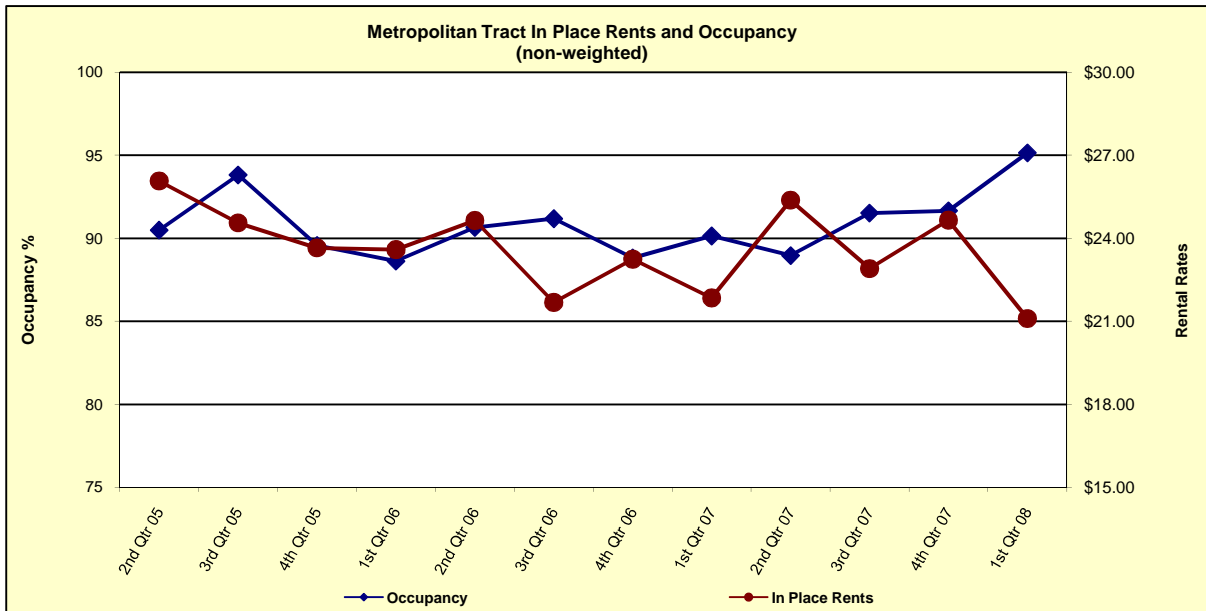


University of Washington Metropolitan Tract

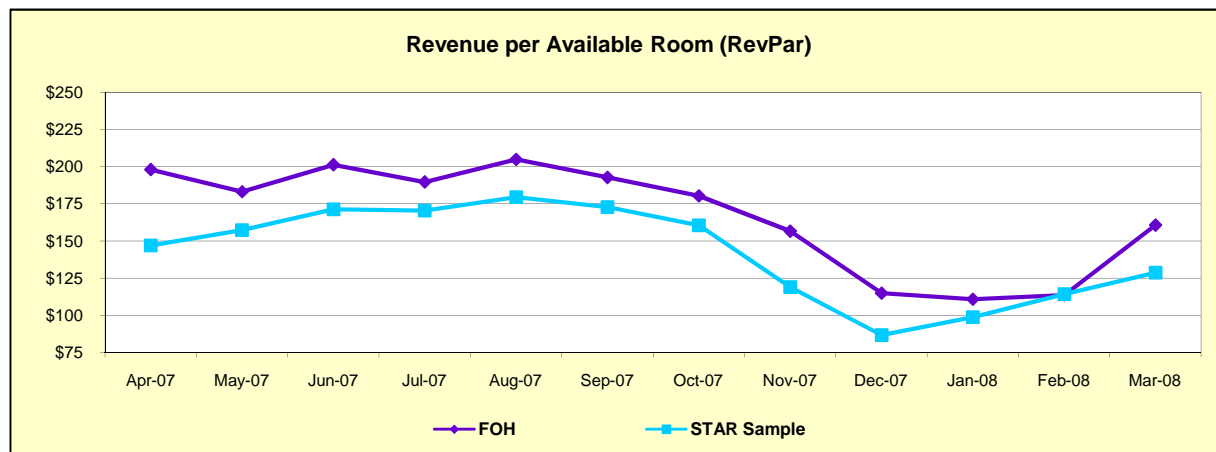
**OFFICE BUILDING RENTAL RATE COMPARISON**

Last 3 Years

Quarter Ending March 31, 2008

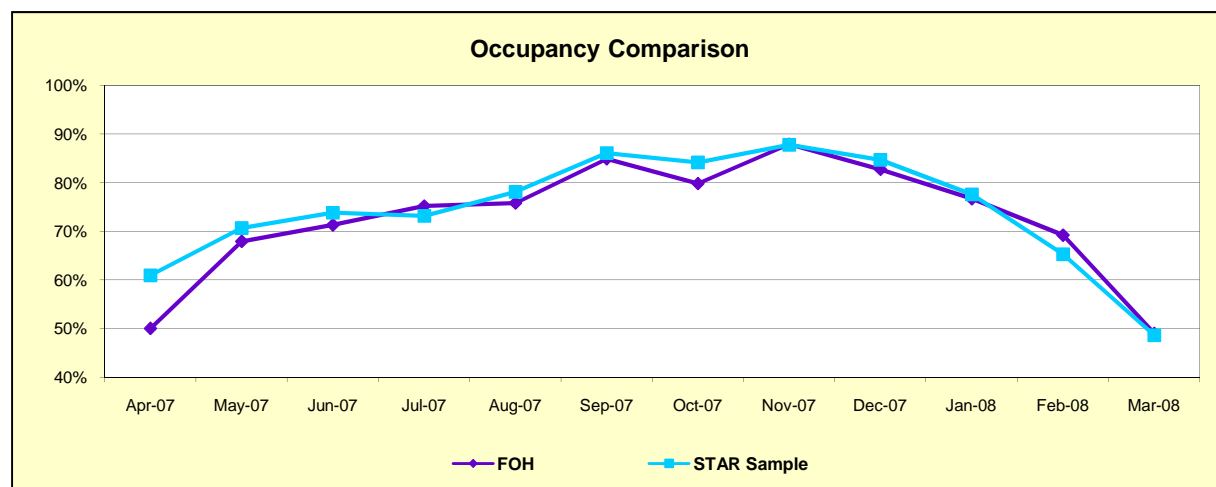


**FAIRMONT OLYMPIC HOTEL MARKET COMPARISONS**  
**Twelve Months Ended March 31, 2008**



RevPar 12-months Average	Mar-08	Mar-07	Change from Prior Year \$
FOH	\$167.19	\$172.74	(\$5.55)
STAR Sample Avg <1>	\$142.27	\$152.11	(\$9.85)

RevPar Current Month Ended	Mar-08	Mar-07	Change from Prior Year %
FOH	\$160.66	\$152.96	\$7.70
STAR Sample Avg <1>	\$128.85	\$136.98	(\$8.13)

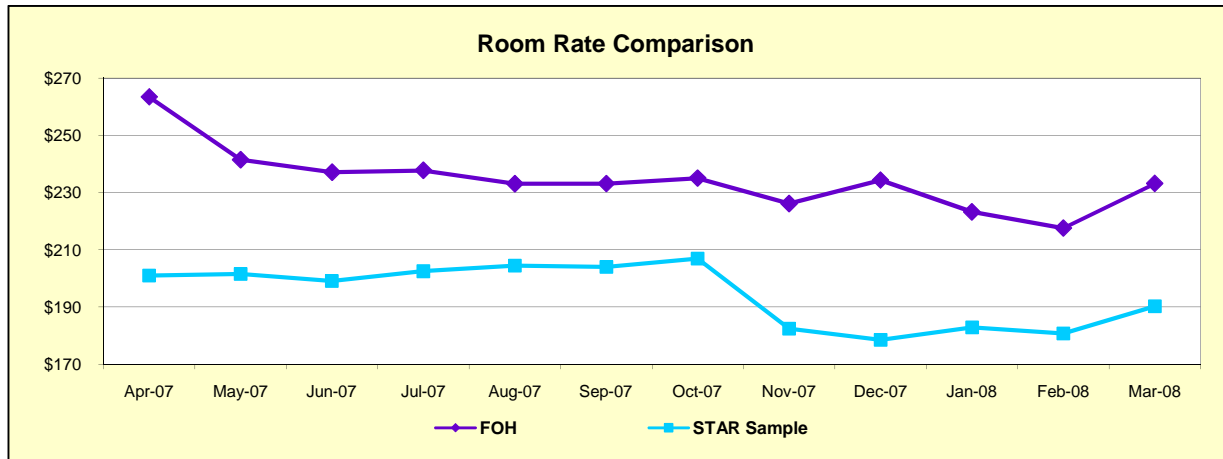


Occupancy 12-months Average	Mar-08	Mar-07	Change from Prior Year %
FOH	71.0%	72.1%	(1.1%)
STAR Sample Avg <1>	72.6%	74.7%	(2.1%)

Occupancy Current Month Ended	Mar-08	Mar-07	Change from Prior Year %
FOH	68.9%	71.3%	(2.4%)
STAR Sample Avg <1>	67.7%	73.8%	(6.1%)

<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, 2008**



Average Daily Rate 12-months Average	Mar-08	Mar-07	Change from Prior Year \$
FOH	\$234.62	\$236.22	(\$1.60)
STAR Sample Avg <1>	\$194.51	\$201.59	(\$7.09)

Average Daily Rate Month Ended	Mar-08	Mar-07	Change from Prior Year \$
FOH	\$233.13	\$214.66	\$18.47
STAR Sample Avg <1>	\$190.21	\$185.70	\$4.51

<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.