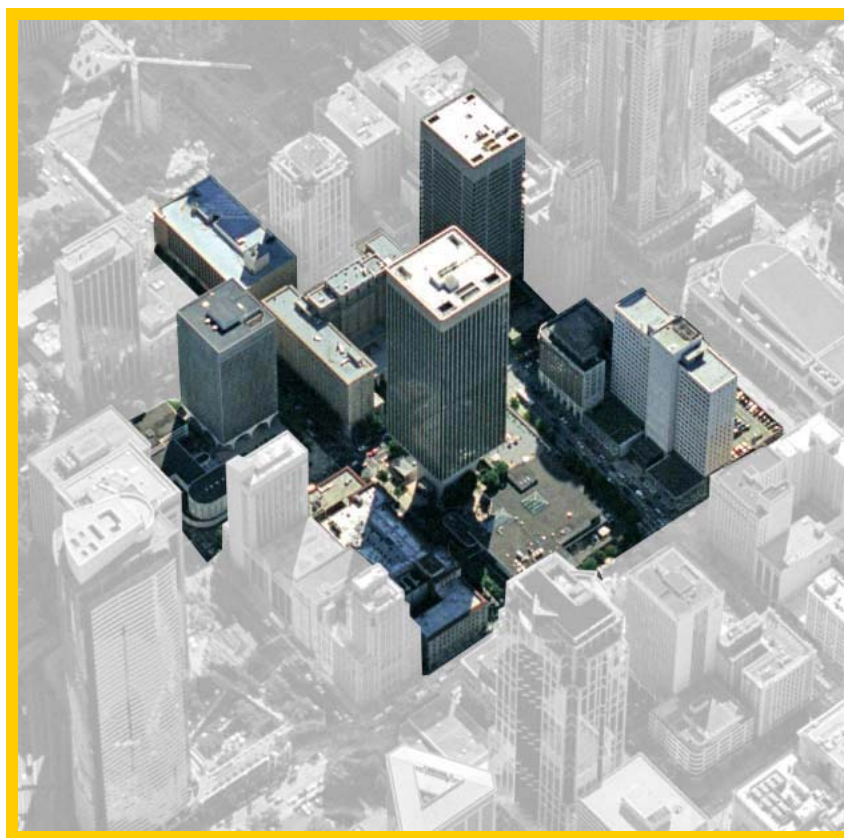


METROPOLITAN TRACT
PERFORMANCE REPORT
For the Quarter Ended
December 31, 2007

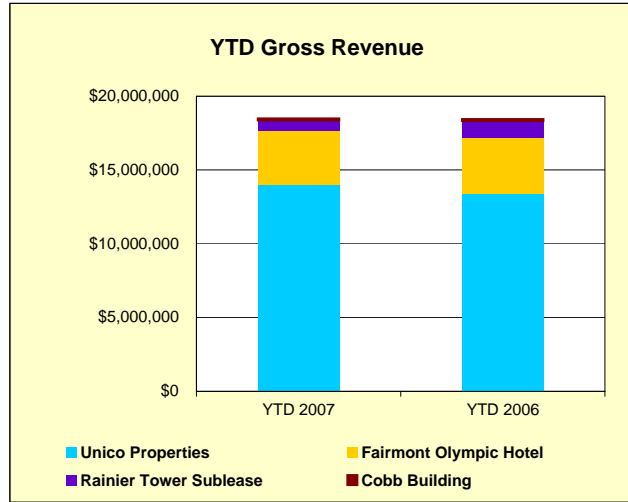
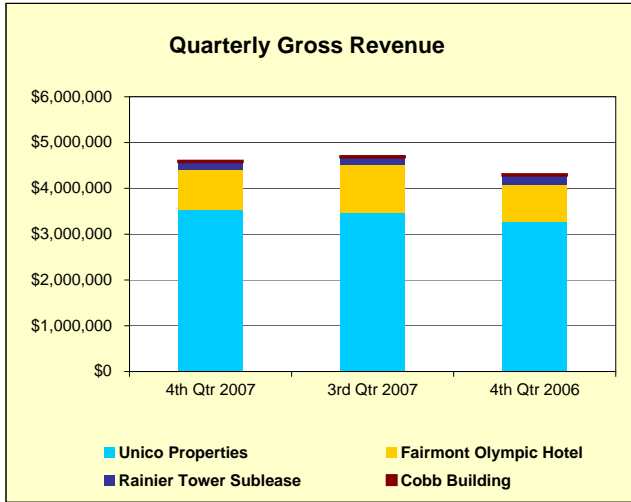


Finance, Audit & Facilities Committee

March 20, 2008

University of Washington Metropolitan Tract

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



CURRENT QUARTER							
Gross Revenue to University	4th Qtr 2007	Prior Qtr	Prior Year	Change from Prior Qtr		Change from Prior Year	
		3rd Qtr 2007	4th Qtr 2006	\$	%	\$	%
Unico Properties	3,546,703	3,452,245	3,279,551	94,458	2.7%	267,152	8.1%
Rainier Tower Sublease	167,522	147,347	202,443	20,175	13.7%	(34,921)	(17.2%)
Fairmont Olympic Hotel	853,399	1,068,036	791,427	(214,637)	(20.1%)	61,972	7.8%
Cobb Building	38,500	38,500	38,500	0	0.0%	0	0.0%
TOTAL GROSS REVENUE	\$4,606,124	\$4,706,128	\$4,311,921	(\$100,004)	(2.1%)	\$294,203	6.8%

Gross Revenue to University	CALENDAR YEAR TO DATE				ANNUAL	
	YTD 2007	YTD 2006	Change from Prior YTD		Projected 2007	Actual 2006
			\$	%		
Unico Properties	13,950,839	13,378,932	571,907	4.3%	14,073,512	13,378,928
Rainier Tower Sublease	669,976	1,093,831	(423,856)	(38.7%)	582,213	1,093,831
Fairmont Olympic Hotel	3,723,059	3,825,836	(102,777)	(2.7%)	3,554,724	3,825,836
Cobb Building	154,000	154,000	0	0.0%	154,000	154,000
TOTAL GROSS REVENUE	\$18,497,874	\$18,452,599	\$45,275	0.2%	\$18,364,449	\$18,452,595

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 December 31, 2007

CONSOLIDATED METROPOLITAN TRACT SUMMARY

The Metropolitan Tract generated \$4.6M of revenue during the final three months of 2007. This is a 2% decrease from the third quarter but represents a 7% increase from a year ago. On a quarter-to-quarter basis, only the hotel was down. From a year-ago perspective, the Unico properties are quite strong and the hotel is up, but the Rainier Tower sublease's performance has been down.

UNICO PROPERTIES

The 4th quarter's gross revenue from the Unico Properties was up 2.7% from the the third quarter yielding more than \$3.5M. Solid growth in both the Office and Retail revenue streams combined for the positive result. Compared to the 4th quarter of 2006, we see growth of more than 8%. Parking revenue also improved from a year ago. For the complete year, 2007's results were up more than 4% from 2006.

RAINIER TOWER SUBLEASE

The Rainier Tower Sublease generated \$167,522 to the University during the fourth quarter. As expected, 2007's total is 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 on 100,000 square feet in early 2008. For the year, the sublease is down almost 40% for the year, though it fared better than projected due to not yet having paid the tenant improvement expenses for the Marsh lease.

FAIRMONT OLYMPIC HOTEL

Not surprisingly, the hotel's final quarter of 2007 was down 20% from the 3rd quarter, netting \$850,000. However, the 4th quarter was stronger than the same quarter in 2006 by almost 8%. In a year marked by inconsistency, the hotel generated \$3.7 million in revenue for the University, down less than 3% from 2006 and above projections for the year.

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 continue to hover around 90%. The Eastside is leading the region with vacancy of only 5%. Continued tenant demand has strengthened the market for landlords and rents continue to rise due to the shrinking volume of available space. After a brief period where the rents in Bellevue's core had risen above that of the Seattle Central Business District, the Seattle market's rental rates have accelerated to close this gap. While new supply will enter the Seattle CBD market beginning in 2009, rents are expected to trend upward 5% to 8% during 2008 as demand remains strong due to the continued strength of the Puget Sound economy.

HOTEL MARKET

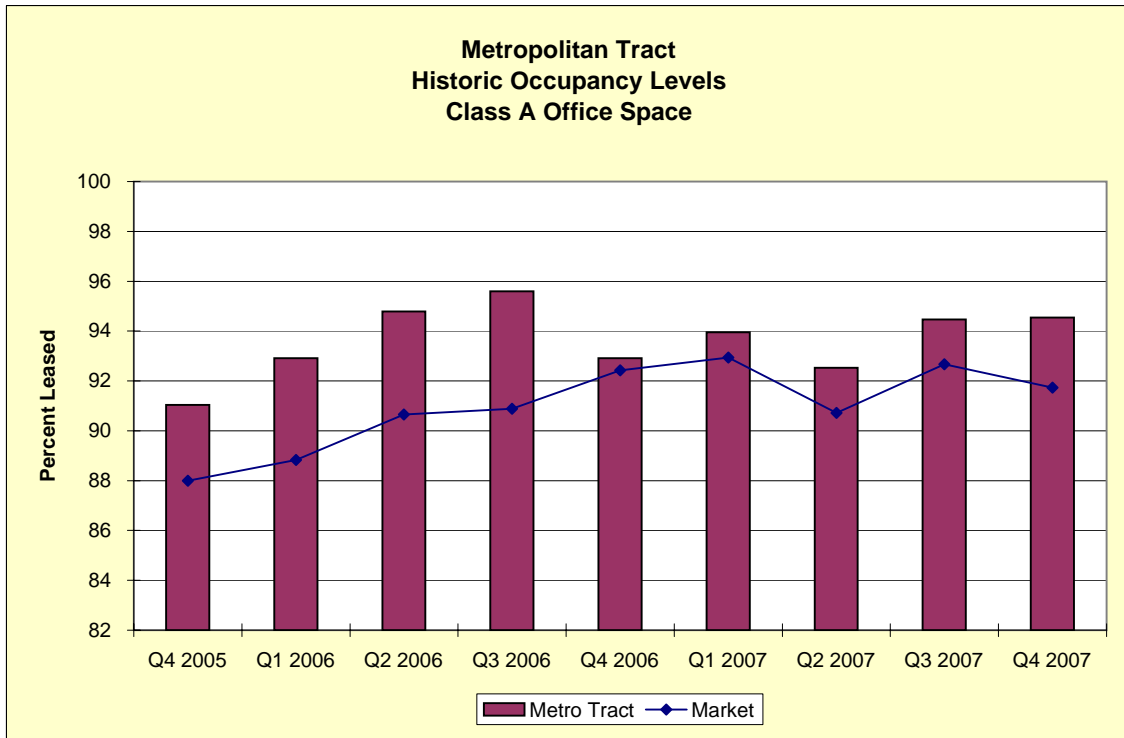
After two years of explosive growth, it seems the luxury hotel industry in Seattle found its ceiling. The Fairmont was down, as were most of the hotels in the market. There were a number of factors conspiring to produce this result, but two stand out as most significant. The first is simple economics. The market couldn't sustain growth like we saw in the past couple of years with a slowing national and global economy, regardless of whether the local economy continued to experience growth. The second is new competition. The Pan Pacific, Hotel 1000 and the Sheraton's new tower all added new supply and high-quality rooms and overall hotel experiences. In 2008, we will see more luxury supply added to the market, in the form of 1Hotel and, more notably the new Four Seasons Hotel. While neither are big projects, they will continue to dilute the market by spreading the pool of high-end travelers to Seattle.

2/12/2008
4th Qtr 2007

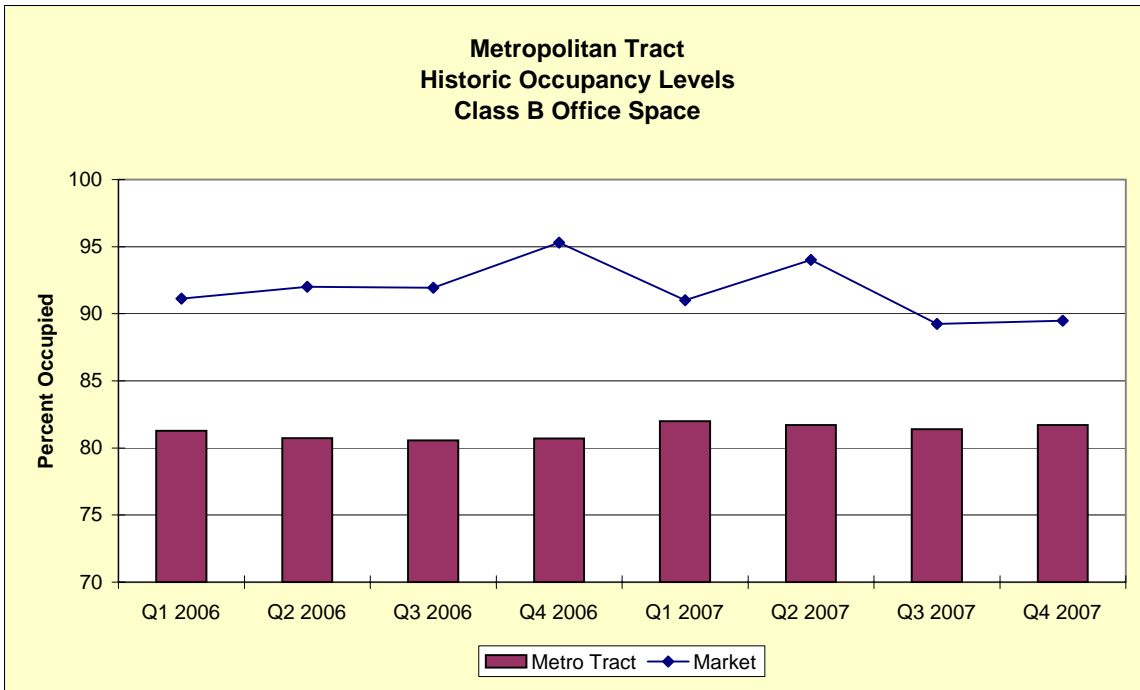
OFFICE BUILDING OCCUPANCY COMPARISON CHARTS

Last Eight Quarters

Quarter Ending December 31, 2007

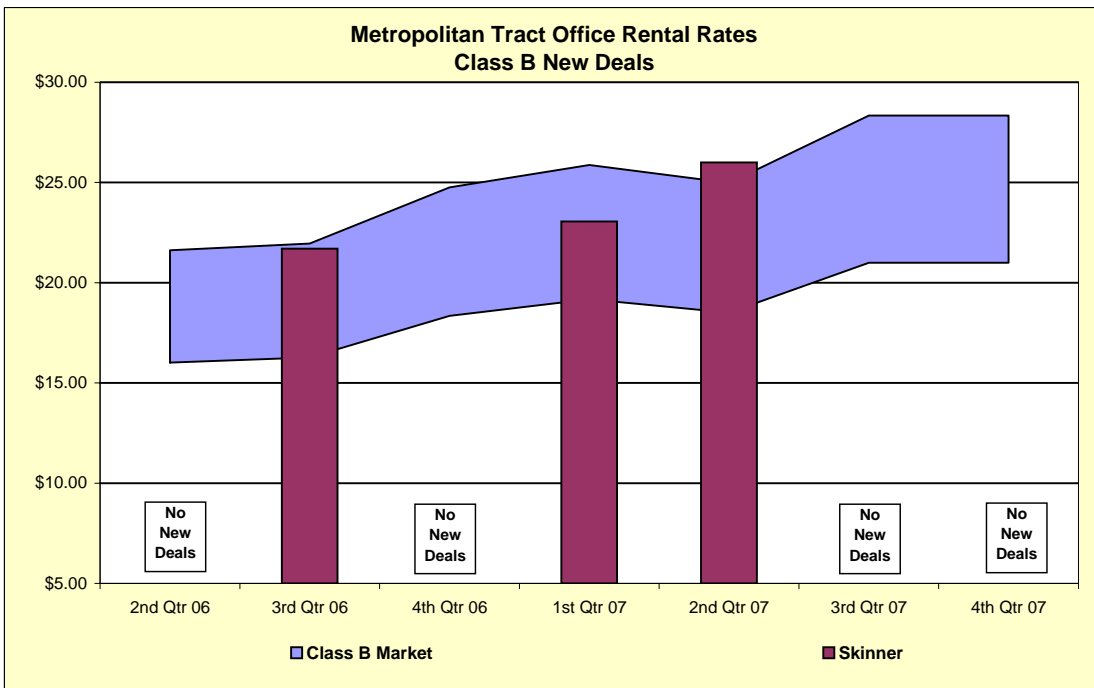
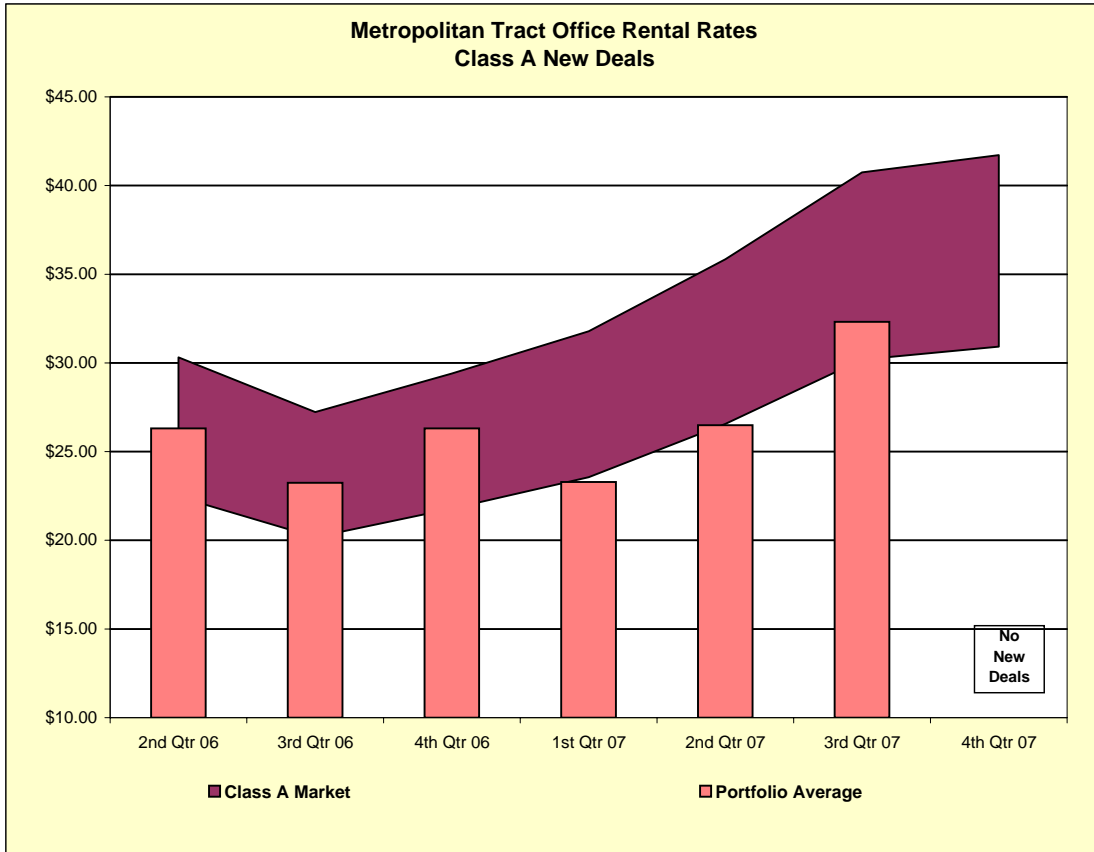


Includes Rainier Tower, Puget Sound Plaza, IBM Building and Financial Center

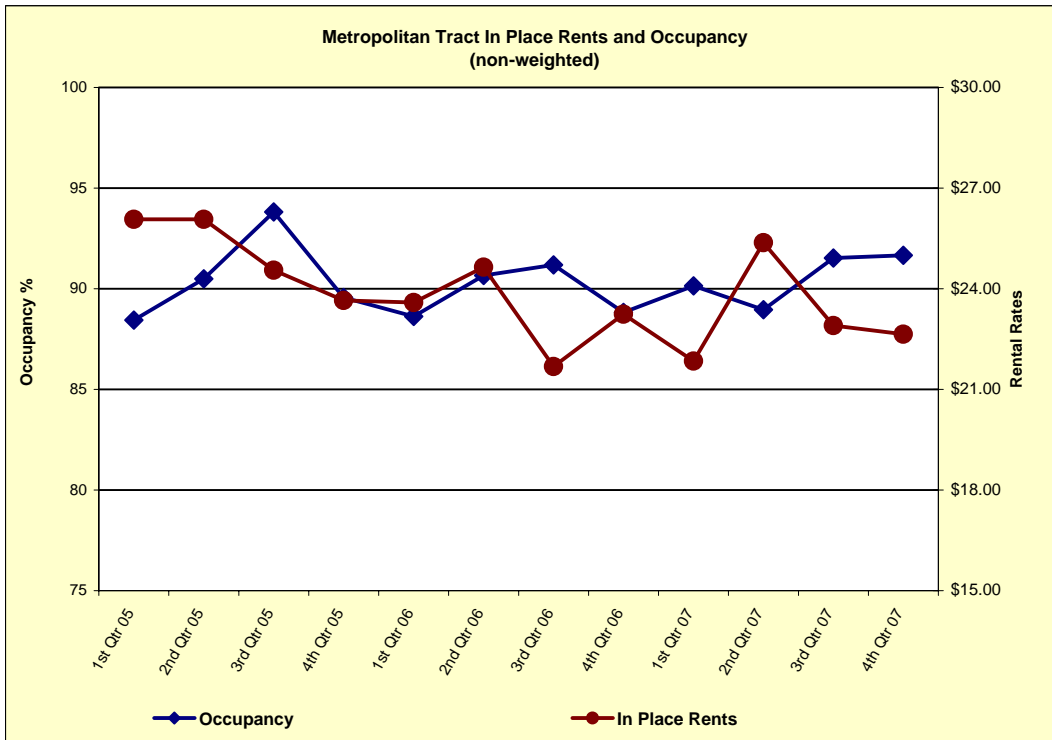


Includes Skinner Building

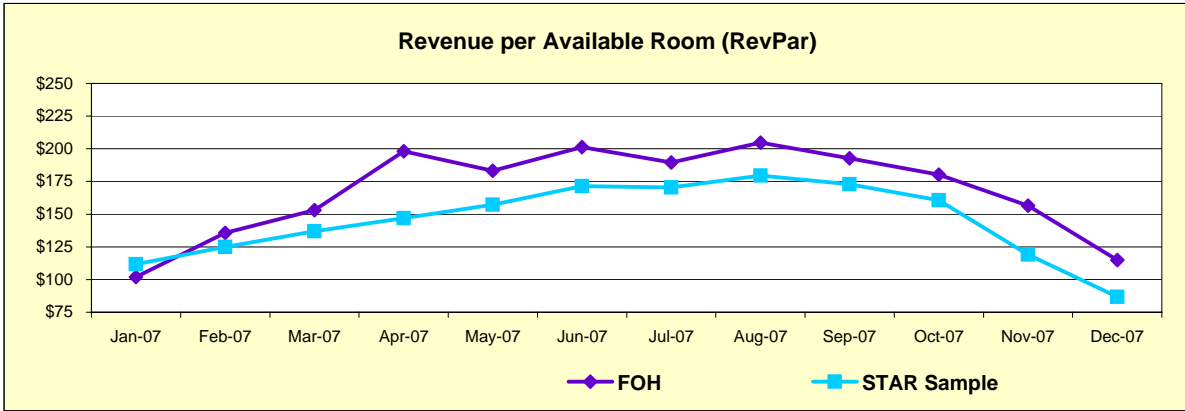
OFFICE BUILDING RENTAL RATE COMPARISON
 Last Seven Quarters
 Quarter Ending December 31, 2007



OFFICE BUILDING RENTAL RATE COMPARISON
Last 3 Years
Quarter Ending December 31, 2007

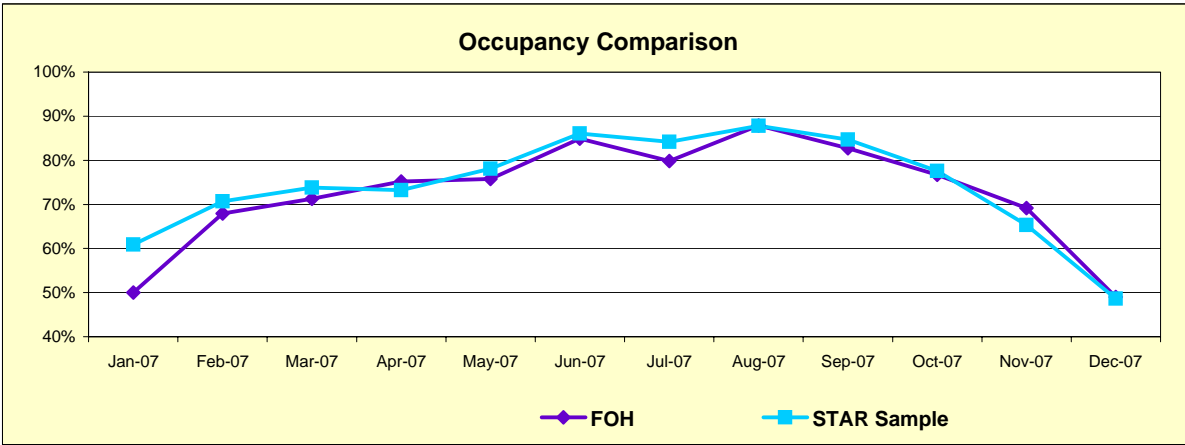


FAIRMONT OLYMPIC HOTEL MARKET COMPARISONS
Twelve Months Ended December 31, 2007



RevPar 12-months Average	Dec-07	Dec-06	Change from Prior Year \$
FOH	\$167.65	\$172.90	(\$5.25)
STAR Sample Avg <1>	\$144.91	\$148.63	(\$3.72)

RevPar Current Month Ended	Dec-07	Dec-06	Change from Prior Year %
FOH	\$114.87	\$114.73	\$0.14
STAR Sample Avg <1>	\$86.82	\$98.93	(\$12.11)

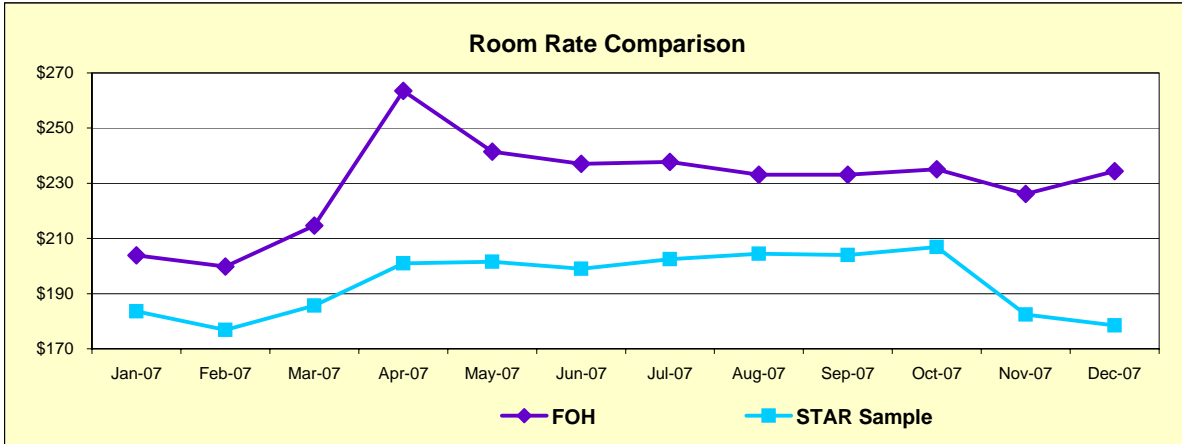


Occupancy 12-months Average	Dec-07	Dec-06	Change from Prior Year %
FOH	72.5%	73.3%	(0.8%)
STAR Sample Avg <1>	74.3%	72.8%	1.4%

Occupancy Current Month Ended	Dec-07	Dec-06	Change from Prior Year %
FOH	49.0%	52.2%	(3.2%)
STAR Sample Avg <1>	48.6%	55.2%	(6.6%)

<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 December 31, 2007**



Average Daily Rate 12-months Average	Dec-07	Dec-06	Change from Prior Year \$
FOH	\$229.98	\$237.01	(\$7.03)
STAR Sample Avg <1>	\$193.86	\$201.53	(\$7.67)

Average Daily Rate Month Ended	Dec-07	Dec-06	Change from Prior Year \$
FOH	\$234.34	\$219.60	\$14.74
STAR Sample Avg <1>	\$178.50	\$179.10	(\$0.60)

<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.