

VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

Metropolitan Tract Quarterly Report for the Quarter Ended June 30, 2011

For information only.

Attachment

Metropolitan Tract Quarterly Report for the Quarter Ended June 30, 2011

Metropolitan Tract Quarterly Report

Quarter Ended 6/30/2011 p.1

Q2 Notables:

- Net cash flow to UW is in line with the calendar year budget at \$5.5M YTD. Revenue is on budget and up over 5% from prior year.
- Total Vacancy on the Metro Tract is 11% with Office at 9% and Retail at 19%. New leases in Rainier Square will increase retail occupancy 3%.
- Hotel rental income to UW is up 5% YTD due to strengthening room rates and a slight increase in occupancy.

Market News:

- The Seattle office market recorded its 5th straight quarter of positive net absorption despite large blocks of new inventory added to the market.
- The dynamic economic environment in Seattle has generated growth in many sectors, notably in technology (Amazon) and global health.
- Downtown Seattle absorption totaled more than 100,000 sf as the region is adding new jobs with 2% job growth expected in 2012. With space in the newly constructed buildings now fully committed, new space will be required in the future to satisfy continued demand.
- On the investment side, the market has been extremely active. Over the past 60 days, 7 buildings totaling more than 2M sf have or will trade hands at a total value of \$835M.

UW Operations & Cash Flow

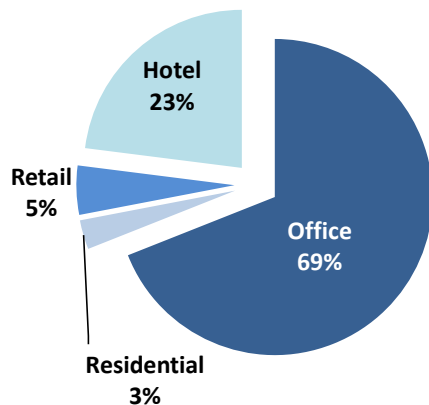
(Millions \$)

	Calendar Year 2011				Historical
	Q2 Actual	Q2 Budget	YTD Actual	2011 Budget	2010
Revenues - Rent from Unico, Olympic Hotel, Sublease	\$ 5.35	\$ 5.35	\$ 10.66	\$ 21.38	\$ 22.03
Operating Expenses - LET Taxes, Vendors, Mgmt	\$ (0.79)	\$ (0.96)	\$ (1.59)	\$ (3.84)	\$ (4.12)
Net Operating Income	\$ 4.56	\$ 4.38	\$ 9.06	\$ 17.54	\$ 17.91
Non-Operating Exp - Real Estate Office, Interest	\$ (0.56)	\$ (0.64)	\$ (1.11)	\$ (2.57)	\$ (2.05)
Capital & Tenant Improvements	\$ (2.14)	\$ (1.16)	\$ (2.49)	\$ (4.63)	\$ (4.95)
Net Cash Flow to UW	\$ 1.86	\$ 2.58	\$ 5.46	\$ 10.33	\$ 10.92
Distribution to University	\$ -	\$ -	\$ -	\$ (8.00)	\$ (8.00)
Increase/(Decrease) in Cash	\$ 1.86	\$ 2.58	\$ 5.46	\$ 2.33	\$ 2.92

Portfolio Summary

Unico Portfolio			Olympic Hotel		Cobb Building		Rainier Tower Sublease		
Building	RSF	Vacancy	Product	Space	Product	Space	Product	Space	Vacancy
Rainier Tower	535,195	13%	Hotel Rooms	450 rooms	Residential Units	91 units	Sublease	379,463 sf	14%
Financial Center	333,246	7%	Office Space	15,500 sf	Retail Space	18,171 sf	Lease Expiration: 10/31/2017		
Puget Sound Plaza	274,885	8%	Retail Space	28,000 sf	Lease Expiration: 3/22/2050				
IBM Building	225,130	22%	Parking Stalls	787 stalls	Purchase Option: 7/1/2013				
Skinner	193,672	10%	Lease Expiration: 10/1/2040						
Total Office	1,420,323	12%							
Retail Space	159,977	19% *							
Total Unico	1,580,300	14%							
Parking Stalls	744 stalls								
Lease Expiration: 10/31/2014			* Rainier Square represents 16% of current retail vacancy						

Product Type (by RSF)

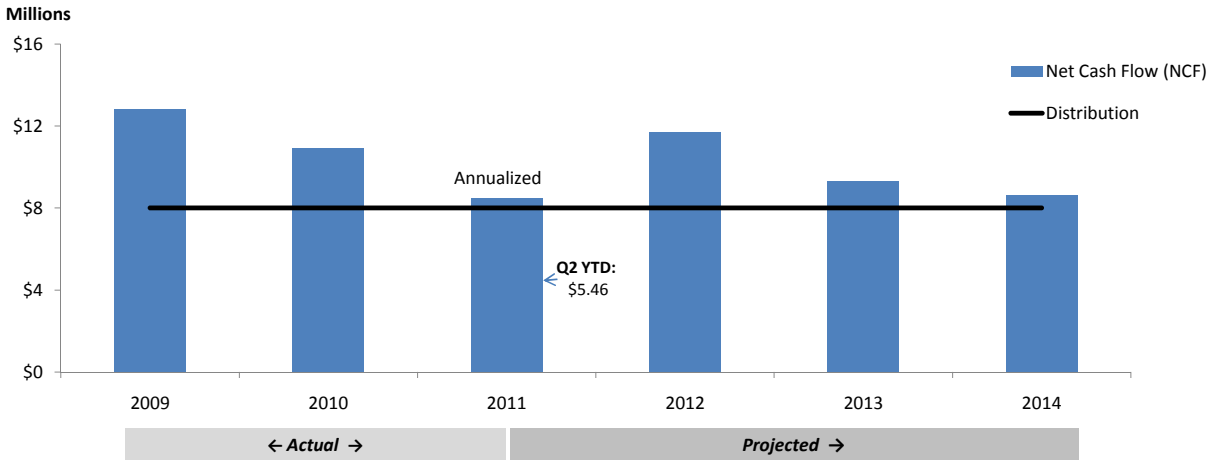


Product Type	Square Feet	%
Office	1,435,823	70
Hotel	360,000	17
Retail	187,977	9
Residential	75,000	4
Total	2,058,800	100

Metropolitan Tract Quarterly Report

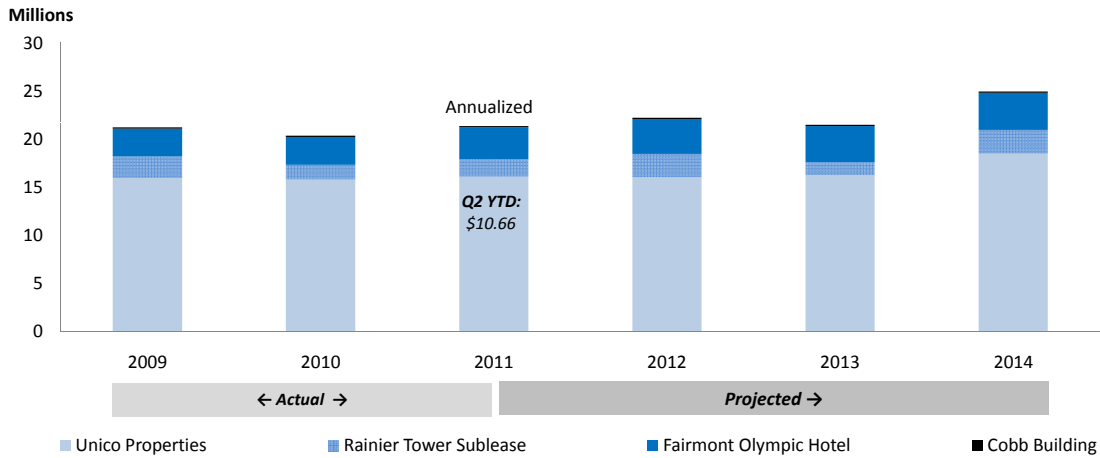
Quarter ended 6/30/2011 p.2

UW Net Cash Flow & Distribution



- Distribution has consistently been \$8M per year.
- Net cash flow is impacted by capital expenses invested in the buildings and the timing of tenant improvement allowances, which relate to lease rollovers.
- Total capital investment through 6/30/2011 was \$2.1 M.

Total UW Rent Earned



- Rent earned from each lease does not include cash flow items or miscellaneous revenue.
- Projected rent is based on Argus model from 12/31/10.
- Rainier Tower Sublease revenue is recorded net of direct operating expenses and capital.