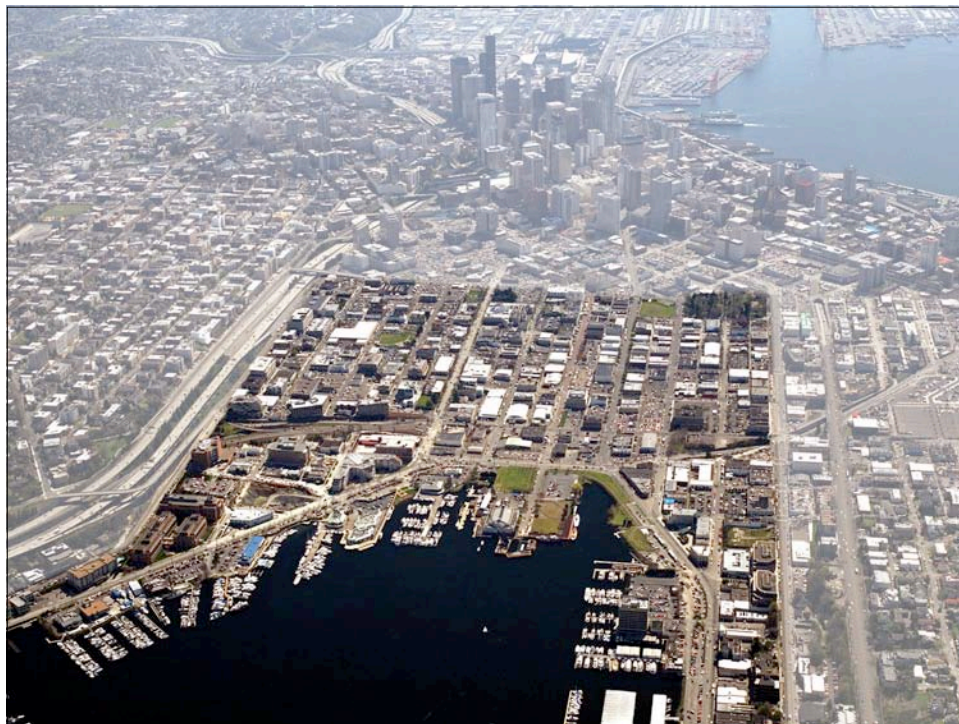


South Lake Union

Seattle's Life Sciences Research Center

February 4, 2005

www.vulcanrealestate.com



► Vulcan Inc. Ownership in South Lake Union

■ Vulcan Inc. properties



Copyright Vulcan Inc. 2004

► Goals for South Lake Union

- Promote a thriving life sciences environment
- Create a safe, mixed use neighborhood that offers a variety of housing opportunities
- Build a transit oriented neighborhood
- Cultivate a community that thrives on ideas and creativity
- Create a new model for sustainable urban living



▶ South Lake Union Offers Important Competitive Advantages

- Growing cluster of organizations fosters collaboration
- Existing presence of global leaders—Fred Hutchinson Cancer Research Center & Cancer Care Alliance
- University of Washington building strong presence in South Lake Union
- Available development capacity to handle growth and expansion
- City passed zoning amendments to accommodate special biotech needs
- Offers R&D tax exemption
- Cost of living affordable relative to Boston, San Francisco & San Diego
- Seattle is one of the top biotech centers in the nation
- Supportive City Council—passed resolution affirming the City of Seattle's commitment to making the South Lake Union area the region's most competitive location for biotech research



▶ The Important Role of Clusters

- Life science clusters include researchers, entrepreneurs, venture capitalists, well-trained and educated workers and specialized support services.
- The cross fertilization of ideas and skills spawns the discovery of new medicines and innovative therapies.
- Clusters offer a renewable resource of ideas and talent.
- Important recruiting tool for scientists and spouses in related fields.
- Clusters foster “casual accessibility” and frequent opportunities to share knowledge.
- Opportunities for collaboration and partnership are important for smaller/start-up companies.



► Important Attributes for Recruiting Biotech Companies

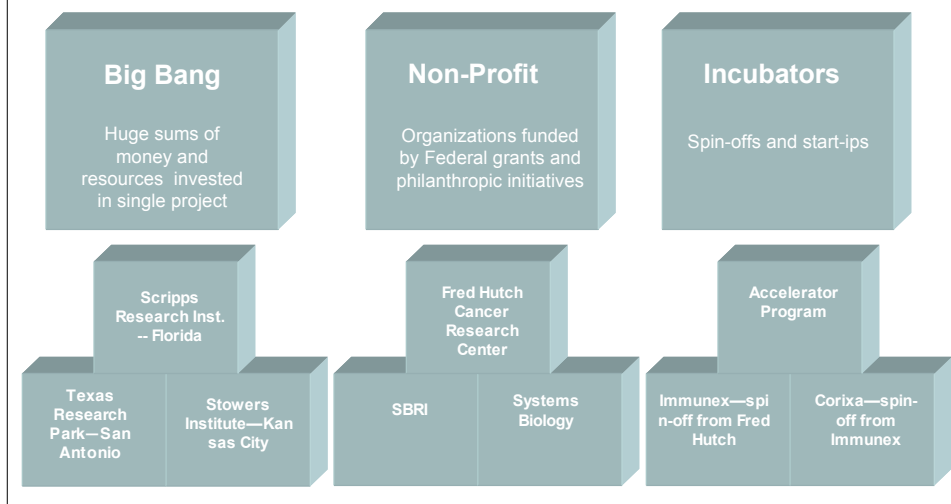
- Critical mass of other life science organizations to share ideas, collaborate on projects, participate in discoveries
- Competitive recruiting environment to attract top talent
- First class education system and proximity to a major research institution
- International airport and seaport
- Physical infrastructure— facilities, room for expansion
- Early stage venture capital
- Entrepreneurial culture
- Political will and integrated biotech development strategy
- Relatively cost effective land, buildings, utilities, work force
- Progressive tax and zoning environment
- Dynamic, robust communities with a mix of uses—shopping, cafes, daytime/nightlife and culture



► South Lake Union Biotech Organizations



➤ Growth Strategies for Biotech



➤ Vulcan's Real Estate Investment

- Land acquisition
- Architecture planning and construction
- Build internal expertise/infrastructure
- Urban planning and design
- Leadership in land use issues
- Open space improvements
- National public relations and marketing campaign
- 11,000 square foot Discovery Center



Challenges Inhibiting Success

Transportation

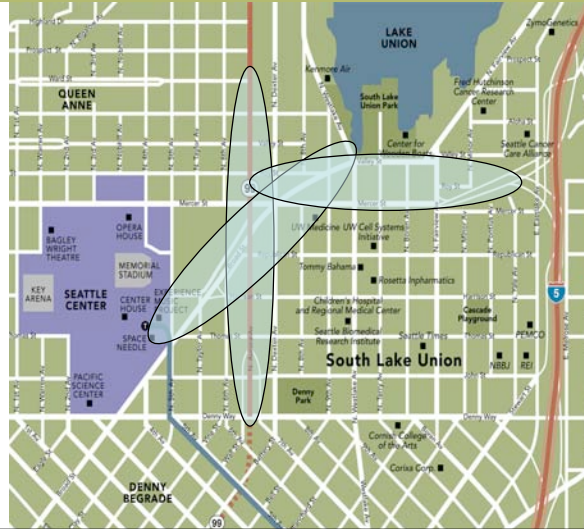
- Underserved by public transit
- Cut off from the rest of the city
- Mercer, Valley, Aurora barriers to pedestrians and bicyclists

Lack of Open Space

- Inaccessible lakefront

Inadequate Infrastructure

- Inadequate power
- No major public investment for last 50 years



Improving Life & Work for Existing Employees and Attracting More Great Organizations

- **UW Medicine** - 300 employees in 2004, growing to 2,200 by 2009
- **Seattle Biomedical Research Institute** -200 employees in 2004, growing to 300 by 2007
- **Children's Hospital Research** - 60 employees in 2004, growing to 100 by 2007
- **Rosetta Inpharmatics** - 270 employees in 2004
- **Fred Hutchinson Cancer Research Center** - currently 2,490 employees
- **Seattle Cancer Care Alliance** - currently 595 employees
- **Battelle Memorial Institute** - 140 employees in 2004
- **Corixa** - 300 employees by end of 2004
- **Tommy Bahama** - 325 employees in 2004
- **NBBJ** - 430 employees in 2006
- **Cornish College** - currently 1,200 students and faculty growing to 1,500 by 2006
- **Zyogenetics** - 390 employees in 2004
- **Skanska** - 175 employees in 2006
- **Whole Foods** - 250 employees in 2007
- **Pacific Retirement Systems** - 650 residents and employees by 2008

► Vulcan's Current Developments

9 projects = 1.8 million SF

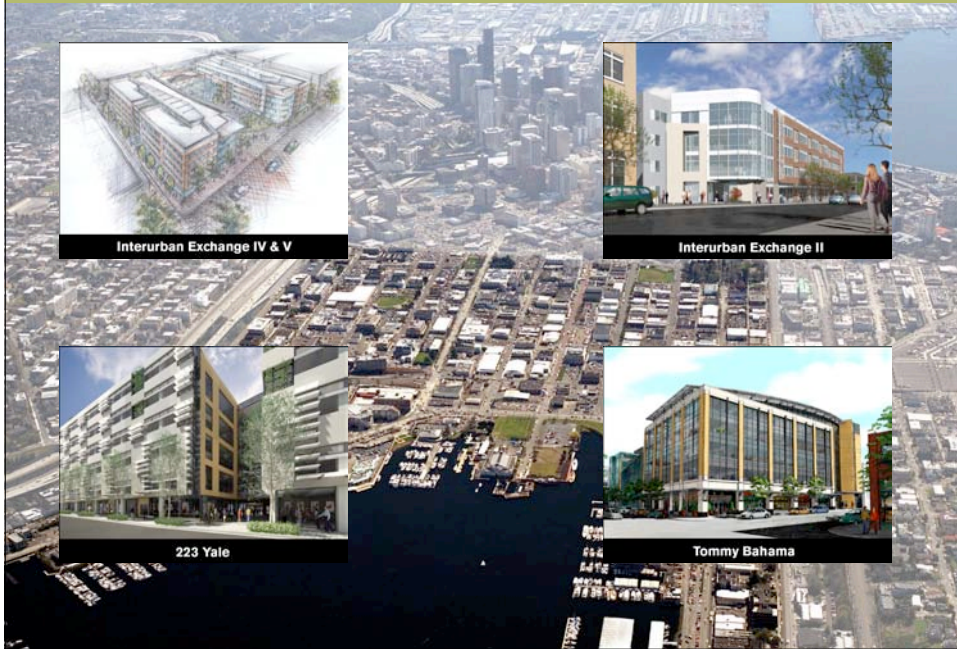
1. 2200 Westlake
- Pan Pacific Hotel, Whole Foods Market, condos, retail
2. 307 Westlake
- SBRI/Children's Hospital
3. 428 Westlake
- Tommy Bahama
4. Interurban Exchange II-V (3 projects)
- Merck/Rosetta Inpharmatics
5. Alcyone
- Market-rate apartments
6. UW Medicine
7. Alley 24
- NBBJ, Skanska, retail, apartments



► Mixed Use Neighborhood – Life Science



▶ Mixed Use Neighborhood—Office



Interurban Exchange IV & V



Interurban Exchange II



223 Yale



Tommy Bahama

▶ Mixed Use Neighborhood—Housing and Retail



2200 Westlake



223 Yale



Alcione Apartments

Return on Investment

Economic

- Positions region to capture next wave of economic growth—life sciences
- Creates new jobs for all skill levels
- Creates new tax revenue for city, county & state for increased social and educational services



Employment Growth Projections

	Direct Jobs	Indirect Jobs	Total Jobs
Full Build-out	23,710	30,027	53,737
Partial Build-out	15,059	15,014	30,073

Source: Potential Economic and Fiscal Impacts of South Lake Union Development Report. Dr. Paul Sommers, Ph.D.

Return on Investment

Community

- Allows revitalization of underutilized area
- Creates great streets and improves mobility along the Mercer Corridor
- Creates beautiful, accessible waterfront park
- Improves global health
- Improves the regional quality of life
- Creates new housing across income levels



Return on Investment

Environmental

- Accommodates growth in an urban area
- Supports growth management and prevents sprawl
- Creates a model for sustainable living
- Conserves natural resources
- Creates healthy work and living environments
- Creates green streets and wonderful open areas
- Reduces traffic and pollution





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