

THE BOULDER GROUP

The Net Lease Market Report

Q3 2005

MARKET OVERVIEW

Sector	Q3 2005 Mean CAP	Change*
Industrial	8.00%	-25
Retail	7.30%	-20
Office	8.00%	0

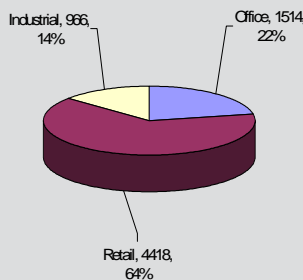
* Change is in basis points

Beginning in Q2 2004, the net lease market began to grow at an exponential pace. In that quarter, there was a 79.8% increase in the number of available net lease properties which brought the number of available properties to over 6,300 as compared to the previous quarter's total of 3,510. This growth sustained through Q2 2005, when the number of available properties reached its high mark of 9,234.

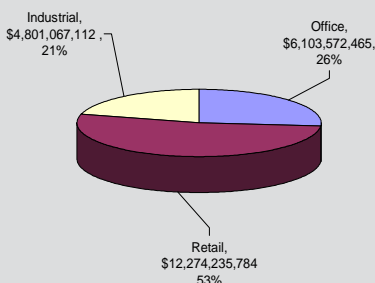
On a cumulative basis, The Boulder Group attributed this growth to 3 main market factors. First, increases in short term interest rates and the caution of further increases at a "measured" pace. Second, in Q2 2004 The Boulder Group reported an imbalance of supply and demand whereby supply was sorely lacking. Third, sellers were accepting offers at prices that had the best chance of closing, rather than the highest offer, for fear the transaction may fall apart as sellers would be forced to lower the price in a rising interest rate environment. Simply put, it was a sellers market.

However, despite this growth, and compounding to the growing notion of a sellers market, the net lease market suffered from what Alan Greenspan referred to as his "conundrum." According to Greenspan, increases in short-term rates should have generated higher long-term yields than the market was currently showing. Since Q2 2004 when the short-term interest rate increases began, the net lease market has overall seen cap rates decrease or remain the same – a trend which has continued through this quarter.

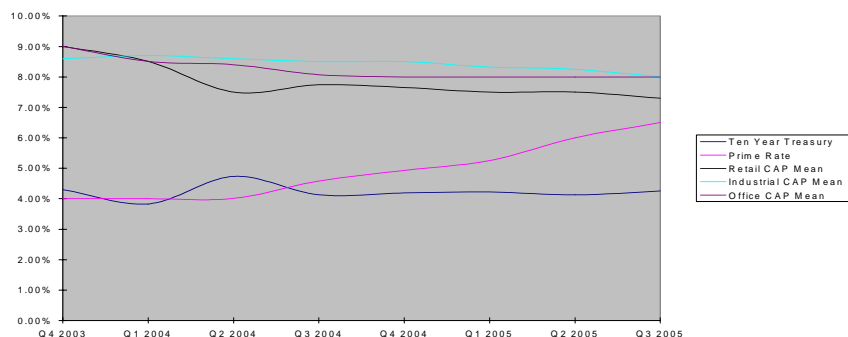
Available Net Lease Properties By Sector



Value of Available Net Leased Properties By Sector



Net Lease CAP Rates Compared to the Ten Year Treasury and Prime Interest Rate





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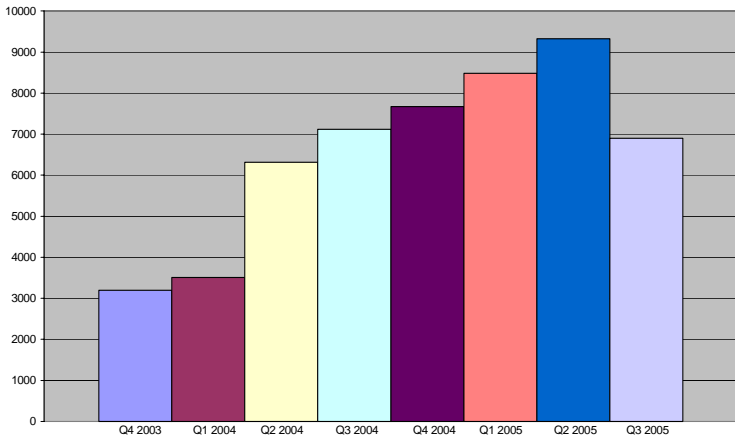
Corresponding to the significant increases in properties available, the number of properties has sold also climbed every quarter since Q2 2004 – reaching its pinnacle in Q2 2005 when a record high 3,800 were disposed.

Everything hereinbefore was the cause.

The effect was that the properties that were going to be sold actually closed. In Q3 2005, the net lease market saw its general size fall back to the marks established mid-Q2 2004. The decreases in supply caused cap rates to decline or remain the same over all three sectors.

As of mid August 2005, The Boulder Group is currently tracking 6,898 available net lease properties nationwide which have a combined value in excess of \$23.1 Billion (the “Net Lease Market”). Comparatively, last quarter, The Boulder Group was tracking 9,324 available properties with a combined value of over \$27.9 Billion – a 27% decrease in the number of available properties and a 17.2% decrease in the cumulative value of such properties. In Q2 2004 there were 6,312 net lease properties available with a cumulative value of \$19.4 Billion. Moreover, in Q3 2004 the sectors totals were 7,122 and \$21 Billion respectively.

**Net Lease Properties Available
Q4 2003 to Q3 2005**





BOULDER NET LEASE FUNDS
ACQUISITION CRITERIA

- PROPERTY TYPE:** Single-tenant net lease office and industrial properties
- PRICE RANGE:** \$5,000,000 to \$25,000,000
- CAP RATES:** Above 8.50%
- TIME FRAME:** Looking to invest \$100 million in the 3rd and 4th quarters of 2005
- RISK PROFILE:** As we are seeking higher yielding properties, we are very competitive on sale leaseback transactions; short term properties; dark properties; private credits and other unfavorable characteristics.

We are a responsive and flexible buyer, with the ability to close quickly and pay all cash.

We value our relationships with owners, developers, and brokers alike. You have our assurance that all submissions will be kept strictly confidential.

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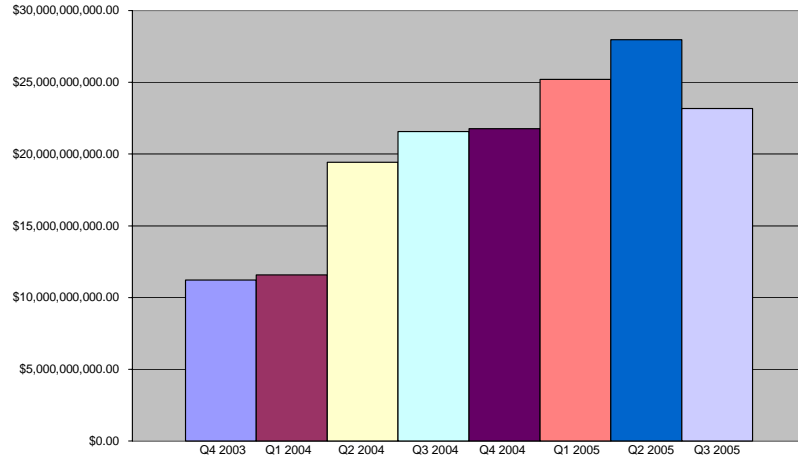
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**Cumulative Values of Available Properties
Q4 2003 to Q3 2005**



For purposes of this report, The Boulder Group has divided the Net Lease Market into three sectors: (i) industrial; (ii) retail; and (iii) office.

Of the 6,898 currently available net leased properties, 14.9% were placed on the market within the last thirty days, 34.1% in the last one to three months, 20.9% in the last three to six months and 30.1% have been on the market for over six months.

INDUSTRIAL SECTOR OVERVIEW

Industrial Properties Time on Market	
Zero - 1 Month	16.18%
1 - 3 Months	32.35%
3 - 6 Months	26.76%
6 + Moths	24.71%

Since The Boulder Group began tracking net lease market data in Q4 2003, the net leased industrial sector (the “Industrial Sector”) has consistently been the smallest of all net leased sectors in terms of both the sheer number of available properties and the combined value of such properties.

The number of available net leased industrial properties (“Industrial Properties”) has decreased by 9.0% since last quarter – from 1,062 in Q2 2005 to 966 currently. This marks the third straight quarter that the number of available net lease properties has decreased.

Despite the number of Industrial Properties decreasing, the cumulative value of such properties has increased since Q1 2005. This quarter Industrial Properties have a cumulative value in excess of \$4.8



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billion – a 25% increase from last quarter’s cumulative value of just over \$3.8 billion. The Industrial Sector was the only net lease sector to see its cumulative value increase this quarter.

Industrial Properties comprise of 10.6% of the properties and 16.4% of the value available in the current Net Lease Market. These marks are increases in the Industrial Sectors market share from those established in Q2 2005

Since Q2 2005, 386 net leased industrial properties have been sold – a 26.9% decrease in the number of net leased industrial dispositions since Q2 2005. In Q2 2005, the industrial sector witnessed a dramatic 351% increase in the number of dispositions – when 528 properties were sold.

As would be expected when the number of properties decreased and the value of such properties increased, the mean selling price for Industrial Properties increased this quarter. This marks the second straight quarter that the Industrial Sectors mean selling price increased. The industrial mean, up \$650,000 to \$2,675,000, is now the highest such mean in the Net Lease Market.

In accordance with the increased industrial mean, pricing points increased in six of the eleven industrial pricing brackets – for the second straight quarter. The most significant such increase occurred with properties priced over \$10 million – those properties increased their market share by over 61.7% since Q2 2005. In addition to being the largest increase in market share in the Industrial Sector, this was also the largest market share increase for properties priced over \$10 million in the Net Lease Market. Industrial Properties priced over \$10 million also saw their market share increase by 61% and currently they comprise of 13.3% of the Industrial Sector. However, for the second straight quarter, similarly priced properties saw their average CAP Rate decrease – this quarter’s decrease was 68 basis points bringing the average CAPRate to 7.2%. These properties also have the highest average price per foot, \$136, of all Industrial Sector pricing brackets.

Industrial Properties	
Pricing Bracket	Percent
\$0 - \$999,999	21.95%
\$1,000,000 - \$1,999,999	21.95%
\$2,000,000 - \$2,999,999	16.36%
\$3,000,000 - \$3,999,999	8.07%
\$4,000,000 - \$4,999,999	3.93%
\$5,000,000 - \$5,999,999	6.21%
\$6,000,000 - \$6,999,999	3.31%
\$7,000,000 - \$7,999,999	2.28%
\$8,000,000 - \$8,999,999	1.66%
\$9,000,000 - \$9,999,999	1.04%
\$10,000,000 +	13.25%



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The second largest increase in Industrial Sector market share was realized by properties priced between \$7 and \$8 million. These properties increased their market share by 34.4%, however, currently comprise of less than 3% of the Industrial Sector. Moreover, this marks the second straight quarter that this pricing bracket increased its market share.

Following true to form, as just over 60% of all Industrial Properties are priced under \$3 million, the only of those three pricing brackets to increase market share this quarter was Industrial Properties priced between \$1 and \$2 million. Those properties saw their market share increase by just under 5% since Q2 2005. However, despite this increase, such properties saw their average CAP Rate decrease by 35 basis points and their average cost per foot increase by \$17.

Other notable gains in market share were sustained by Industrial Properties priced between \$6 and \$7 million, \$9 and \$10 million and \$5 and \$6 million. Those pricing brackets saw their market share increase by 30.3%, 22.1% and 15.7% respectively, however, none of these individual brackets make up more than 7% of the Industrial Sector.

Industrial Properties		
Pricing Bracket	AVR CAP	AVR \$/Ft
\$0 - \$999,999	9.19%	\$77.57
\$1,000,000 - \$1,999,999	8.03%	\$98.05
\$2,000,000 - \$2,999,999	8.17%	\$72.79
\$3,000,000 - \$3,999,999	7.84%	\$85.87
\$4,000,000 - \$4,999,999	7.73%	\$83.04
\$5,000,000 - \$5,999,999	7.11%	\$109.21
\$6,000,000 - \$6,999,999	7.49%	\$78.31
\$7,000,000 - \$7,999,999	7.79%	\$99.55
\$8,000,000 - \$8,999,999	7.32%	\$67.18
\$9,000,000 - \$9,999,999	6.70%	\$120.75
\$10,000,000 +	7.21%	\$136.86

Since Q2 2005, the largest decrease in market share was sustained by Industrial Properties priced between \$4 and \$5 million. Those properties saw their market share decrease by 33.7% and now comprise of less than 4% of the Industrial Sector. This now marks the second straight quarter that such pricing bracket has sustained the largest market share decrease in the Industrial Sector. Industrial Properties priced as such have an average CAP Rate of 7.7% and an average price per foot of \$83.

The second largest decrease in market share was realized by properties priced between \$8 and \$9 million. These properties saw their market share decrease by 26.7% since Q2 2005 and now only make up 1% of the Industrial Sector.

The most relevant decrease in market share was sustained by Industrial Properties priced under \$1 million. Those properties saw their market share decrease by 19% but still comprise of over 21% of



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Industrial Properties	
CAP Rate Bracket	Percent
0.00% - 6.99%	25.05%
7.00% - 7.99%	24.02%
8.00% - 8.99%	22.36%
9.00% - 9.99%	13.04%
10.00% - 10.99%	9.52%
11.00 +	6.00%

the sector as a whole. This marks the second quarter in a row that this pricing bracket lost market share after its market share had increased the previous two quarters. These properties and those priced between \$1 and \$2 million, both account for 21% of the Industrial Sector. Industrial Properties priced under \$1 million also have the highest average CAP Rate of all pricing brackets, 9.2% - a 47 basis point increase over the average for similarly priced properties last quarter.

For the third consecutive quarter, CAP Rates across the Industrial Sector have decreased. The mean CAP rate for Industrial Properties decreased 25 basis points from last quarter's mark of 8.25% to 8.00% currently. This marks the seventh straight quarter that the industrial mean CAP Rate has either decreased or remained the same. Also for the third straight quarter, the mean CAP Rate did not increase in any of the three net leased sectors this quarter. Additionally, for the four straight quarter the Industrial Sector's mean CAP Rate was the highest yielding in the Net Lease Market – this quarter it is tied for the highest with the Office Sector. Despite the aforementioned stagnation, CAP Rates for Industrial Properties are still hovering close to the 8% range – 46.4 of all Industrial Properties are between a 7% and 9% CAP Rate as compared to 48.3% last quarter.

Industrial Properties		
CAP Rate Bracket	AVR Price	AVR \$/Ft
0.00% - 6.99%	\$9,007,249.83	\$158.51
7.00% - 7.99%	\$5,139,289.22	\$95.25
8.00% - 8.99%	\$3,935,718.19	\$69.31
9.00% - 9.99%	\$2,552,392.00	\$57.14
10.00% - 10.99%	\$1,612,708.70	\$49.72
11.00 +	\$1,877,790.24	\$41.96

The effect of less properties on the market and a higher mean purchase price caused the Industrial Sector to see five of the six CAP Rate brackets lose market share this quarter. The only CAP Rate bracket to gain market share was Industrial Properties with CAP Rates under 7%. These properties saw their market share increase by 27% since Q2 2005 as compared to 17.9% last quarter. Currently, Industrial Properties with CAP Rates under 7% comprise of 25% of the Industrial Sector. Moreover, these properties have the highest average purchase price, \$9 million, and average price per foot, \$158.

The largest percentage share decrease was sustained by Industrial Properties with CAP Rates between 9% and 10% - these properties saw their market share decrease by 42.9% since Q2 2005



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– the largest such market share decrease in the Net Lease Market. Industrial Properties with CAP Rates between 8% and 9% suffered the second largest market share decrease this quarter – a decrease of 31.3%. These two decreases in market share comes one quarter after such properties saw their market share increase by 42.3% and 46.1% respectively. Additionally, last quarter these same two CAP Rate brackets saw their market share increase the most of any such brackets in the Net Lease Market.

The other two notable market share decreases were from Industrial Properties with CAP Rates over 11% and those with yields between 10% and 11%. Properties with CAP Rates over 11% saw their market share decrease by 27.7% since Q2 2005 – marking the second straight quarter that such properties have seen their market share decrease by over 25%. Currently, those properties comprise of only 6% of the Industrial Sector. Finally, Industrial Properties with CAP Rates between 10% and 11% saw their market share decrease by 23.5% since Q2 2005. This marks the third straight quarter that such properties have decreased market share – they currently account for 9.5% of the Industrial Sector.

Industrial Properties	
Price Per Foot Bracket	Percent
\$0 - \$99	66.25%
\$100 - \$149	19.67%
\$150 - \$199	5.80%
\$200 - \$249	5.18%
\$250 - \$299	1.04%
\$300 - \$349	0.83%
\$350 - \$399	0.62%
\$400 +	0.62%

While Industrial Sector per foot pricing points have changed since Q2 2005, the main trend established in Q3 2004 continues to hold true. The significant majority of Industrial Properties are priced under \$150 a foot. In Q4 2004, Q1 2005 and Q2 2005, 94%, 87% and 88.7, respectively, of all Industrial Properties were priced accordingly. This quarter, 85.9% of all Industrial Properties are priced under \$150 a foot.

In Q2 2005, Industrial Properties priced under \$100 a foot composed of 72.3% of the Industrial Sector – thus sustaining a market share increase of 8.4%. These properties currently have an average purchase price of \$3.4 million and an average CAP Rate of 8.74% - the highest such average CAP Rate in the Industrial Sector. The second highest average CAP Rate, 6.9%, belongs to properties priced between \$100 and \$150 per foot. These properties comprise of 19.7% of the Industrial Sector – the second largest per foot bracket in terms of market share. These properties saw their market share increase by 20% since



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Q2 2005.

The largest increase in market share was sustained by Industrial Properties priced between \$200 and \$250 a foot – these properties saw their market share increase by 129% since Q2 2005 but now only consist of just over 5% of the Industrial Sector. Moreover, this was the largest increase in market share for any per foot bracket in the Net Lease Sector. Only one other Industrial Sector per foot bracket comprises of more than 5% of the Industrial Sector – properties priced between \$150 and \$200 a foot. Since last quarter, those properties saw their market share decrease by 10.8% to now make up 5.8% of the sector.

Industrial Properties		
Price Per Foot Bracket	AVR Cap	AVR Price
\$0 - \$99	8.74%	\$3,496,261.59
\$100 - \$149	6.96%	\$5,297,118.87
\$150 - \$199	6.77%	\$9,925,662.11
\$200 - \$249	6.51%	\$15,369,800.56
\$250 - \$299	5.42%	\$11,845,000.00
\$300 - \$349	6.58%	\$1,317,500.00
\$350 - \$399	5.06%	\$14,583,333.33
\$400 +	5.98%	\$2,698,333.33

Currently, the mean per foot purchase price is up 6% from last quarter’s mean of \$68.21 to \$72.36 a foot.

Since The Boulder Group published the Q2 2005 Net Lease Market Report, 482 Industrial Properties have been placed on the market. These 482 properties represent just under a 3% increase in the number of new Industrial Properties as compared to last quarter when there were 468 new Industrial Properties placed on the market. The mean selling price for new Industrial Properties is \$2,675,000 – \$425,000 greater than the overall Industrial Sector mean and \$175,000 greater than the mean for new industrial properties in Q2 2005.

Unlike last quarter, the mean CAP Rate for new Industrial Properties decreased from the previous quarters marks. Last quarter, the mean CAP Rate for new Industrial Properties was 8%. This quarter, the mean CAP Rate for new Industrial Properties is 7.5% - a 6.25% decrease and 50 basis points lower than the sector as a whole. Also unlike last quarter, the mean price per foot for new Industrial Properties increased. Last quarter, new Industrial Properties had an average price per foot of \$75. This quarter that cost increased by just under 7% to \$80 per foot and \$8 a foot greater than the mean for Industrial Sector as a whole.

New Industrial Properties on the market illustrate some potentially interesting trends developing in the Industrial Sector. The



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most glaring such trend appears to be an increase in the number of higher priced properties. The largest increase in market share for new Industrial Properties occurred with properties priced over \$10 million – those properties saw their market share increase by 118% since Q2 2005. These properties consist of just under 7% of all new Industrial Properties and increased their market share by 117.8% since Q2 2005 – the largest such increase in market share of per foot bracket for new properties in the Net Lease Sector.

The second largest gain was with new Industrial Properties priced between \$7 and \$8 million – these properties saw their market share increase by 95.8% since last quarter, however, still only comprise of 3.3% of all new Industrial Properties. The largest decrease in market share was sustained by new Industrial Properties priced under \$1 million. These properties saw their market share decrease by 38.8% since Q2 2005 but still comprise of over 16.6% of all new Industrial Properties. This is the second straight quarter that such properties have lost market share. Moreover, these properties have the highest average CAP Rate, 9.4%, of all new property pricing brackets in the Net Lease Market.

In terms of CAP Rate brackets, new Industrial Properties with yields under 7% was the only such CAP Rate bracket to gain market share this quarter posting a gain of 70.4% - this was the largest increase in market share for any new property CAP Rate bracket in the Net Lease Market. Not surprisingly, properties in this CAP Rate bracket have the highest average purchase price, \$11.5 million, and average price per foot, \$166, of all such brackets for new Industrial Properties. All five of the other six CAP Rate brackets for new properties, lost market share since Q2 2005. The largest such decrease was with properties with CAP Rates between 9% and 10%. – a market share decrease of 58.2%. Properties in that pricing bracket have an average price per foot of \$67 and an average purchase price of \$1.8 million – the second lowest such purchase price for all new Industrial Property pricing brackets.

Similar to the sector as a whole, 81% of the new Industrial Properties are priced under \$150 a foot. In terms of per foot costs, the greatest increase in markets share for new Industrial Properties occurred with properties priced between \$200 and \$250 a foot.



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Those properties saw their market share increase by 248.8%. Moreover, those properties have the highest average purchase price, \$19.7 million. New Industrial Properties priced between \$250 and \$300 a foot saw their market share increase by 95.8% - the second largest gains in market share for all new Industrial Properties. However, these properties still comprise of less than 2% of all new Industrial Properties. The largest decrease in market share occurred with properties priced over \$400 a foot – a decrease of 26.5%. The only other decrease in market share occurred with properties priced under \$100 a foot. Those properties saw their market share decreased by 17.4% since Q2 2005. However, those properties still comprise of over 59% of the all new Industrial Properties and have the highest average CAP Rate, 8.62% of all new price per foot brackets.

RETAIL SECTOR OVERVIEW

As goes the retail sector as goes the Net Lease Market! Over the last three quarters, the retail sector (the “Retail Sector”) was the foundation of the markets cumulative growth. This quarter, the size of the Retail Sector decreased in terms of both the number of properties and the cumulative value. However, the Retail Sector still remains the largest of all three sectors. This quarter 2,820 retail properties were sold – a 19.5% increase in the number of property dispositions from Q2 2005 when 2,358 retail properties were sold – this large gain in dispositions is part of the reason that the Retail Sector has returned in size to its Q2 2004 marks.

Retail Properties Time on Market	
Zero - 1 Month	14.56%
1 - 3 Months	34.62%
3 - 6 Months	18.96%
6 + Moths	31.87%

Currently, there are 4,418 available net lease retail properties with a cumulative value in excess of \$12.2 Billion (“Retail Properties”). Comparatively, last quarter there were 6,768 available retail properties with a cumulative value of \$17.7 Billion. This is a 34.7% decrease in the number of available properties and a 30.7% decrease in the cumulative value of the same. These Retail Properties represent 64% of all available properties and 52.9% of the total value of the Net Lease Market.

Continuing over a year long trend, Retail Sectors still has the lowest mean selling price in the Net Lease Market. This quarter, the retail mean selling price was \$1,689,000 – up \$82,000 from the mean



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established in Q2 2005. This higher mean can be directly attributed to the fact that 52.2%, of all Retail Properties are priced under \$2 million – as compared to 59.2% in Q2 2005.

Retail Properties	
Pricing Bracket	Percent
\$0 - \$999,999	31.15%
\$1,000,000 - \$1,999,999	26.03%
\$2,000,000 - \$2,999,999	14.08%
\$3,000,000 - \$3,999,999	8.06%
\$4,000,000 - \$4,999,999	5.34%
\$5,000,000 - \$5,999,999	4.44%
\$6,000,000 - \$6,999,999	3.08%
\$7,000,000 - \$7,999,999	2.17%
\$8,000,000 - \$8,999,999	1.27%
\$9,000,000 - \$9,999,999	0.50%
\$10,000,000 +	3.89%

Just as the mean price increased for Retail Properties since Q2 2005, it follows that eight of the eleven pricing brackets have gained market share.

The pricing bracket which saw its market share increase the most this quarter was properties priced between \$8 and \$9 million – a market share increase of 36.2%. However, despite this increase, these properties still comprise of less than 1.5% of the Retail Sector and have the highest average price per foot, \$351, and second lowest average CAP Rate, 6.6%, of all Retail Sector pricing brackets. The second largest increase in market share was sustained by properties priced between \$7 and \$8 million – who increased their market share by 32.5%. The third largest gain occurred with Retail Properties priced over \$10 million. These properties increased their market share by 25.4% since Q2 2005 – the second straight quarter that these properties increased their market share. Despite this recent, yet consistent gain, properties priced as such still account for less than 4% of the Retail Sector. These properties have an average CAP Rate of 6.7% and an average price per foot of \$266.

Despite the decrease in the sectors cumulative size, Retail Properties priced under \$2 million still represent over 55% of the Retail Sector. The fact that the two pricing brackets that make up this block (Under \$1 million and \$1 to \$2 million) either lost market share this quarter or essentially remained stagnant. This would help explain the increasing mean purchase price for the sector as a whole. Properties priced between \$1 and \$2 million had the second largest decrease in market share in the Retail Sector – those properties saw their market share decrease by 8.1% since Q2 2005. Retail Properties priced under \$1 million saw their market share increase by less than 1% but still account for over 31% of the Retail Sector. Moreover, these properties continue to have the highest average CAP Rate, 8.11%, and lowest average price per foot, \$161, in the Retail Sector. This marks the second straight quarter that Retail Properties priced under \$1 million have the highest average CAP Rate and the lowest average price per foot.



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Retail Properties		
Pricing Bracket	AVR CAP	AVR \$/Ft
\$0 - \$999,999	8.11%	\$161.52
\$1,000,000 - \$1,999,999	7.57%	\$332.72
\$2,000,000 - \$2,999,999	7.05%	\$333.63
\$3,000,000 - \$3,999,999	7.02%	\$276.19
\$4,000,000 - \$4,999,999	6.93%	\$338.90
\$5,000,000 - \$5,999,999	6.80%	\$313.87
\$6,000,000 - \$6,999,999	6.42%	\$295.15
\$7,000,000 - \$7,999,999	6.80%	\$286.01
\$8,000,000 - \$8,999,999	6.59%	\$351.09
\$9,000,000 - \$9,999,999	6.94%	\$303.08
\$10,000,000 +	6.73%	\$266.39

The largest decrease in market share was sustained by properties priced between \$9 and \$10 million. Those properties saw their market share decrease by the aforementioned 19.8%. This marks the second quarter when similarly priced properties saw their market share decrease. The third largest decrease in market share occurred with properties priced between \$5 and \$6 million – these properties saw their market share shrink by 5.6% since Q2 2005. Moreover, these properties have the lowest average CAP Rate, 6.4%, of any pricing bracket in the Retail Sector. The only other per foot bracket to lose market share this quarter was Retail Properties priced between \$2 and \$3 million – a 2.8% decrease over the mark established in Q2 2005. The effect of this bracket decreasing, the decrease in market share of properties priced between \$1 and \$2 million and the increase in the higher priced brackets lead to the increased mean purchase price for the Retail Sector.

Retail Properties	
CAP Rate Bracket	Percent
0.00% - 6.99%	35.63%
7.00% - 7.99%	30.06%
8.00% - 8.99%	21.10%
9.00% - 9.99%	7.20%
10.00% - 10.99%	3.26%
11.00 +	2.76%

Contributing to the mean CAP Rate decreasing over the last quarter from, 7.5% in Q2 2005 to 7.3% currently, three of the six CAP Rate brackets lost market share. However, while two brackets gained market share in excess of 15 not one of the remaining three had their market share decreased by more than 11%. Last quarter, 63% of all Retail Properties were below an 8% CAP Rate as compared to 65.7% this quarter. Q3 2005 marks the sixth straight quarter that the Retail Sector has had the lowest yielding mean CAP Rate in the Net Lease Market.

The largest increase in market share occurred with Retail Properties with CAP Rates over 11%. After sustaining a decrease of 12.1% in Q2 2005, this quarter these properties increased their market share by 24.6% - the third largest such gain for all CAP Rate brackets in the Net Lease Market. However, despite this increase, these properties still only comprise of less than 3% of the Retail Sector. The second largest increase in market share was with properties whose yields are under 7% - an increase of 17%. This marks the second straight quarter that these properties have increased their market share by over 10%, have comprised of over 30% of the Retail Sector, and have had the highest average purchase price, \$3.9 million and the highest average price per foot, \$366. The only other



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CAP Rate bracket to increase its market share this quarter was properties yielding between 10% and 11% - which sustained a market share increase of less than 1%. Despite this small gain, this is a reversal of last quarter when such properties saw their market share decrease by 17% - at this point in Q2 2005 this decrease was the first in three quarters for properties yielding such. Moreover, these properties have the lowest average purchase price, \$1 million and average price per foot, \$93, of all CAP Rate brackets in the Retail Sector.

The largest decrease in market share was sustained by Retail Properties yielding between 8% and 9% - which suffered a decrease of 10%. However, despite this decrease these properties still make up over 21% of the Retail Sector. This marks the third straight quarter that these properties lost market share – last quarter they saw their market share decrease by just under 13%. The second largest decrease in market share was sustained by Retail Properties yielding between 9% and 10%. These properties had their market share reduced by 9.3% since Q2 2005 as compared to last quarter when they gained market share. Currently, such properties comprise of over 7% of the Retail Sector. The final CAP Rate bracket to lose market share this quarter was properties yielding between 7% and 8% - which sustained a market share decrease of 8.1%. This is in contrast to last quarter when such properties saw their share increase by the second highest margin. Also as a result of this decrease, this CAP Rate bracket no longer is the largest in the Retail Sector – currently, such properties make up 30% of the sector as a whole compared to 32% last quarter.

Retail Properties		
CAP Rate Bracket	AVR Price	AVR \$/Ft
0.00% - 6.99%	\$3,983,538.56	\$366.63
7.00% - 7.99%	\$2,488,474.70	\$251.68
8.00% - 8.99%	\$1,986,995.24	\$207.72
9.00% - 9.99%	\$1,447,170.96	\$169.53
10.00% - 10.99%	\$1,080,886.69	\$93.21
11.00 +	\$1,899,377.70	\$161.57

In terms of per foot pricing, the Retail Sector’s mean remained decrease by \$8 a foot last quarter and settled at \$220 a foot. Corresponding to such, the price per foot face of the Retail Sector hasn’t changed significantly since Q2 2005. However, contributing to the decrease was a loss of market share in five of the eight per foot brackets.

The largest market share increase was sustained by Retail Properties priced between \$250 and \$300 a foot. Those properties saw their market share increase by 11.1% since Q2 2005 as compared to last quarter when such properties saw their market share decrease by 9.9%. However, despite this increase these properties still only



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Retail Properties	
Price Per Foot Bracket	Percent
\$0 - \$99	21.50%
\$100 - \$149	12.58%
\$150 - \$199	10.37%
\$200 - \$249	10.68%
\$250 - \$299	8.37%
\$300 - \$349	7.15%
\$350 - \$399	5.93%
\$400 +	23.40%

represent less than 8.5% of the Retail Sector. The second largest increase in market share was from Retail properties priced under \$100 a foot. For the fifth straight quarter, these properties have the second highest market share, 21.5%, of all per foot brackets in the Retail Sector. Moreover, these properties have the highest average CAP Rate, 8.6%, and the lowest average purchase price, \$1.6 million, of all Retail Sector per foot brackets. The final per foot bracket to gain market share this quarter was Retail Properties priced between \$150 and \$200 a foot. This is the second straight quarter that such properties gained market share and currently such properties comprise of 10.4% of the Retail Sector.

Retail Properties		
Price Per Foot Bracket	AVR Cap	AVR Price
\$0 - \$99	8.66%	\$1,603,032.69
\$100 - \$149	7.98%	\$2,747,091.19
\$150 - \$199	7.30%	\$3,079,311.17
\$200 - \$249	7.29%	\$3,119,436.92
\$250 - \$299	7.20%	\$2,759,860.32
\$300 - \$349	6.84%	\$2,959,153.91
\$350 - \$399	6.73%	\$4,191,631.92
\$400 +	6.65%	\$3,178,747.36

The largest decrease in market share was sustained by Retail Properties priced between \$300 and \$350 a foot – a market share decrease of 8.3%. These properties have an average CAP Rate of 6.8% and an average purchase price of \$2.9 million. The second largest decrease was from properties priced between \$200 and \$250 a foot. Those properties saw their market share decrease by 5.9% since Q2 2005 but still have the third largest market share, 10.7%, of the Retail Sector. This decrease is in contrast to last quarter when such properties saw their market share increase, albeit by less than 1%. The most significant decrease in market share, however, was sustained by Retail Properties priced over \$400 a foot. These properties saw their market share decrease by 4.2% since Q2 2005 but still comprise of 23.4% of the Retail Sector – the largest such market share of all per foot brackets and the fifth quarter in a row that such properties comprise of over 20% of the Retail Sector. This decrease comes one quarter after such properties had the largest increase in market share, 7.6%. Moreover, these properties have the lowest average CAP Rate of all per foot brackets yielding 6.6% annually.

Over the past quarter, 1,974 new Retail Properties have been placed on the market – a 37.8% decrease from Q2 2005 where 3,177 properties were placed on the market. While this decrease in new available Retail Properties supports The Boulder Group’s assertions above that all properties that were going to be disposed of in this



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current “sellers market” had already been made available prior to Q3 2005, the interesting fact here is that this quarter 44.6% of all Retail Properties were new as compared to only 46.9% last quarter. What this means is that despite the decrease in size of the Sector, and therefore the Net Lease Market as a whole, the sector is still performing the same as previous quarters, just on a smaller scale. The mean selling price for new Retail Properties is \$1,900,000 - \$210,000 higher than the Retail Sectors cumulative mean and \$300,000 greater than the mean of new retail properties as reported in the Q2 2005 Net Lease Market Report. Due to the high premium placed on retail, CAP Rates for new retail properties decreased again this quarter for the fourth straight quarter. The mean CAP Rate for new Retail Properties is 7.0%, 30 basis points lower than mean for the sector as a whole and 25 basis points last quarter’s mean for new Retail Properties. The mean price per foot for new Retail Properties is \$245 – a 1% increase from the mean for new Retail Properties established in Q1 2005 of \$243 and \$25 greater than the mean for the sector as a whole.

New Retail Properties closely mirror the pricing points established by the sector as a whole. Over 52% of all new Retail Properties are priced under \$2 million – 11.8% less than these properties accounted for the two previous quarters. Unlike last quarter, new Retail Properties priced under \$1 million now have the largest market share with 26.9% of the market as compared to 28.5% last quarter. Currently, new Retail properties priced between \$1 and \$2 million comprise of 25% of the market, the second largest such percentage and a decrease from last quarters mark of 31. New Retail Properties priced under \$1 million still have the highest average CAP Rate, 7.7%, and the lowest average price per foot, \$167, for new Retail Properties. This high average CAP Rate, however, is 20 basis points lower than the mark established in Q2 2005.

The largest increase in market share for new Retail Properties occurred with properties priced between \$7 and \$8 million. Those properties increased their market share by 29.7% as compared to last quarters mark but only account for 2.1% of all new Retail Properties. The second largest increase in market share occurred with properties priced between \$4 and \$5 million. Those properties increased their market share by 27.7% since Q2 2005.



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The largest decrease in market share occurred with new Retail Properties priced under \$1 million. Those properties saw their market share decrease by 12.6% as compared to last quarters numbers, however, as mentioned above these properties still have the largest market share for all new Retail Properties. The second largest percentage decrease in market share occurred with properties priced between \$1 and \$2 million – these properties sustained a market share decrease of 10.9% - additionally, as mentioned above as well, these properties also have the second largest market share.

Following past market performance, over 90% of new Retail Properties have CAP Rates under 9% - roughly the same mark established last quarter. This high percentage of properties available under a 9.0% CAP Rate is greater than the other two sectors. In the Industrial and Office Sectors, 78% and 73.8% of new properties fall into that same range. Therefore, the net leased investors are still placing a basis point CAP Rate premium on retail properties which is further supported by the increasing mean for new Retail Properties. Over 42% of new Retail Properties have CAP Rates under 7%. Moreover, this pricing bracket was one of only two new Retail Property pricing brackets to increase market share, by at least one percent, as compared to last quarter. Properties in that CAP Rate range increased their market share by 39.4% since Q2 2005. Additionally, those properties have the highest average purchase price, \$3.8 million, and the highest average price per foot, \$372, of all new Retail Property CAP Rate brackets. The only other increase in market share occurred with new properties with yields between 10% and 10% - these properties increased their market share by 0.7% from the marks established in Q2 2005.

The largest decreases in market share occurred with new Retail Properties with CAP Rates between 9% and 10%. Those properties lost over 37.4% of their market share and currently comprise of just under 5% of the market. The second largest decrease in market share occurred with properties whose CAP Rates were between 8% and 9% - properties in this CAP Rate bracket lost 20% of their market share but still make up 18.7% of the new Retail Properties on the market.



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For the past year, new Retail Properties priced over \$400 a foot have the largest market share with 25.3% and the next largest such percentage is with properties priced under \$100 a foot which compose of 17.8% of the market. Properties priced under \$100 a foot again have the highest CAP Rate, 8.3% - the same as the mark established in Q2 2005. Moreover, those properties also have the lowest average selling price of any price per foot bracket; \$1.5 million - \$100,000 lower than the average last quarter. This is the fifth straight quarter that properties priced under \$100 a foot had both the highest CAP Rate and lowest average selling price. New Retail Properties priced over \$400 a foot have the lowest average CAP Rate, 6.56.

For the second straight quarter, the largest decreases in market share occurred with new Retail Properties priced between \$100 and \$150 a foot. Those properties lost 13.4% of their market share over the last quarter and currently comprise of 11.5% of the market. The second largest decrease in market share belonged to properties priced under \$100 a foot – those properties saw their market share decrease by 10% since Q2 and currently make up less than 17.8% of the market.

OFFICE SECTOR OVERVIEW

Similar to the Retail Sectors the available net leased office sector (the “Office Sector”) also decreased in size this quarter both in terms of the number of properties available and the value of such properties. Over the past quarter, 594 office properties have been sold – a 7.5% decrease in the number of office dispositions from Q2 2005 where 642 office properties were sold.

Office Properties Time on Market	
Zero - 1 Month	15.36%
1 - 3 Months	33.49%
3 - 6 Months	22.86%
6 + Moths	28.29%

As of Q3 2005, there are 1,514 available net lease office properties with a cumulative value over \$6.1 Billion (“Office Properties”) – a 1.3% increase in the number of available properties and a 5.24% decrease in terms of the value of such properties, as compared to last quarter that saw a 5.4% increase in the number of available properties and a 14.5% increase in value of such properties. Currently, Office Properties account for 21.95% of the properties and 26.3% of the total value currently available in the Net Lease Market – showing a 5.2% increase in the percentage of office properties to the overall market as well as a 3.7% increase in the



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total value of office properties compared to that of the overall market.

Office Properties	
Pricing Bracket	Percent
\$0 - \$999,999	25.63%
\$1,000,000 - \$1,999,999	20.34%
\$2,000,000 - \$2,999,999	13.87%
\$3,000,000 - \$3,999,999	9.51%
\$4,000,000 - \$4,999,999	5.94%
\$5,000,000 - \$5,999,999	5.02%
\$6,000,000 - \$6,999,999	3.57%
\$7,000,000 - \$7,999,999	3.30%
\$8,000,000 - \$8,999,999	1.45%
\$9,000,000 - \$9,999,999	2.11%
\$10,000,000 +	9.25%

After watching the mean purchase price for Office Properties increase last quarter by \$94,300, Q3 2005 saw a similar trend as the mean increased by \$130,650 to settle at \$2,250,000. As was the case with Q2 2005, Q3's increase can be directly attributed to the fact that a significant majority of the Office Sectors growth is rooted in the properties costing \$8 million and above. Moreover, this quarter seven of eleven pricing brackets increased their proportionate market share.

Office Properties priced between \$9 and \$10 million dollars were the anchor of the aforementioned increased mean. Properties in that pricing bracket increased their market share by 163.14% since Q2 2005. Properties in this pricing bracket continue to have the lowest average CAP Rate of all Office Sector pricing brackets – 7.0%. This 163.14% follows a quarter when similarly priced properties saw their market share increase by 25.8% - this compared to a 19% decrease in Q1.

Office Properties		
Pricing Bracket	AVR CAP	AVR \$/Ft
\$0 - \$999,999	8.93%	\$110.55
\$1,000,000 - \$1,999,999	7.76%	\$178.29
\$2,000,000 - \$2,999,999	7.84%	\$175.07
\$3,000,000 - \$3,999,999	7.75%	\$190.90
\$4,000,000 - \$4,999,999	7.69%	\$214.94
\$5,000,000 - \$5,999,999	7.41%	\$200.31
\$6,000,000 - \$6,999,999	7.51%	\$160.27
\$7,000,000 - \$7,999,999	7.53%	\$178.49
\$8,000,000 - \$8,999,999	7.88%	\$181.89
\$9,000,000 - \$9,999,999	7.48%	\$187.83
\$10,000,000 +	7.48%	\$240.38

This quarter, the second largest increase in market share was from Office Properties priced between \$6 and \$7 million. These properties increased their market share by 61.5%. The final increase that assisted in the increased mean was with properties priced between \$7 and \$8 million – who saw their market share increase by 37% since Q2 2005. Last quarter, it was the over \$10 million properties that saw their market share increase by 16.6%, only to see their share fall back this quarter by 11.4%. The average CAP Rate for such properties saw a similar decline to 7.48%. The final pricing brackets to gain market share were with properties priced \$1 to \$2 million and between \$3 and \$4 million, \$4 and \$5 million and \$5 and \$6 million. Those pricing brackets saw their market share increase by 12.5%, 15.5%, 2.1% and 25.1% respectively. For the fourth straight quarter, Office Properties priced under \$1 million had the highest average CAP Rate, 8.93% (a 2.3% increase over Q2), and had the lowest average price per foot, \$110 (a \$15 decrease per foot from Q2), for the third consecutive quarter.



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The largest decrease in Office Sector market share was sustained by properties priced between \$8 and \$9 million. These properties saw their market share decrease by 19.6%. These properties make up less than 2.5% of the Office Sector. Office Properties priced between \$2 and \$3 million had the second largest decrease in market share. Properties priced as such saw their market share decrease by 14.7% since Q2 2005. Last quarter, similarly priced properties saw their market share decrease by the 10.6% from Q1 to Q2. Despite the decline in percentage of properties priced between \$0 and \$1 million and \$2 and \$3 million, Office Properties priced between \$0 and \$3 million still manage to comprise 59.8% of the Office Sector.

Q3 saw the Office Sector mean CAP Rate remain at 8.0% for the fourth consecutive quarter. Properties priced in the 7% to 9% range decreased as a percentage of the overall Office Sector as compared to Q2. The greatest change to occur was the decrease in the Industrial CAP Rate, which decreased 25 basis points from 8.25% to 8.0%, marking the first time in over 18 months that industrial cap rates have been as low as that of the Office Sector. The retail Cap Rate mean, after having held steady at 7.5% in Q2, decreased yet again by 20 basis points to settle at 7.3%.

Office Properties	
CAP Rate Bracket	Percent
0.00% - 6.99%	25.76%
7.00% - 7.99%	22.99%
8.00% - 8.99%	22.06%
9.00% - 9.99%	14.53%
10.00% - 10.99%	8.72%
11.00 +	5.94%

Of the two CAP Rate brackets that saw their market share decrease this quarter, it was properties yielding between 7% and 8% and 8% and 9% that saw their share decrease by 14.6% and 14.2%, respectively. In Q3 2005, these properties comprised 45% of the Office Sector. The greatest surprise of Q3 was that properties priced below 7% saw a 30% increase from 294 properties in Q2 to 390 properties in Q3. This comes in the wake of last quarter that saw Office Properties with CAP Rates under 7% increase by 15.6%. The last decrease in percentage of properties with CAP Rates under 7% in the Office Sector was in between Q4 2004 and Q1 2005, which saw a decrease of 25.4% - the third largest such decrease at that time. This quarter, properties with CAP Rates under 7% comprise 25.8% of the Office Sector.

This quarter the Office Sector mean price per foot decreased by 4.4% or \$6.52 to \$142.70 per foot. For the previous five quarters, the Office Sector mean price per foot has been sandwiched between those of the Industrial and Retail Sectors. In Q3 2005, six of the



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eight Office Sector price per foot brackets sustained an increase in market share.

The largest such increase was sustained by Office Properties priced greater than \$400 per square foot. These properties saw their market share increase by 70%. Last quarter, these properties saw their market share increase by 13.3%. Office Properties priced above \$400 a foot have the lowest average CAP Rate, 5.75%, and second highest average purchase price, \$6.27 million, of all Office Sector per foot brackets. Office Properties with per foot costs between \$350 and \$399 had the second largest increase in market share since Q2 2005. Those properties saw their market share increase by 56.24%. Office Properties priced between \$350 and \$399 a foot comprise just 2.5% of the Office Sector. Finally, the third largest gain in market share was from Office Properties costing between \$300 and \$349 a foot. Those properties increased their proportionate market share by 15.1% since Q2 2005. Properties priced as such saw their average purchase price increase 57 basis points from Q2 2004 – 6.87%.

Office Properties		
CAP Rate Bracket	AVR Price	AVR \$/Ft
0.00% - 6.99%	\$4,742,626.86	\$252.90
7.00% - 7.99%	\$5,042,628.08	\$192.47
8.00% - 8.99%	\$3,984,054.05	\$133.20
9.00% - 9.99%	\$3,151,007.77	\$119.83
10.00% - 10.99%	\$2,202,729.20	\$100.52
11.00 +	\$2,049,526.67	\$90.47

The largest decrease in Office Sector market share occurred with properties priced between \$150 and \$199 a foot – a decrease of 25%, with corresponding CAP Rates for those properties averaging 7.65%. Properties priced at less then \$100 a foot comprise 27% of the Office Sector – the largest such percentage of all per foot brackets, and saw an increase of 5.7% change in number of properties from Q2 2005. The second and only other per foot decrease was sustained by properties costing between \$200 and \$250 a foot. These properties saw their market share decrease by 3% since Q2 2005, a total decrease of 10% since Q1.

Since Q2 2005, 574 Office Properties have been placed on the market – the second largest amount of new properties and a dramatic 21% decrease in the number of new Office properties from last quarter when 726 were introduced to the market. The mean selling price for new Office Properties is \$2,600,000, \$350,000 greater than the Office Sector mean and a \$557,000 increase over the mean for new office properties last quarter. This quarter, the Office Sector mean CAP Rate among the new properties placed on the market decreased by 25 basis points to settle at 7.6%. Finally, the mean



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Office Properties	
Price Per Foot Bracket	Percent
\$0 - \$99	26.95%
\$100 - \$149	26.29%
\$150 - \$199	17.17%
\$200 - \$249	11.10%
\$250 - \$299	7.27%
\$300 - \$349	4.62%
\$350 - \$399	2.51%
\$400 +	4.10%

price per foot for new Office Properties is \$152.50 - \$2.5 dollars lower than last quarters mean and \$9.8 higher than the mark established for the Office Sector as a whole.

The increased mean prices throughout the Office Sector can be directly attributed to the new Office Properties placed on the market in Q3 2005. Like the sector as a whole, large increases in market share were sustained by the higher priced pricing brackets. The largest such increase in market share occurred with new Office Properties priced between \$6 and \$7 million. These properties saw their market share increase by 120.8% as compared to the marks established in Q2 2005. Also mirroring the sector as a whole, the other two largest gains in market share occurred with new Office Properties priced between \$7 and \$8 million and \$9 and \$10 million. Those pricing brackets saw their market share increase by 59% and 73.5% respectively. New Office Properties priced between above \$9 million have the lowest average CAP Rate, 7.53%, of all new property pricing brackets.

Office Properties		
Price Per Foot Bracket	AVR Cap	AVR Price
\$0 - \$99	9.22%	\$2,503,625.04
\$100 - \$149	8.39%	\$3,732,630.81
\$150 - \$199	7.65%	\$4,607,400.79
\$200 - \$249	7.00%	\$4,037,915.17
\$250 - \$299	6.71%	\$5,736,488.75
\$300 - \$349	6.87%	\$5,827,838.14
\$350 - \$399	7.12%	\$7,699,736.84
\$400 +	5.75%	\$6,268,709.68

The largest such decrease in market share occurred with new Office Properties priced between \$8 and \$9 million. Properties in that pricing bracket saw their market share decrease by 42.2% since Q2 2005. The other notable decreases in market share were sustained by properties priced between \$0 and \$1 and \$2 and \$3 million. Those pricing brackets saw their market share decrease by 25.5% and 27.2% respectively.

The decrease to the new Office Property mean CAP Rate can be attributed to the new Office Properties placed on the market with CAP Rates between 9% and 11%. Those properties saw their market share decrease by 24.9% from the mark established last quarter. The other notably large decreases were realized by new properties with yields between 7% and 8%, and 8% and 9% - each having decreases of 14.5% and 21.4%, respectively.

For the second consecutive quarter, the largest increase in market share for new Office Properties as measured by CAP Rate occurred with properties yielding less than 7%. Such properties saw their market share increase by 55.8% and currently make up 30.7% of all new Office Properties. These properties also have the highest average price per



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foot, \$265.32. New Office Properties with CAP Rates greater than 11% had the second largest increase and was the only other bracket to increase in market share – an increase of 15.7%. These properties had the second lowest average purchase price, \$1.85 million, of all new property CAP Rate brackets.

Similar to the Office Sector as a whole, five of the eight new property per foot brackets realized a gain in market share since Q2 2005. Also mirroring the sector overall, the largest such gain in market share was sustained by new properties priced greater than \$400 a foot. Those properties saw their market share increase by 117%. These properties had the second highest average purchase price, \$6.05 million, of all per foot brackets. The second largest increase in market share occurred with properties priced between \$350 and \$399 a foot – an increase of 95.2%. The third largest increase was with properties priced between \$200 and \$250 a foot – an increase of 21.8%. The fourth and fifth increases were with properties priced between \$250 and \$299 per foot. These properties increased their market share by 20.5% and 12.8%, respectively. For the second straight quarter, properties priced between \$350 and \$399 a foot had the highest average price, \$8.26 million, equating to an increase of nearly \$1.2 million in average price over Q2 2005.

The largest decrease in market share occurred with properties priced between \$150 and \$199 a foot. Despite a market share decrease of 33%, those properties still account for 15.3% of all new Office Properties. Other per foot brackets to sustain a market share decrease this quarter were priced under \$100 and between \$100 and \$150 a foot. Those per foot brackets saw their market share decrease by 4.4% and 0.7% respectively.

GEOGRAPHIC ANALYSIS

As late-2005 approaches, the top states as rated by The Boulder Plus / Minus Ratio have reverted back to more traditional results. Based on the current Boulder Plus / Minus Ratio, Texas, Florida, Georgia, California and Arizona currently offer the greatest number of properties as compared to state populations.

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State	Boulder Ranking	Industrial Properties				Office Properties				Retail Properties			
		Percent	Average Cap	Average Price	Average Per Foot	Percent	Average Cap	Average Price	Average Per Foot	Percent	Average Cap	Average Price	Average Per Foot
Alabama	2.06%	1.66%	8.98%	\$2,992,956.75	\$31.56	1.19%	9.61%	\$620,533.33	\$66.99	2.63%	8.17%	\$1,548,615.90	\$190.56
Alaska	-1.55%	0.00%	0.00%	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00	0.05%	9.00%	\$4,444,445.00	\$380.48
Arizona	3.08%	2.28%	7.35%	\$2,005,818.18	\$120.63	3.96%	7.07%	\$2,525,756.03	\$231.41	4.30%	7.00%	\$3,532,782.26	\$318.89
Arkansas	-0.86%	0.41%	8.34%	\$8,450,000.00	\$24.81	0.00%	0.00%	\$0.00	\$0.00	1.27%	8.06%	\$1,038,392.54	\$201.25
California	4.19%	14.91%	6.44%	\$7,301,528.03	\$150.91	17.44%	6.63%	\$6,758,515.33	\$265.49	14.80%	6.03%	\$3,988,801.90	\$376.15
Colorado	0.16%	2.07%	8.03%	\$3,034,000.00	\$85.58	2.11%	7.79%	\$4,176,562.50	\$159.34	1.54%	8.54%	\$2,470,304.62	\$329.46
Connecticut	-0.66%	1.66%	8.21%	\$6,676,687.50	\$56.76	0.66%	10.57%	\$3,150,000.00	\$94.94	0.36%	7.69%	\$5,623,195.88	\$166.29
Delaware	-5.62%	0.00%	0.00%	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00	0.09%	5.75%	\$8,970,000.00	\$184.40
District of Columbia	-0.20%	0.00%	0.00%	\$0.00	\$0.00	0.26%	5.90%	\$2,075,000.00	\$328.70	0.05%	6.15%	\$3,565,600.00	\$442.05
Florida	6.39%	9.32%	6.98%	\$6,171,692.38	\$122.94	8.98%	6.93%	\$5,418,167.65	\$192.13	9.37%	7.54%	\$3,174,410.40	\$338.45
Georgia	4.29%	4.97%	8.39%	\$2,804,825.00	\$61.95	4.62%	8.64%	\$2,941,534.43	\$171.61	4.71%	7.66%	\$2,416,790.67	\$299.04
Hawaii	-0.05%	0.41%	10.43%	\$6,847,500.00	\$64.73	0.79%	6.26%	\$4,050,000.00	\$199.95	0.32%	5.43%	\$4,600,000.00	\$317.77
Idaho	-1.47%	0.83%	8.68%	\$864,500.00	\$128.18	0.66%	8.14%	\$1,994,800.00	\$118.40	0.68%	7.40%	\$1,637,333.20	\$254.16
Illinois	2.48%	3.93%	8.05%	\$4,823,729.26	\$96.63	3.83%	8.12%	\$3,968,655.14	\$135.29	3.40%	7.12%	\$3,792,332.60	\$292.66
Indiana	1.56%	2.69%	10.51%	\$1,771,769.23	\$62.24	2.51%	9.85%	\$1,593,990.95	\$87.02	2.49%	8.70%	\$1,349,069.95	\$216.54
Iowa	-4.00%	0.62%	7.46%	\$13,191,666.67	\$79.14	0.53%	7.20%	\$8,063,000.00	\$146.55	0.36%	8.16%	\$669,776.50	\$241.28
Kansas	0.16%	0.62%	10.10%	\$291,000.00	\$36.81	1.32%	8.87%	\$3,323,300.00	\$84.86	1.81%	7.92%	\$2,993,132.98	\$162.14
Kentucky	-0.62%	0.83%	9.44%	\$991,000.00	\$73.37	0.92%	7.64%	\$2,631,428.57	\$115.41	1.00%	7.38%	\$1,139,496.82	\$173.10
Louisiana	0.84%	0.62%	9.42%	\$2,464,166.67	\$33.20	1.06%	9.20%	\$2,292,047.13	\$112.41	1.45%	8.05%	\$2,745,141.66	\$126.20
Maine	-3.44%	0.21%	9.50%	\$2,920,000.00	\$33.19	0.26%	8.50%	\$13,125,000.00	\$145.00	0.05%	8.09%	\$2,059,000.00	\$184.17
Maryland	-1.51%	0.62%	6.87%	\$6,176,666.67	\$70.49	0.92%	8.04%	\$2,315,714.29	\$249.21	0.72%	7.57%	\$1,674,125.00	\$213.78
Massachusetts	-1.29%	1.66%	9.16%	\$12,021,500.00	\$131.55	0.92%	9.39%	\$3,714,285.71	\$237.97	0.36%	6.56%	\$4,944,478.25	\$243.78
Michigan	1.72%	1.86%	8.34%	\$3,946,222.22	\$72.65	3.43%	9.04%	\$2,037,419.23	\$124.29	3.71%	7.90%	\$2,262,472.23	\$201.35
Minnesota	0.11%	0.41%	10.50%	\$849,950.00	\$15.25	0.92%	8.36%	\$4,422,128.57	\$112.70	1.27%	7.16%	\$3,416,070.29	\$275.55
Mississippi	0.50%	0.83%	9.53%	\$1,502,500.00	\$84.36	0.66%	9.60%	\$2,192,663.40	\$93.64	0.86%	8.06%	\$2,221,439.79	\$189.57
Missouri	0.24%	1.04%	13.60%	\$3,470,000.00	\$27.88	0.66%	12.66%	\$2,713,960.00	\$112.24	2.76%	7.93%	\$2,250,946.62	\$222.02
Montana	-0.53%	0.00%	0.00%	\$0.00	\$0.00	0.26%	8.70%	\$549,500.00	\$80.50	0.05%	10.00%	\$300,000.00	\$69.77
Nebraska	-2.83%	0.00%	0.00%	\$0.00	\$0.00	0.40%	9.15%	\$6,033,333.33	\$145.47	0.14%	8.39%	\$1,415,000.00	\$230.13
Nevada	1.41%	1.86%	6.75%	\$5,702,301.78	\$132.75	3.70%	7.22%	\$4,407,557.86	\$237.08	1.13%	6.57%	\$3,923,680.36	\$398.08
New Hampshire	-0.45%	0.21%	7.91%	\$7,950,000.00	\$46.43	0.26%	8.25%	\$3,700,000.00	\$122.05	0.18%	6.81%	\$3,097,500.00	\$256.42
New Jersey	-5.36%	2.90%	7.48%	\$13,925,603.29	\$131.02	1.98%	7.64%	\$5,037,066.67	\$158.92	1.04%	6.60%	\$3,089,163.91	\$296.55
New Mexico	-1.94%	1.04%	7.41%	\$6,483,600.00	\$67.68	1.32%	8.57%	\$3,311,650.00	\$163.09	0.81%	7.14%	\$2,667,571.72	\$272.58
New York	-1.88%	2.90%	8.24%	\$7,687,642.86	\$170.55	3.04%	8.35%	\$3,544,510.65	\$156.73	1.86%	7.77%	\$2,593,184.98	\$232.00
North Carolina	2.06%	3.93%	8.67%	\$2,726,194.53	\$68.30	2.25%	8.97%	\$1,584,364.82	\$130.52	2.72%	7.76%	\$1,975,162.42	\$301.43
North Dakota	-0.29%	0.21%	6.90%	\$1,700,000.00	\$136.22	0.00%	0.00%	\$0.00	\$0.00	0.18%	8.58%	\$636,574.00	\$248.52
Ohio	2.29%	4.35%	9.40%	\$1,911,604.52	\$50.77	4.49%	8.77%	\$1,897,520.44	\$116.99	3.17%	8.05%	\$1,874,819.76	\$194.29
Oklahoma	0.15%	1.66%	7.70%	\$2,075,612.50	\$44.84	1.06%	7.78%	\$4,134,611.38	\$102.43	1.40%	7.85%	\$2,175,630.10	\$167.75
Oregon	-3.30%	2.69%	6.57%	\$3,153,881.15	\$93.72	1.19%	6.32%	\$3,730,444.44	\$220.44	0.81%	6.72%	\$2,769,181.33	\$314.68
Pennsylvania	2.56%	2.28%	9.08%	\$3,010,000.00	\$65.81	1.32%	9.98%	\$3,434,163.50	\$160.66	3.40%	8.27%	\$2,500,878.91	\$259.59
Rhode Island	-1.31%	0.62%	9.79%	\$3,125,000.00	\$27.25	0.13%	8.00%	\$8,750,000.00	\$103.20	0.05%	8.00%	\$899,000.00	\$177.67
South Carolina	1.49%	2.90%	8.15%	\$7,411,383.86	\$80.91	1.98%	8.17%	\$2,729,000.00	\$144.74	1.54%	7.78%	\$3,193,119.85	\$241.39
South Dakota	-1.97%	0.00%	0.00%	\$0.00	\$0.00	0.13%	8.80%	\$2,100,000.00	\$87.50	0.05%	7.75%	\$2,320,000.00	\$214.14
Tennessee	-5.36%	0.62%	9.92%	\$4,683,333.33	\$25.34	2.11%	9.25%	\$3,163,750.00	\$123.36	2.26%	7.87%	\$2,289,470.14	\$193.08
Utah	1.63%	2.90%	7.96%	\$2,359,642.14	\$66.05	2.91%	8.65%	\$3,907,579.82	\$103.19	1.45%	7.86%	\$3,842,055.59	\$155.72
Vermont	-2.07%	0.00%	0.00%	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00	0.05%	7.68%	\$700,000.00	\$70.71
Virginia	-1.47%	1.04%	7.63%	\$1,942,000.00	\$148.61	1.32%	10.06%	\$2,638,148.70	\$83.80	1.00%	7.90%	\$1,884,221.05	\$251.91
Washington	0.81%	2.07%	8.23%	\$7,427,500.00	\$76.68	1.85%	7.62%	\$2,959,524.43	\$179.68	1.27%	8.08%	\$2,133,603.36	\$203.68
West Virginia	0.11%	0.00%	0.00%	\$0.00	\$0.00	0.13%	8.20%	\$2,175,000.00	\$214.40	0.36%	8.51%	\$1,175,155.63	\$418.43
Wisconsin	-0.44%	2.07%	8.27%	\$5,862,018.40	\$59.57	0.79%	8.16%	\$5,010,833.33	\$76.73	1.54%	7.55%	\$2,008,222.38	\$185.61
Wyoming	0.04%	0.41%	10.78%	\$474,900.00	\$39.58	0.00%	0.00%	\$0.00	\$0.00	0.00%	0.00%	\$0.00	\$0.00



The Net Lease Market Report

Q3 2005

These 5 states have traditionally presented net leased investors with the most investment opportunities on a per capita basis. Similar to last quarter, properties in these 5 states compose of 45.3% of the Net Lease Market.

Showing a change in pattern, the more difficult states in which to invest no longer continue to be solely in the Northeast. Maine, Iowa, Tennessee, New Jersey and Delaware currently offer the lowest Boulder rankings on the net leased market. Properties in these five states only represent 4.0% of all the net leased properties currently being tracked by The Boulder Group.

Last quarter, Illinois ranked in the 5 most difficult states in which to invest – a trend never before seen for as long as The Boulder Group has been tracking net lease market data. However, this quarter, Illinois is back in the top 10 states in which to invest where it usually resides. Also, it should be noted that typically Nevada properties represent approximately 2.5% of the net lease market. This quarter, properties in Nevada only comprise of 1.6% of such market.

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The Boulder Group is a leading investment real estate firm, providing a full range of brokerage, advisory, and financing services nationwide to a substantial and diversified client base, which includes corporations, REITS, individuals, partnerships, developers and institutional investment funds. Founded in 1997, we are one of the only real estate firms in the country focused exclusively on 1031 exchanges and net leased income properties. The Boulder Group is located in northern suburbs of Chicago.

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Thank you to all that assisted in the production of this report.