THE BOULDER GROUP

The Net Lease Market Report

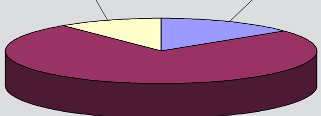
Q4 2004

MARKET OVERVIEW

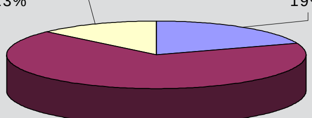
Mean CAP	Q4 2004	Q3 Change
Industrial	8.50%	0
Retail	7.65%	15
Office	8.00%	-10

	Q4 2003	Annual Change
Industrial	8.60%	-10
Retail	9.00%	-135
Office	9.00%	-100

Available Net Lease Properties By Sector



Available Net Lease Properties By Value



What a difference a year makes! As 2003 winded down, the net lease market was strong on demand and weak on supply. In our Q4 2003 Net Lease Market Report, The Boulder Group reported that it was our belief that the number of available net leased properties had reached a ten year low. In Q4 2003, there were 3,198 net leased properties available nationwide with a combined value in excess of $11.2 Billion. In the past year, the size of the net lease market increased 149% and 111.8% in terms of the number of properties available and the cumulative value of such properties, respectively. This significant growth began in Q2 2004 and has steadily continued through Q4 2004.

Over the last two fiscal quarters, The Boulder Group has reported that the size of the net lease market has grown significantly in terms of both the number of net lease properties available and the cumulative value of such properties. The aforementioned growth sustained through the final quarter of 2004.

The Boulder Group has also previously stated a belief that such growth is based on the widespread speculation of rising interest rates. Such speculation was confirmed on November 16, 2004 when the Federal Reserve Board stated that it will continue to increase interest rates at a “measured” pace. Additionally, the Treasury Department recently increased interest rates on short-term Treasury Bills. Those rates have now reached their highest marks since October of 2001. Moreover, in the last month, both the prime 10-Year Treasury and the 6-Month LIBOR have risen by 12 and 33 basis points respectively. Just as in Q3 2004, these increases have left owners with two main options: either place permanent financing at even higher rates or dispose of the property. The current market data reaffirms the trend that investors are choosing disposition.

The Federal Reserve Board’s subtle approach of increasing interest rates gradually have afforded many investors the opportunity to pull capital out before rates increase again which would devalue their property. Another impending increase in rates has caused some sellers to accept offers that have the best chance of closing, rather than the highest offer, for fear that the transaction may fall apart as they would be forced to lower the price in a rising interest rate environment.

Unlike last quarter, the effect of the increased interest rates cannot be illustrated by the increased CAP Rates across the entire net lease market. The Boulder Group believes that the lacking nexus between rising interest rates and stagnant CAP Rates is rooted in an imbalance between supply and demand. Such imbalance is based on two notions. Firstly, there is a lack of newly developed properties and secondly there is a lack of new sale-leaseback transactions. Many net leased investors believe that the current drought in new sale-leaseback transactions is based on current LIBOR rates. Net leased investors believe that to many CFO's short-term money is still more attractive than the fixed rate financing they would receive via the sale-leaseback. Additionally, many net leased investors continue to believe that the real shift in CAP Rates will occur after interest rates have increased by 75 to 100 basis points and that the market has yet to see the true effect of the rate increases.

As of November 18, 2004, The Boulder Group is currently tracking 7,962 available net lease properties nationwide which have a combined value in excess of $23.8 Billion (the "Net Lease Market"). Comparatively, last quarter, The Boulder Group was tracking 7,122 available properties with a combined value of over $21.5 Billion – an 11.8% increase in the number of available properties and a 10.6% increase in the cumulative value of such properties. These percentage increases closely mirror the growth reported by The Boulder Group in Q3 2004.

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 7,962 currently available net leased properties, 18.4% were placed on the market within the last thirty days, 28.5% in the last one to three months, 24.4% in the last three to six months and 28.8% have been on the market for over six months. These percentages illustrate a constant gain in the in the number of properties available since Q3 2004 and the commencement of interest rate increases as outlined by The Federal Reserve Board.

Industrial Sector Overview

Industrial Propertes Time on the Market	
Time Range	Percent
Zero - 1 Month	15.03%
1 - 3 Months	30.06%
3 - 6 Months	21.04%
6+ Months	33.87%

Building on the trends established since Q4 2003, the net leased industrial sector (the "Industrial Sector") continues to be the smallest of all net leased sectors in terms of both the sheer number of available properties and the combined value of such properties. Since Q3 2004, 312 net leased industrial properties were sold as compared to the 352 industrial properties sold in Q2 2004 – a 12.6% decrease in the number of industrial transactions.

Due to this decrease in the number of dispositions over the past quarter, the number of available net leased industrial properties ("Industrial Properties") increased by 6.3% over the last quarter – from 816 in Q3 2004 to 867 currently. This is the exact opposite of last quarter where more properties were sold which lead to a decrease in the size, on a property basis, of the Industrial Sector. As the number of available properties has increased, so has the cumulative value of such properties. This quarter Industrial Properties have a cumulative value in excess of $3.1 billion – a 8.6% increase from last quarter's cumulative value of just over $2.8 billion. Industrial Properties comprise of 11% of the properties and 13% of the value available in the current Net Lease Market – the same percentage of the Net Lease Market as Industrial Properties comprised in Q3 2004.

Industrial Properties	
Pricing Bracket	Percent
$0 - $999,999	29.41%
$1,000,000 - $1,999,999	19.03%
$2,000,000 - $2,999,999	16.61%
$3,000,000 - $3,999,999	9.34%
$4,000,000 - $4,999,999	9.00%
$5,000,000 - $5,999,999	2.77%
$6,000,000 - $6,999,999	3.11%
$7,000,000 - $7,999,999	1.73%
$8,000,000 - $8,999,999	2.08%
$9,000,000 - $9,999,999	0.69%
$10,000,000 +	6.23%

The Industrial Sector was one of two net leased sectors whose mean selling price has decreased over the last quarter. The industrial mean, down $200,000 to $2,000,000, is the second highest such mean behind the Office Sector. The Boulder Group believes that this decrease can be attributed to the lack of new development and the pricing points assigned to the some older properties available. In accordance with the decreased industrial mean, pricing points decreased in eight of the eleven industrial pricing brackets. Despite this general decrease, the most significant such increase occurred with properties priced under $1 and million – those properties increased their market share by over 23% since Q3 2004 – the largest such increase in the Industrial Sector. The other two pricing brackets which saw their market share increase over the last quarter are properties priced between $2 and $3 million

Industrial Properties		
Pricing Bracket	AVR CAP	AVR Price/Ft
$0 - $999,999	9.30%	$67.25
$1,000,000 - $1,999,999	8.49%	$80.39
$2,000,000 - $2,999,999	8.27%	$83.49
$3,000,000 - $3,999,999	8.54%	$78.88
$4,000,000 - $4,999,999	8.44%	$68.45
$5,000,000 - $5,999,999	8.49%	$54.18
$6,000,000 - $6,999,999	7.87%	$46.17
$7,000,000 - $7,999,999	7.57%	$86.25
$8,000,000 - $8,999,999	8.14%	$105.08
$9,000,000 - $9,999,999	8.23%	$114.96
$10,000,000 +	8.06%	$91.42

Industrial Properties	
CAP Range	Percent
0.00% -6.99%	13.15%
7.00% - 7.99%	21.11%
8.00% - 8.99%	22.15%
9.00% - 9.99%	19.38%
10.00% - 10.99%	14.88%
11.00 +	9.34%

and $4 and $5 million. Those brackets increased their market share by 12.9% and 16.6% respectively. Industrial Properties priced between $5 and $6 million suffered the biggest decrease in market percentage over the last quarter. Those properties had their market share decreased by 32% since Q3 2004 – the largest such decrease of any pricing bracket in the Industrial Sector. The second largest market share decreased occurred with properties priced between $6 and $7 million – which saw their market share decrease by 29.4% this quarter. Industrial Properties priced over $10 million dollars also decreased their market share over the last quarter. Those properties currently compose of 6.2% of the Industrial Sector and this percentage represents a 10.8% from last quarter's market percentage for such pricing bracket – the second largest such decrease for properties priced over ten million in the Net Lease Market.

CAP Rates across the Industrial Sector for the most part have remained stagnant over the last quarter. The mean CAP rate for Industrial Properties remained the same as last quarter's mark of 8.5%. The only net leased sector to see an increase in the mean CAP Rate was the Retail Sector. Despite the aforementioned stagnation, CAP Rates for Industrial Properties are still hovering close to the 8% range – 62.6% of all Industrial Properties are between a 7% and 9% CAP Rate.

Pursuant to the stagnation of CAP Rates throughout the Industrial Sector, half of the CAP Rate brackets saw their market share increase and the other half saw their share decrease since Q3 2004. The largest of these CAP Rate bracket increases was Industrial Properties below a 7% CAP Rate. Those properties saw their market share increase by 11.8% this quarter – the largest such increase in the Industrial Sector. Moreover, properties with CAP Rates below 7% had the highest mean selling price of any bracket in the Industrial sector. The average selling price for those properties was $5.9 million. The largest increase in CAP Rate market share was from Industrial Properties with CAP Rates 8% and 8% - those properties had their market share increase by 9.5%.

The final notable increase in market share was properties with

1031properties.com (847) 562 – 8500

Industrial Properties		
CAP Range	AVR Price	AVR Price/Ft
0.00% -6.99%	$5,964,789.16	$104.51
7.00% - 7.99%	$4,621,910.21	$106.68
8.00% - 8.99%	$3,610,662.11	$73.63
9.00% - 9.99%	$3,151,989.57	$58.14
10.00% - 10.99%	$1,893,619.53	$56.41
11.00 +	$1,440,162.96	$35.86

Industrial Properties		
Price Per Foot Bracket	AVR Cap	AVR Price
$0 - $99	8.93%	$3,321,210.08
$100 -$149	7.96%	$4,667,741.54
$150 - $199	7.05%	$1,815,441.36
$200 - $249	2.00%	$330,000.00
$250 - $299	7.00%	$3,650,000.00
$300 - $349	7.00%	$17,685,000.00
$350 - $399	0.00%	$0.00
$400 +	6.03%	$1,896,855.00

CAP Rates over 11% - which increased their market percentage by 5.8% since Q3 2004. Industrial Properties with CAP Rates between 9% and 10% decreased by 10.6% over the last quarter – which was the largest percentage decrease of any CAP Rate bracket across the Industrial Sector. This quarter, the Industrial Sector stayed true to textbook real estate pricing, the lower the CAP Rate bracket, the higher the average selling price and therefore price per foot in such bracket.

The per foot pricing points this quarter remained virtually identical to those established in Q3 2004. Not surprisingly over 94% of all Industrial Properties are priced under $150 a foot. Again, the largest such bracket is properties priced under $100 per foot – those properties represent 76.1% of all Industrial Properties. Properties in that per foot bracket have an average CAP Rate of 8.9% and an average price of $3.2 million. The average CAP Rate and price for those properties is the exact same as last quarter. Industrial Properties priced between $100 and $150 a foot compose of 17.9% of the Industrial Sector – an 8.9% increase in their market share. Moreover, those properties have an average CAP Rate of 7.9% and an average price of $4.6 million – the second highest such price of any price per foot bracket in the Industrial Sector.

Since The Boulder Group published the Q3 2004 Net Lease Market Report, 363 Industrial Properties have been placed on the market. These 363 properties represent a 15% increase in the number of new Industrial Properties as compared to last quarter when there were 315 new Industrial Properties placed on the market. The mean selling price for new Industrial Properties is $1,795,000 – $205,000 less than the overall Industrial Sector mean and $405,000 lower than the mean for new industrial properties in Q3 2004. However, despite this decrease, the mean CAP Rate for new Industrial Properties is 8.5%. This mean is the same as the Industrial Sector as a whole in Q4 2004 and as New Industrial Properties in Q3 2004. The new Industrial Properties perfectly illustrate the CAP Rate stagnation that is present in the Industrial Sector and the Net Lease Market as a whole.

These new properties are the driving factor to most of the aforementioned trends currently developing in the Industrial Sector. As mentioned above, the Industrial Sector as a whole noticed its large

Industrial Properties	
Price Per Foot Bracket	Percent
$0 - $99	76.12%
$100 -$149	17.99%
$150 - $199	3.81%
$200 - $249	0.35%
$250 - $299	0.35%
$300 - $349	0.69%
$350 - $399	0.00%
$400 +	0.69%

large growth in the market percentage of properties priced between under $1 million. However, this growth is directly attributable to the new properties in that pricing range. New properties in that price range showed an increase in their market percentage of 45.2% as compared to last quarter's numbers. In accordance with the overall decrease in market share for Industrial Properties between $5 and $6 million, new properties in that bracket increased by 18.3% as compared to Q3 2004. Finally, the 10.8% overall decrease in properties priced above $10 million can be directly attributed to the new properties on the market. The number of new Industrial Properties priced over $10 million decreased 29.1% from last quarter. Additionally, only 3 new properties were added to the market since Q2 2004 that are priced between $9 and $10 million.

New Industrial Properties also increased the market share in four of six CAP Rate brackets. The largest new Industrial Property CAP Rate growth came from properties with CAP Rates under 7% and over 11%. Properties in those brackets each increased their market share by 12.4% from last quarter. The most notable increase, however, occurred with properties whose CAP Rates are between 8% and 9% - the market share of those properties increased by 14.4%. The largest decrease in market share occurred with properties with CAP Rates between 9% and 10%. Those properties saw their market share decrease by 31.4% over the last quarter. The only other decrease in market share occurred with properties with CAP Rates between 10% and 11% - their market share only decreased by 2.9% though.

In terms of per foot costs, New Industrial Properties mirror well the sector as a whole. Over 76% of all new Industrial Properties were priced below $100 a foot and 18% of those properties were priced between $100 and $150 a foot. New Industrial Properties priced under $100 a foot had the highest average CAP Rate, 8.93%, of all new Industrial Properties. Properties priced between $100 and $150 a foot again had the second highest average price of all price per footage brackets - $4.6 million. Properties costing between $300 and $350 per foot had the highest average purchase price of $17 million – however, there were only six properties available in this price per foot range.

Over the past year, the Industrial Sector has grown both in terms of the number of properties available and the cumulative value of those properties. The number of available industrial properties increase by 29.7% since Q4 2003 – from 579 properties to 867 currently. Moreover, the cumulative value of those properties grew from $2.8 billion to $3.1 billion this quarter – an increase of 9.7%. The mean CAP Rate on industrial properties decreased by ten basis points since Q4 2003 – from 8.6% to 8.5% currently. Finally, over the past year 780 industrial properties have been sold.

Retail Sector Overview

Similar to the last two quarters, the retail sector (the "Retail Sector") is the foundation upon which the Net Lease Market's sustained growth is built. Following true to its past market performance, the retail sector dominates the other sectors in terms of both available properties and the cumulative values of such properties. This quarter 2,076 retail properties were sold – a 33.8% increased in the number of property dispositions from Q3 2004 when 1,551 retail properties were sold.

Retail Properties Time on the Market

Time Frame	Percent
Zero - 1 Month	15.03%
1 - 3 Months	30.06%
3 - 6 Months	21.04%
6+ Months	33.87%

Currently, there are 5,940 available net lease retail properties with a cumulative value in excess of $16.1 Billion ("Retail Properties"). These Retail Properties represent 74.6% of all available properties and 67.6% of the total value of the Net Lease Market. These are roughly the same percentages of the Net Lease Market for which the Retail Sector accounted in Q3 2004. Additionally, the number of Retail Properties has increased by 10.8% from last quarter where there were 5,358 retail properties available.

Similar to the last two quarters, the Retail Sectors had the lowest mean selling price in the Net Lease Market. This quarter, the retail mean selling price was $1,700,000 – down $50,000 from $1,750,000. This lower mean can be directly attributed to the fact that 3,333, or 56%, of Retail Properties are priced under $2 million – 12% more properties than Q3 2004. These low pricing points also can be attributed to large number Blockbuster's, restaurants and dollar stores placed on the market this quarter.

The Retail Sector noticed significant growth this quarter with

Retail Properties	
Pricing Range	**Percent**
$0 - $999,999	29.90%
$1,000,000 - $1,999,999	26.21%
$2,000,000 - $2,999,999	14.19%
$3,000,000 - $3,999,999	9.04%
$4,000,000 - $4,999,999	5.86%
$5,000,000 - $5,999,999	5.20%
$6,000,000 - $6,999,999	3.64%
$7,000,000 - $7,999,999	1.67%
$8,000,000 - $8,999,999	0.96%
$9,000,000 - $9,999,999	0.71%
$10,000,000 +	2.63%

Retail Properties		
Pricing Range	**AVR CAP**	**AVR Price/Ft**
$0 - $999,999	8.27%	$160.23
$1,000,000 - $1,999,999	7.61%	$308.17
$2,000,000 - $2,999,999	7.42%	$319.28
$3,000,000 - $3,999,999	7.44%	$312.15
$4,000,000 - $4,999,999	7.22%	$284.71
$5,000,000 - $5,999,999	7.19%	$308.96
$6,000,000 - $6,999,999	7.26%	$327.86
$7,000,000 - $7,999,999	7.03%	$296.70
$8,000,000 - $8,999,999	7.35%	$284.16
$9,000,000 - $9,999,999	7.54%	$272.33
$10,000,000 +	7.05%	$279.56

properties priced between $9 and $10 million. Properties in that price range increased their market share by 57.8% since Q3 2004 – the largest such increase in the Retail Sector and the approximate same increase made by properties in the same price range bracket last quarter. Retail Properties in that price range have an average CAP Rate of 7.54% and an average price per foot of $272. The second largest retail growth bracket was properties priced over $10 million – which increased their market share by 17.3% from last quarter. In our Q3 2004 Net Lease Market Report, we stated "additionally, based on the increase in construction of big box type stores [priced over $10 million], The Boulder Group anticipates that this percentage will again climb prior to Q4 2004." We were correct. There are currently 36 more properties available over $10 million this quarter than there were last quarter. Despite these large percentage gains for some of the higher pricing brackets, the Retail Sectors mean is still the lowest in the Net Lease Market because over 79% of all Retail Properties are still priced under $4 million. Additionally, Retail Properties priced between $6 and $7 million also increased their market share this quarter by 12% - the third largest growth in the Retail Sector. Retail Properties priced under $1 million saw their market share increase by 11.9% since Q3 2004. Unlike the last quarters was an increase in market share throughout the Retail Sector occurred with properties priced between $3 and $4 million – those properties saw their market percentage increase by 12% this quarter.

The largest decrease in market share occurred with Retail Properties priced between $4 and $5 million – their market share decreased 21.3% since Q3 2004. The second largest decrease, 16.3%, occurred with properties priced between $5 and $6 million. Despite this decrease, due to the increase in drug store type development *(See Net Lease News, infra)*, The Boulder Group anticipates that these pricing brackets should gain market share over this coming quarter. Finally, properties priced between $1 and $2 million saw their market share decrease by 8.7% this quarter.

The Retail Sector, as a whole, saw relatively little change in CAP Rates from last quarter. The mean CAP Rate on all Retail Properties is currently 7.65% - 15 basis points higher than the mean established in Q3 2004. Moreover, similar to the last two quarters,

Retail Properties	
CAP Range	Percent
0.00% -6.99%	25.40%
7.00% - 7.99%	30.61%
8.00% - 8.99%	28.38%
9.00% - 9.99%	10.15%
10.00% - 10.99%	3.43%
11.00 +	2.02%

Retail Properties		
CAP Range	AVR Price	AVR Price/Ft
0.00% -6.99%	$3,606,051.40	$369.81
7.00% - 7.99%	$3,027,227.00	$289.48
8.00% - 8.99%	$2,253,856.93	$214.55
9.00% - 9.99%	$1,502,787.45	$140.10
10.00% - 10.99%	$1,636,109.01	$126.03
11.00 +	$1,091,636.90	$90.96

two-thirds of Retail Sector CAP Rate brackets noticed a decline in their market percentage over the last quarter. Last quarter, 56% of all retail properties were below an 8.0% CAP Rate. That number has remained stagnant this quarter.

Retail Properties with CAP Rates between 8% and 9% increased their market share this quarter by 4.95% - the largest gain in the Retail Sector. The only other CAP Rate range to increase its market share this quarter was Retail Properties with CAP Rates between 10% and 11% - those properties increased their market share by 0.5%. The largest decrease in market share was from properties with CAP Rates over 11%. Those properties saw their market share decrease by over 27.8% since Q3 2004. All other CAP Rate ranges noticed decreases this quarter as well. Finally, Retail Properties with CAP Rates between 9% and 10% sustained a market share decrease of 2.5%.

The Retail Sector boasts, for the second straight quarter, an even distribution in terms of price per foot. Over 21% of all Retail Properties are selling for more than $400 a foot – the largest such percentage in the Net Lease Market. This is the second straight quarter where 21% of all Retail Properties cost over $400 a foot. However, properties priced in this per foot bracket again have the lowest average CAP Rate, 6.9%, in the Retail Sector. Also for the second straight quarter, the second largest market share is with properties priced under $100 per foot. Those properties currently compose of 19.7% of the Retail Sector – 2.5% greater than their share last quarter. Moreover, these properties have the second highest average CAP Rate of any price per foot bracket with an average CAP Rate of 8.2%. It should be noted that this quarter, the largest market share decrease occurred with Retail Properties priced between $350 and $400 a foot – those properties saw their market share decrease by 23.2% since Q3 2004.

Over the past quarter, 2,658 new Retail Properties have been placed on the market – a 0.8% decrease from Q3 2004 where 2,682 properties were placed on the market. The mean selling price for new Retail Properties is $1,975,000 - $275,000 greater than the Retail Sectors cumulative mean and $375,000 more than the mean of new retail properties as reported in the Q3 2004 Net Lease Market Report. Corresponding with these pricing decreases, CAP Rates for new retail

Retail Properties	
Price Per Foot Bracket	**Percent**
$0 - $99	19.75%
$100 -$149	13.59%
$150 - $199	10.40%
$200 - $249	11.46%
$250 - $299	10.20%
$300 - $349	7.37%
$350 - $399	5.76%
$400 +	21.46%

Retail Properties		
Price Per Foot Bracket	**AVR Cap**	**AVR Price**
$0 - $99	8.53%	$1,732,923.74
$100 -$149	8.23%	$2,376,382.16
$150 - $199	7.89%	$2,525,194.84
$200 - $249	7.60%	$2,466,323.30
$250 - $299	7.36%	$2,640,414.61
$300 - $349	7.37%	$3,975,220.18
$350 - $399	7.12%	$4,031,702.61
$400 +	6.91%	$3,298,274.53

properties increased. The mean CAP Rate for new Retail Properties is 7.75%, 10 basis points higher than the Retail Sectors mean and 1 basis point higher than last quarters mean for new Retail Properties.

New Retail Properties increased their market percentages from last quarter in seven of eleven pricing brackets. The two pricing brackets that realized the most gain were properties priced under $1 million and over $10 million. Properties priced under $1 million increased their market percentage by 23.4% from last quarter and new properties over $10 million increased their percentage by 41%. Despite these increases, however, properties priced under $2 million still represent 58% of the retail properties put on the market this quarter – 1% more than in Q3 2004. Additionally, similar to the Retail Sector as a whole, properties priced under $1 million had the highest average CAP Rate of any new property pricing bracket with a CAP Rate of 8.1% - 36 basis points higher the CAP Rate for the Retail Sector.

New Retail Properties CAP Rates also mirror the Retail Sector as a whole. Following past market performance, over 87% of new Retail Properties have CAP Rates under 9% - 1% greater than the mark established last quarter. New Retail Properties saw their market percentage decrease in half of the six CAP Rate brackets. New Retail Properties noticed increases in market share in only the lowest CAP Rate bracket. This gain occurred with new Retail Properties with CAP Rates under 7% - those properties increased their market share by 5.8%. The largest gain in market share occurred with Retail Properties with CAP Rates between 7% and 8% - those properties saw their market share increase by 9.2% since Q3 2004. However, properties with CAP Rates between 9% and 10%, 10% and 11% and 11% and over all had their market shares decreased by 31.7%, 4.2%, and 31.6% respectively.

The breakdown for new Retail Properties in terms of price per foot closely mirrors the Retail Sector as a whole. Again, new Retail Properties priced over $400 a foot have the largest market share with 23.9% and the next largest such percentage is with properties priced under $100 a foot which compose of 18.7% of the market. Properties priced under $100 a foot also have the highest CAP Rate, 8.4%, and lowest average selling price of any price per foot bracket, $1.9 million.

This is the second straight quarter that properties priced under $100 a foot had both the highest CAP Rate and lowest average selling price. The largest decrease in market share occurred with properties priced between $350 and $400 a foot. Those properties saw their market share decrease by 42.8% since last quarter. The only other notable decrease was from properties priced between $250 and $300 per foot which had their market share reduced by 14.2% since Q3 2004.

Since Q4 2003, the Retail Sector has grown both in terms of the number of properties available and the cumulative value of those properties. The number of available retail properties increase by 217.8% since last year – from 1,869 properties to 5,940 currently. Moreover, the cumulative value of those properties grew from $4.2 billion to $16.1 billion this quarter – an increase of 276.1%. The mean CAP Rate on industrial properties decreased by one hundred and thirty five basis points since Q4 2003 – from 9.0% to 7.65% currently. Finally, over the past year 4,002 retail properties have been sold.

Office Sector Overview

Similar to both the Industrial and Retail Sectors, the available net leased office sector (the "Office Sector") also increased in size this quarter both in terms of the number of properties available and the value of such properties. Over the past quarter, 386 office properties have been sold – a 47% decrease in the number of office dispositions from Q3 2004 where 726 office properties were sold.

Office Properties Time on the Market

Time Frame	Percent
Zero - 1 Month	19.77%
1-3 Months	28.59%
3-6 Months	23.86%
6+ Months	27.78%

As of Q4 2004, there are 1,155 available net lease office properties with a cumulative value over $4.6 Billion ("Office Properties") – a 21.8% increase in the number of available properties and a 5.4% increase in the value of such properties. The Q4 2004 Office Properties account for 14.5% of the properties and 19.3% of the total value currently available in the Net Lease Market – roughly similar percentages to last quarter.

This quarter, the Office Sector mean selling price remained the same as Q3 2004 at $2.2 million. The main area of growth in the Office Sectors pricing points over the last quarter is with properties priced between $7 and $8 million. The number of available properties priced

Office Properties	
Pricing Range	Percent
$0 - $999,999	28.83%
$1,000,000 - $1,999,999	17.40%
$2,000,000 - $2,999,999	14.55%
$3,000,000 - $3,999,999	10.91%
$4,000,000 - $4,999,999	5.97%
$5,000,000 - $5,999,999	4.42%
$6,000,000 - $6,999,999	2.60%
$7,000,000 - $7,999,999	2.86%
$8,000,000 - $8,999,999	1.56%
$9,000,000 - $9,999,999	0.78%
$10,000,000 +	10.13%

Retail Properties		
Pricing Range	AVR CAP	AVR Price/Ft
$0 - $999,999	8.73%	$116.63
$1,000,000 - $1,999,999	8.10%	$150.59
$2,000,000 - $2,999,999	7.84%	$153.27
$3,000,000 - $3,999,999	7.82%	$175.09
$4,000,000 - $4,999,999	7.80%	$170.95
$5,000,000 - $5,999,999	7.78%	$205.69
$6,000,000 - $6,999,999	8.63%	$178.16
$7,000,000 - $7,999,999	8.02%	$179.92
$8,000,000 - $8,999,999	7.72%	$195.02
$9,000,000 - $9,999,999	8.36%	$190.01
$10,000,000 +	7.89%	$203.06

between $7 and $8 million grew by 80% over the last quarter – the largest such growth in the Office Sector. Since Q3 2004, Office Properties priced between $6 and $7 million also saw their market share increase by 36.8%. The only other pricing bracket that experience noteworthy growth this quarter was Office Properties priced between $3 and $4 million – those properties increased their market share by 23.1%. The largest decreases in market share were suffered by properties priced between $9 and $10 million. Properties priced between $9 and $10 million saw their market shares reduced by 38.4%. Moreover, properties priced over $10 million decreased their market share by 13.4% since Q3 2004.

Similar to last quarter, Office Properties priced between $1 and $2 million showed a slight decrease in their market share – a 12.1% decrease. Properties in that price bracket had an average CAP Rate of 8.1%. The pricing bracket with the highest average CAP Rate was properties priced under $1 million – those properties had an average CAP Rate of 8.7%. The second highest average CAP Rate, 8.6%, belonged to properties priced between $6 and $7 million.

Despite the stagnation of the average price of Office Properties over the last quarter, it the mean CAP Rate declined from the mark established in Q3 2004. Currently the mean CAP Rate for Office Properties is 8% - a 10 basis point decrease from last quarter. This is the second straight quarter that the Office Sectors mean CAP Rate has decreased. Last quarter, 73.7% of all Office Properties had CAP Rates below 9%. This quarter, 71.2% of Office Properties have CAP Rates within that same range.

Office Properties with CAP Rates under 7% increased their market share by 39% since Q3 2004 – the largest such increase in market share in the Office Sector and in the Net Lease Market. This is the second quarter in a row that properties in that CAP Rate range had the largest percentage increase in their market share. This trend shows that net lease owners are still trying to dispose of properties at lower CAP Rates despite the fact that higher interest rates will be coming shortly. The only other increases in market share was with properties whose CAP Rates were between 9% and 10% - those properties increased their market share by 35% over the last quarter. All other

The Net Lease Market Report

Q4 2004

Office Properties	
CAP Range	Percent
0.00% -6.99%	17.14%
7.00% - 7.99%	21.56%
8.00% - 8.99%	32.47%
9.00% - 9.99%	13.25%
10.00% - 10.99%	11.69%
11.00 +	3.90%

Office Properties		
CAP Range	AVR Price	AVR Price/Ft
0.00% -6.99%	$3,685,113.42	$207.01
7.00% - 7.99%	$5,490,423.88	$178.59
8.00% - 8.99%	$3,984,322.57	$152.25
9.00% - 9.99%	$3,969,429.61	$123.84
10.00% - 10.99%	$2,451,455.00	$106.09
11.00 +	$1,739,753.27	$81.00

CAP Rate ranges saw their market share decrease since Q3 2004. Also this quarter, Office Properties with CAP Rates between 8% and 9% decreased their market share by 16.5%. This is again the second straight quarter where properties in this CAP Rate range lost market share. The largest decrease in market share is rooted in Office Properties with CAP Rates over 11%. Such properties saw their market share decrease by 17.9% since Q3 2004 – the second largest such decrease in the Net Lease Market in properties with CAP Rates over 11%. The largest of those decreased occurred in the Retail Sector. This is again the second straight quarter where Office Properties with CAP Rates over 11% saw their market share decrease. The most significant other decrease was Office Properties with CAP Rates between 7% and 8% - their market share decreased was 4% since Q3 2004.

The Office Sector price per foot brackets have filled in nicely over the last quarter. Over 74.5% of Office Properties a priced at less that $200 per foot – 29% have a cost of less than $100 a foot, 26.7% have a cost between $100 and $150 and 18.7% cost between $150 and $200 per foot. Properties priced under $100 a foot have the highest average CAP Rate, 8.8%, of any price per foot bracket. Moreover, the highest average purchase price, $9.3 million, belongs to properties priced over $400 a foot. Office Properties priced over $400 a foot compose of just over 2% of the market and have the lowest average CAP Rate, 6.1%.

Since Q3 2004, 591 Office Properties have been placed on the market – the second largest amount of new properties and a 34% increase in the number of new properties from last quarter when 441 were introduced to the market. The mean selling price for new Office Properties is $2,000,000 – a $200,000 decrease over the Office Sector mean and a $600,000 decrease 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 stayed stagnant. Currently, the mean CAP Rate for new Office Properties is 8% - the same as mean CAP Rate for the Office Sector as a whole as well as the same for such mean last quarter.

New Office Property pricing brackets are evenly split between increasing and decreasing market percentages. Since Q3 2004, five of

Office Properties	
Price Per Foot Bracket	Percent
$0 - $99	29.09%
$100 -$149	26.75%
$150 - $199	18.70%
$200 - $249	12.99%
$250 - $299	5.19%
$300 - $349	3.64%
$350 - $399	1.56%
$400 +	2.08%

Office Properties		
Price Per Foot Bracket	AVR Cap	AVR Price
$0 - $99	8.81%	$2,534,936.19
$100 -$149	8.50%	$3,820,175.09
$150 - $199	7.86%	$4,781,282.88
$200 - $249	7.73%	$4,239,258.36
$250 - $299	7.28%	$5,064,156.00
$300 - $349	6.81%	$7,650,113.71
$350 - $399	6.77%	$3,168,576.17
$400 +	6.16%	$9,351,666.50

eleven pricing brackets saw their market percentage increase and six saw it decrease. As noted above, the Office Sector noticed the most growth in properties priced between $7 and $8 million. The new Office Properties in that pricing bracket saw their market share increase by 124% over the last quarter – the largest such increase in the Office Sector. The second largest such increase was from properties priced between $6 and $7 million – which increased their market share by 60.4%.

New Office Properties priced over $10 million decreased their market share by 30.6% - the largest such decrease for all new properties priced over $10 million in the Net Lease Market. The largest decrease in market share, however, was with new Office Properties priced between $9 and $10 million – those properties have seen their market share decrease by 100% over the last quarter as there are no new Office Properties in that price range. Other significant decreases occurred with new Office Properties priced between $1 and $2 million and $4 and $5 million – those pricing brackets saw their market percentage drop by 8.3% and 25.9% respectively.

In terms of CAP Rates, the new Office Properties with CAP Rates under 7% saw the largest increase in market share by increasing their share by 64.5% - the largest such increase in the Net Lease Market. This is the second straight quarter where new Retail Properties with CAP Rates under 7% have had the largest such increase in market share. Other increases were found in new Office Properties with CAP Rates between 9% and 10% - those between 9% and 10% realized an increase of 34.5% and properties with CAP Rates over 11% went up by 6.9%. The most notable decrease in market share was properties with CAP Rates between 8% and 9% - those properties saw their market percentage decease by 26.9% since Q3 2004. While last quarter new Office Properties with CAP Rates between 10% and 11% increased their market share by 4%, this quarter those properties saw such share decrease by less than one percent.

New Office Properties have a similar distribution, in terms of price per foot, to the Office Sector as a whole. Over 70.5% of all new Office Properties have a price per foot of less than $200 – 27.9% have a cost of less than $100 a foot, 26.4% have a cost between $100 and

$150 and 16.2% cost between $150 and $200 per foot. Properties priced under $100 a foot again have the highest average CAP Rate, 8.65%, of any price per foot bracket. This is the second straight quarter that those properties had the highest average CAP Rate. Moreover, the highest average purchase price, $10.5 million, belongs to properties priced between over $400 a foot. However, those properties priced over $400 a foot compose of less than 2% of the market and have the lowest average CAP Rate, 6.1% of all price per foot brackets in the Office Sector. Properties priced between $350 and $400 a foot saw the most significant increase in market share this quarter by increasing such share 113.8%. The other two largest increases occurred with properties priced between $200 and $250 a foot and $250 and $300 a foot – those price per foot brackets saw their market share increase by 65.5% and 60.4% respectively. Moreover, of interesting note, there are the same exact number of new Office Properties available, 96, that cost between $150 and $200 a foot as there are $200 to $250. However, the properties in the first such range have an average CAP Rate that is 61 basis points higher than the properties in the second such price per foot range. The largest decrease in market share belonged to properties priced between $300 and $350 a foot. Those properties suffered a market share decrease of 46.5% since Q3 2004.

Over the last 12 months, the Office Sector, just like the Industrial and Retail Sectors, has grown both in terms of the number of properties available and the cumulative value of those properties. The number of available retail properties increase by 21.8% since last year – from 948 properties in Q4 2003 to 1,155 in Q4 2004. Additionally, the cumulative value of those properties grew from $1.3 billion to $4.6 billion this quarter – an increase of 236.5%. The mean CAP Rate on industrial properties decreased by one hundred basis points since Q4 2003 – from 9.0% to 8.0% currently. Finally, over the past year 837 office properties have been sold.

Geographic Analysis

As summer begins to wind down, states with higher levels of population growth and new development continue to dominate the net lease market. Based on the current Boulder Plus / Minus Ratio, California, Texas, Florida, Arizona and Georgia currently offer the

THE BOULDER GROUP

The Net Lease Market Report

Q4 2004

	Boulder	Office Properties				Industrial Properties				Retail Properties			
	Ranking	Percent	AVR CAP	AVR Price	AVR Price / Ft	Percent	AVR CAP	AVR Price	AVR Price / Ft	Percent	AVR CAP	AVR Price	AVR Price / Ft
Alabama	-0.01%	0.53%	9.68%	$2,422,500.00	$111.13	0.70%	8.12%	$1,901,668.88	$201.18	1.89%	8.16%	$2,126,908.00	$184.66
Alaska	0.12%	0.00%	0.00%	$0.00	$0.00	0.00%	7.00%	$1,710,393.00	$244.35	0.46%	8.10%	$964,531.78	$231.97
Arizona	2.99%	6.68%	8.29%	$2,594,414.68	$146.78	3.83%	7.58%	$2,627,333.56	$277.25	4.61%	7.51%	$2,657,619.02	$271.08
Arkansas	0.54%	0.00%	0.00%	$0.00	$0.00	0.00%	8.69%	$1,101,542.65	$182.83	2.00%	8.52%	$1,082,947.00	$232.55
California	6.49%	21.66%	7.13%	$5,953,323.43	$226.57	17.42%	6.71%	$3,919,204.36	$306.96	18.13%	6.45%	$4,133,495.90	$330.84
Colorado	0.04%	0.80%	8.30%	$6,550,000.00	$141.75	0.00%	7.78%	$3,109,455.49	$312.21	1.95%	7.85%	$3,328,852.50	$262.26
Connecticut	-0.79%	0.27%	7.30%	$2,950,000.00	$139.91	1.39%	7.52%	$1,957,273.67	$290.55	0.31%	7.33%	$1,613,423.00	$222.69
Delaware	-0.28%	0.00%	0.00%	$0.00	$0.00	0.00%	0.00%	$0.00	$0.00	0.00%	0.00%	$0.00	$0.00
Florida	3.07%	11.50%	7.78%	$3,138,104.65	$173.98	9.06%	7.43%	$2,927,491.44	$302.79	8.19%	7.59%	$2,739,637.46	$275.47
Georgia	2.82%	5.61%	9.10%	$3,040,457.52	$135.71	4.88%	8.40%	$2,784,346.94	$279.04	5.89%	8.22%	$2,385,070.35	$283.14
Hawaii	0.07%	1.07%	5.04%	$2,845,750.00	$244.81	0.70%	6.99%	$1,589,375.00	$260.87	0.36%	7.13%	$1,634,285.71	$198.58
Idaho	0.50%	0.80%	8.55%	$3,024,443.00	$125.62	2.44%	8.14%	$2,078,817.83	$140.48	0.77%	7.73%	$2,707,587.60	$234.19
Illinois	-0.21%	3.48%	9.18%	$3,514,879.31	$109.26	6.62%	8.25%	$2,405,285.44	$303.12	3.99%	7.97%	$2,459,905.36	$260.29
Indiana	0.05%	2.14%	9.12%	$2,384,371.88	$80.55	3.14%	8.29%	$1,512,953.36	$211.04	2.10%	8.58%	$1,515,319.15	$178.27
Iowa	-0.58%	0.27%	10.00%	$367,500.00	$45.94	0.00%	8.75%	$603,947.50	$70.84	0.56%	7.70%	$1,601,508.64	$122.59
Kansas	-0.31%	1.34%	9.04%	$3,650,000.00	$105.36	0.35%	8.13%	$1,564,536.20	$167.58	0.56%	7.78%	$2,266,488.27	$201.54
Kentucky	-0.87%	0.53%	9.50%	$981,500.00	$161.55	0.00%	8.36%	$1,079,987.46	$290.47	0.67%	8.16%	$1,274,104.08	$201.67
Louisiana	0.05%	0.27%	9.00%	$3,686,877.00	$102.41	1.05%	8.32%	$2,066,209.59	$151.25	2.00%	8.19%	$2,426,399.85	$155.45
Maine	-0.15%	0.53%	8.30%	$13,125,000.00	$145.04	0.00%	7.31%	$2,289,250.00	$363.72	0.31%	7.67%	$1,376,189.00	$414.52
Maryland	-1.08%	0.80%	7.69%	$941,666.67	$208.55	0.35%	7.91%	$4,182,692.11	$279.13	0.87%	7.76%	$1,911,541.76	$205.42
Massachusetts	-1.53%	0.53%	8.90%	$5,000,000.00	$192.25	1.05%	7.42%	$2,486,431.21	$239.77	0.72%	7.31%	$3,054,074.07	$265.40
Michigan	-0.36%	3.21%	9.84%	$1,628,303.50	$122.10	3.48%	7.72%	$2,010,457.69	$308.02	3.12%	7.68%	$2,422,281.79	$315.60
Minnesota	-1.10%	0.00%	0.00%	$0.00	$0.00	0.70%	8.16%	$1,724,337.86	$302.88	0.77%	7.81%	$2,695,816.47	$419.07
Mississippi	-0.06%	0.80%	10.23%	$1,128,333.33	$81.83	1.05%	8.05%	$1,340,190.13	$166.97	0.97%	8.03%	$1,122,712.00	$198.41
Missouri	-0.77%	0.27%	7.00%	$2,100,000.00	$150.91	0.35%	8.86%	$2,165,151.74	$289.65	1.54%	8.00%	$2,238,765.13	$283.21
Montana	-0.28%	0.00%	0.00%	$0.00	$0.00	0.35%	7.00%	$1,377,000.00	$573.75	0.00%	0.00%	$0.00	$0.00
Nebraska	-0.27%	0.00%	0.00%	$0.00	$0.00	0.00%	8.81%	$899,471.13	$135.94	0.46%	8.71%	$1,359,431.00	$192.82
Nevada	1.16%	2.67%	7.82%	$3,462,895.00	$213.19	2.09%	7.49%	$5,568,224.41	$277.67	1.69%	7.34%	$5,043,035.21	$323.87
New Hampshire	-0.29%	0.80%	9.46%	$7,433,333.33	$92.38	0.00%	0.00%	$0.00	$0.00	0.05%	8.50%	$1,540,000.00	$239.20
New Jersey	-1.96%	1.07%	7.80%	$948,700.00	$108.31	1.05%	7.85%	$3,179,376.46	$330.96	1.02%	7.65%	$3,202,834.55	$292.77
New Mexico	0.12%	1.07%	7.06%	$3,664,910.50	$175.46	0.35%	7.72%	$1,795,832.54	$314.49	0.77%	8.06%	$1,873,564.20	$253.67
New York	-5.72%	1.07%	7.80%	$948,700.00	$108.31	1.05%	7.85%	$3,179,376.46	$330.96	1.02%	7.65%	$3,202,834.55	$292.77
North Carolina	-0.53%	3.48%	8.80%	$1,551,400.00	$139.73	3.14%	8.18%	$2,252,999.98	$306.46	2.00%	8.05%	$2,262,974.49	$281.24
North Dakota	-0.15%	0.00%	0.00%	$0.00	$0.00	0.35%	7.90%	$413,000.00	$58.32	0.05%	7.90%	$413,000.00	$87.87
Ohio	-0.45%	4.01%	8.93%	$7,414,533.33	$114.38	4.53%	8.51%	$2,323,827.14	$207.54	3.38%	8.38%	$2,043,238.74	$245.36
Oklahoma	0.15%	0.53%	8.65%	$4,587,316.50	$182.27	0.70%	7.70%	$2,280,053.17	$285.44	1.64%	7.99%	$2,063,530.25	$255.99
Oregon	-0.30%	1.34%	7.89%	$2,464,000.00	$130.03	1.74%	6.99%	$2,008,067.77	$145.38	0.72%	7.45%	$3,241,214.29	$152.58
Pennsylvania	-2.12%	2.41%	8.56%	$3,063,050.78	$150.08	3.48%	8.92%	$2,883,690.77	$244.67	2.05%	8.18%	$2,805,981.63	$308.19
Rhode Island	-0.26%	0.53%	7.75%	$9,975,000.00	$107.08	0.00%	6.50%	$2,078,220.00	$147.11	0.05%	6.75%	$2,533,000.00	$114.65
South Carolina	0.48%	0.80%	8.60%	$1,261,666.67	$60.65	2.79%	8.10%	$1,834,206.71	$225.36	2.00%	8.27%	$1,717,636.69	$193.04
South Dakota	-0.19%	0.00%	0.00%	$0.00	$0.00	0.00%	6.88%	$3,525,000.00	$265.79	0.10%	6.88%	$3,525,000.00	$265.79
Tennessee	-0.07%	0.80%	9.33%	$3,107,057.00	$129.17	2.79%	8.04%	$1,772,201.07	$276.42	2.05%	8.34%	$2,050,303.53	$221.38
Texas	4.86%	8.56%	8.95%	$2,727,740.31	$102.29	10.10%	8.05%	$2,047,995.96	$216.41	13.31%	8.05%	$2,272,215.48	$240.05
Utah	0.31%	2.67%	8.14%	$7,649,036.50	$119.76	0.70%	7.96%	$1,364,517.39	$191.16	0.87%	7.59%	$1,642,328.12	$231.02
Vermont	-0.14%	0.27%	7.80%	$4,375,000.00	$115.25	0.35%	6.80%	$6,552,000.00	$461.41	0.00%	0.00%	$0.00	$0.00
Virginia	-1.30%	1.87%	8.52%	$4,171,300.86	$132.64	0.00%	7.68%	$2,608,819.59	$294.39	1.28%	7.74%	$2,332,722.08	$242.52
Washington	-0.64%	2.14%	7.69%	$2,020,000.00	$124.57	1.74%	7.85%	$3,808,204.10	$206.93	1.28%	7.54%	$2,941,769.60	$199.75
West Virginia	-0.45%	0.00%	0.00%	$0.00	$0.00	0.70%	7.50%	$793,432.00	$84.42	0.15%	7.42%	$6,420,927.67	$184.82
Wisconsin	-0.57%	0.53%	5.00%	$1,060,500.00	$64.38	3.48%	8.43%	$2,040,051.00	$132.56	1.18%	7.59%	$1,531,009.04	$215.77
Wyoming	-0.02%	0.27%	8.80%	$3,425,000.00	$133.00	0.00%	8.20%	$768,175.60	$171.70	0.15%	7.75%	$676,809.67	$244.03

Most New Net Lease Properties By County		
Rank	County	State
1	Los Angeles	California
2	Cook	Illinois
3	Dallas	Texas
4	Orange	California
5	Du Page	Illinois

greatest number of properties as compared to state populations. Similar to last quarter, properties in these 5 states compose of 50.2% of the Net Lease Market. Moreover, these five states are the same five states as reported in the Q3 2004 Net Lease Market Report. Illinois ranked sixth with 4.2% of all available net lease properties.

More difficult states in which to invest continue to be in the Northeast. New York, Pennsylvania, New Jersey, Massachusetts and Virginia currently offer the lowest Boulder rankings on the net leased market. Properties in these five states only represent 6.3% of all the net leased properties currently being tracked by The Boulder Group.

While properties in California continue to dominate the market carrying just over 18% of all available properties on a consistent basis, The Boulder Group believes that the level of investments in California should roughly remain constant. Arkansas and Nevada remain two of the "hotter" states for net leased investments thus far in 2004.

Net Lease News

The Boulder Group prides itself on having the most current and up to date market information available for the Net Lease Industry. The Net Lease News Section will provide you with a snapshot of events impacting the net lease market nationwide.

- Wal-Mart recently announced that its same store sales are up 2.8% from last year.
- Walgreens plans to open 2,753 stores over the next six years.
- Barnes & Noble recently signed a lease to open a new location in Fairbanks, Alaska. The store is set to open in October of 2005.
- Walgreens continues to expand into the Pittsburgh market by opening a store in Crofton. Another store was recently opened on the corner of 20th and Broadway in Pittsburgh.
- Sears recently announced that it will move away from mall based stores and begin to open free-standing big box locations. One of the first such locations in Rancho Cucamonga, California.
- Office Depot will open a new Altamonte Springs location outside of Orlando.

- Ross Dress For Less will open its fifth new location in Nashville in March of 2005.
- Home Depot and Wal-Mart both announced rising profits in Q3 2004.
- CVS announced that its same store sales are up 5.4% this quarter.
- Barnes & Noble will open a new superstore in DePaul University's downtown Chicago campus. The store will provide online text books to students at all of the University's other city and suburban locations.
- Walgreens recently announced plans to open a new location at the corner of North DeKalb and East Grover streets in Shelby, North Carolina.
- Wal-Mart will open an expanded distribution center in Monroe, Georgia.
- The Eastwood Mall in Birmingham is under contract with Wal-Mart. The retailer plans to use the site for a Supercenter and Sam's Club.
- Costco is set to open its first store in Iowa in December of 2004.
- Residents of Eagle County, Colorado "packed" a meeting to discuss the opening of a big box retailer in the area.
- Wal-Mart plans to open 18 stores in China, 10 by the end of 2004. Wal-Mart would then have 43 locations open in China at the close of 2004.
- Office Depot made its debut in Miami Beach. The location is one of Office Depot's new "M2" format locations.
- Barnes & Noble recently opened at 1177 Ulster Avenue in Ulster, New York located outside of Albany.
- Residents of Chandler, Arizona are protesting a new Wal-Mart that is seeking to be developed.
- Bed Bath & Beyond will open a new location in Pittsfield, Massachusetts.
- CVS announced lower quarterly profits due expenses related to the Eckerd acquisition.
- Wal-Mart has proposed a new supercenter in Waverly, Iowa.
- Petsmart, Circuit City and Office Max are all looking to open locations in Glenview, Illinois.

- Walgreens has recently announced that a new store will be located in Neosho, Missouri.
- Barnes & Noble will open a new location on White Bear Avenue North in Maplewood, Minnesota.
- Wal-Mart is seeking to expand its location in Rochester, New Hampshire. However, local conservationists are concerned that the plans would hurt the surrounding wetlands.
- Office Depot recently purchased 100 former Kids "R" Us stores from Toys "R" Us in New Jersey.
- Wal-Mart plans to open two supercenters outside of Tampa, Florida.
- A never opened Eckerd location in Broomfield, Colorado will remain a drug store, however, the location will be a Walgreens rather than a CVS (Eckerd).
- As reported in the Q3 2004 Market Report, the City of Dallas continues to crack down on big box construction.
- Wal-Mart opened a new location on Memorial Drive in Chicopee, Massachusetts at the end of October, 2004.

Jeff Rothbart is The Boulder Group's Research Director. Mr. Rothbart, a licensed Illinois attorney, received his Juris Doctor from IIT – Chicago Kent College of Law and his Masters of Law in Taxation from Northwestern University. Mr. Rothbart can be reached at (847) 753 – 8446 or Rothbart@1031properties.com.

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.

JEFFERY S. ROTHBART, Esq., LL.M.
Boulder Net Lease Funds, LLC
Principal
(847) 753-8446
jeff@boulderfunds.com

THE BOULDER GROUP, INC. LAUNCHES BOULDER NET LEASE FUNDS, LLC

Northbrook, IL, November 1, 2004 – Boulder Net Lease Funds, LLC, a real estate investment fund company, was launched, as an independent entity, by the principals of The Boulder Group, an affiliated company specializing in net leased investment real estate brokerage and finance.

Boulder Net Lease Funds will primarily invest in major metropolitan areas where it sees the best opportunity to generate attractive returns. The fund company's investment strategy will be to capitalize on short-term net leased properties. Boulder Net Lease Funds will access its investments primarily through The Boulder Group's long-term relationships with net leased property owners.

Boulder Net Lease Funds, LLC believes that current dynamics within the net leased real estate investment market will create compelling investment opportunities. According to Randy Blankstein, president of Boulder Net Lease Funds, LLC, "the net lease market is dominated by individual investors, many of whom acquired a net leased property several years ago via a 1031 exchange. However, many of these investors are unwilling and/or unable to handle the potential rollover risk that accompanies a short term, single-tenant net leased property. Boulder Net Lease Funds will target these individuals and their properties as our research indicates that a portfolio of such properties can provide an attractive return through a strong focus on real estate fundamentals."

About Boulder Net Lease Funds, LLC:

Boulder Net Lease Funds, LLC's principals have participated in the acquisition, financing and disposition of more than $1 billion of net leased real estate transactions through several real estate cycles.

Additional information on Boulder Net Lease Funds, LLC can be found on our website www.boulderfunds.com.