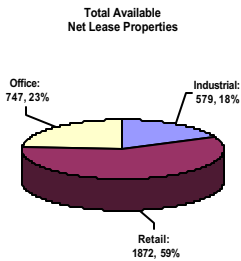




THE BOULDER GROUP'S NET LEASE MARKET REPORT

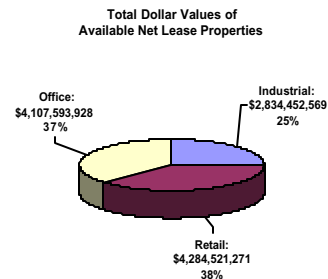
MARKET OVERVIEW

As the year 2003 comes to a close, the net lease market remains strong on the demand side, while the supply side is struggling to keep up. The Boulder Group believes that the number of available net leased properties has reached a ten year low.



Many net lease investors think that the inventory is at least two years away from catching up with the demand. Once the sluggish economy fully turns the corner, development activity will increase and only then can the market equalize.

As of November 14, 2003, The Boulder Group is currently tracking 3,198 net leased properties nationwide that have a combined value of \$11.2 billion. For purposes of this report, we have divided these net leased properties into three main sectors: (i) industrial; (ii) retail; and (iii) office.



In regards to the net lease market pricing points, 62.7% of all available properties are priced over \$3,000,000 and 38.1% of all properties are being offered at CAP rates between an 8.0% and 9.0%. This large number of properties available over \$3,000,000 affords investors with large amount of equity a myriad of quality investments from which to choose.

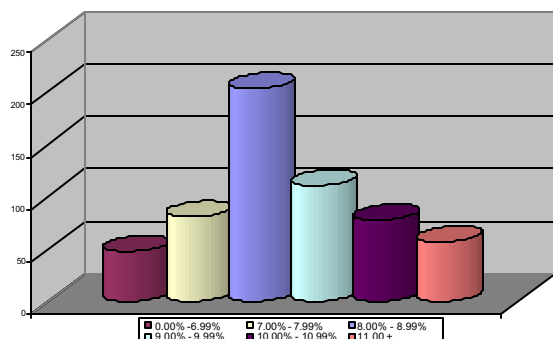
INDUSTRIAL SECTOR OVERVIEW

Industrial Property Sub Type	Market Percentage
Distribution Warehouse	20.2%
Flex Space	16.6%
Industrial-Business Park	11.4%
Manufacturing	12.4%
Office Building	1.0%
Office Showroom	7.3%
R&D	5.2%
Refrigerated/Cold Storage	2.6%
Truck Terminal	4.1%
Warehouse	19.2%

Of all the net leased sectors, the industrial sector has the strongest demand relative to the potential investor pool. Currently, the 579 net leased industrial properties for sale make up 18% of the available net leased market. However, these properties have a cumulative price of \$2.8 billion or 25% of the net leased markets value. Driven by a

lack of new development, the industrial sector is has an average CAP rate of 40 basis point lower than its office and retail counterparts. As the market is not dominated by any single property type, investors are able invest broadly throughout the sector.

Available Industrial Properties by CAP Rates



While CAP rates generally remain lower across the board for industrial properties, those who invest in industrial properties are finding that over 45% of all available properties cost less than \$2,000,000. Nevertheless, investors with greater than \$500,000 of equity to invest or trade should not be discouraged from the industrial sector due to the lack of high cost/high CAP rates industrial

properties, as 28% of the available industrial properties cost over \$4,000,000.

Despite having the highest median purchase price of \$2,500,000, industrial properties costing \$4,000,000 or greater only comprise of 8% of the entire net lease market. Over 35% of properties offered are between an 8.0% and 8.9% CAP rate and a majority of those properties cost less than \$2,000,000. Additionally, more properties are available above a 9.0% CAP than below 8.0% CAP.

Industrial Sector		
Price Range	AVR CAP	NNN%
\$0 - \$999,999	9.46%	24.9%
\$1,000,000 - \$1,999,999	8.92%	18.1%
\$2,000,000 - \$2,999,999	8.42%	9.8%
\$3,000,000 - \$3,999,999	9.11%	10.9%
\$4,000,000 - \$4,999,999	6.65%	8.3%
\$5,000,000 - \$5,999,999	8.47%	3.6%
\$6,000,000 - \$6,999,999	8.68%	5.2%
\$7,000,000 - \$7,999,999	8.86%	3.1%
\$8,000,000 - \$8,999,999	8.38%	1.0%
\$9,000,000 - \$9,999,999	9.40%	1.6%
\$10,000,000 +	8.22%	13.5%

While less than 20% of all available industrial properties are in the \$4,000,000 to \$10,000,000 range, over 13% of industrial properties cost over \$10,000,000 and are, on average offered at an 8.22% CAP rate.

The industrial properties with the least value for purchasers are those priced in the \$4,000,000 range. Properties priced between \$4,000,000 and \$5,000,000 have an average CAP rate of 6.65%, which represents the lowest of any price range in the net lease market.

RETAIL SECTOR OVERVIEW

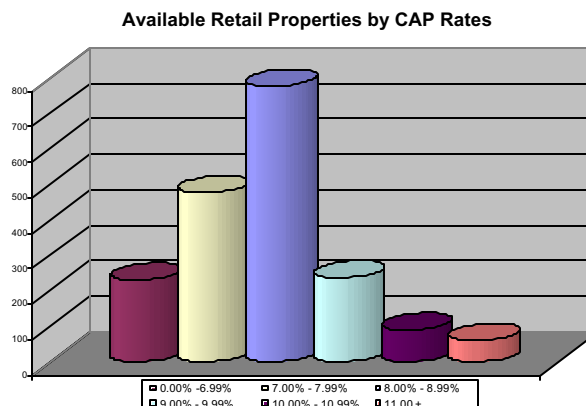
Retail Property Sub Type	Market Percentage
Day Care Facility / Nursery	5.0%
Free Standing Building	51.1%
Neighborhood Center	1.8%
Office Building	0.2%
Post Office	0.8%
Restaurant	26.4%
Retail	0.8%
Service / Gas Station	7.7%
Street Retail	5.1%
Strip Center	1.1%

With the number of available industrial properties being so limited, now is the ideal to consider disposing of industrial net leased properties.

The retail sector continues to dominate the net lease market carrying 1872 properties which comprise 59% of the net lease market. However, the combined value of these properties is only \$4.2

billion or 38% of the total value of the net lease market. This is due to retail properties having the lowest median selling price, \$1,466,667, in the net leased market. Based on this low median price, the average investor is only required to provide approximately \$300,000 of equity to purchase a retail net leased property.

Based on the current demand in the retail sector, there are significantly fewer high yield properties available relative to the industrial sector. Comparatively, in the retail sector properties over \$6,000,000 have an average CAP rate of 7.52%, which is far lower than similarly priced properties in the industrial sector which have an average CAP rate of 8.70%. Therefore, investors seeking to purchase properties over \$6,000,000 have higher yielding alternatives available to them in the industrial or office sector, in which similar properties have an average CAP rate of 8.55%.



Retail Sector		
Price Range	AVR CAP	NNN %
\$0 - \$999,999	12.62%	31.6%
\$1,000,000 - \$1,999,999	8.00%	32.1%
\$2,000,000 - \$2,999,999	7.89%	10.4%
\$3,000,000 - \$3,999,999	8.05%	9.5%
\$4,000,000 - \$4,999,999	7.51%	6.3%
\$5,000,000 - \$5,999,999	7.31%	4.7%
\$6,000,000 - \$6,999,999	7.89%	1.0%
\$7,000,000 - \$7,999,999	7.30%	1.6%
\$8,000,000 - \$8,999,999	7.77%	1.0%
\$9,000,000 - \$9,999,999	6.81%	0.3%
\$10,000,000 +	7.81%	1.6%

Throughout the retail sector, as price and CAP rates go up, price goes down. As such, the highest CAP rate investments available in the retail sector are the lower cost higher yield properties. However, many of these properties face challenges such as short term leases.

While roughly 75% of the available retail properties available cost less than \$3,000,000, only 1.6% of the retail properties for sale cost over \$10,000,000 and represents less than 1% of the entire net lease market. This market share is significantly less

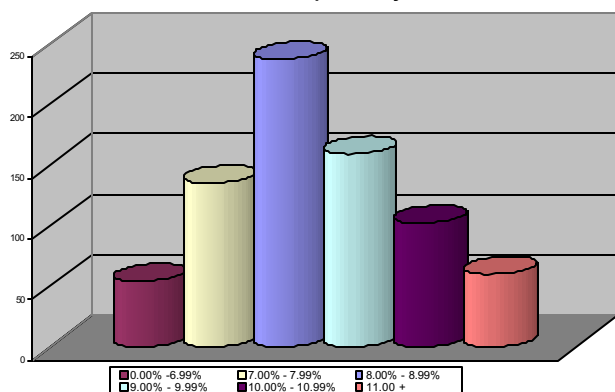
than that for the industrial and office sectors which represent 2.4% and 3.4% respectively.

OFFICE SECTOR OVERVIEW

The office sector has 747 available office properties representing 23% of the net lease market and are valued at \$4.1 billion or 37% of the market. Accordingly, office properties are selling for more which is represented by a median sales price of \$2,450,000. Investors will find that over 60% of the office properties available are traditional office buildings, as these properties typically dominate the market.

Office Property Sub Type	Market Percentage
Flex Space	0.8%
Institutional/Governmental	3.2%
Medical Office	14.1%
Office Building	62.7%
Office - Business Park	6.8%
Office - R&D	4.8%
Office - Warehouse	7.6%

Available Office Properties by CAP Rates



Of the 747 office properties that The Boulder Group is currently tracking, the median CAP rate is 9.0%, tied with the median average of the retail sector. While both the office and retail sectors current have high median CAP rates, over 21% of all office properties have a CAP rate over 10%, as compared to 8.1% for retail properties. The high CAP rates currently being offered in the office sector are a reflection of the high office vacancy rates around the country.

Additionally, 43% of all available office properties have a CAP rate greater than or equal to 9.0% and over, whereas only 25.3% of the market has a CAP rate under 8.0%. In fact, investors seeking high yield properties with CAP rates over 9.0% will find the most properties available in the office sector 43% as compared to 42% and 21% in the industrial and retail sectors respectively.

While CAP rates are generally high throughout the sector, the best returns available are from the lower priced properties. Properties priced at \$5,000,000 and under have an average CAP rate of 8.73%; whereas properties priced over \$6,000,000 have an average CAP rate of 8.55%. Additionally, the differences between the numbers of properties available in those same sales price ranges are significant. There are currently 501 available properties for sale under \$5,000,000; whereas, there are only 201 available properties for sale over \$6,000,000 and 108 of those properties cost over \$10,000,000.

Accordingly, the data reflects that those who wish to purchase office properties will get the best returns on their investment with properties either under \$5,000,000 or over \$10,000,000.

GEOGRAPHIC ANALYSIS

While investors generally prefer to stay in their own backyard, the best investments may be available in other regions. Based on a ratio of available properties by state to state population (as measured by the 2000 Census), Georgia, Arizona, Florida, California and Texas currently offer the greatest number of available properties. Additionally, of the 3,198 properties The Boulder Group is currently tracking, 1,813 or 56.3% of those properties are located in those five states. This trend can be attributed to high levels of new construction that is commensurate with the strong population growth.

Currently, the more difficult states in which to locate investment properties are those primarily located in the Northeast. New York, New Jersey, Michigan, Pennsylvania and Massachusetts have the least number of net lease opportunities as

Office Sector		
Price Range	AVR CAP	NNN %
\$0 - \$999,999	8.60%	18.15%
\$1,000,000 - \$1,999,999	9.24%	18.95%
\$2,000,000 - \$2,999,999	8.65%	12.50%
\$3,000,000 - \$3,999,999	8.61%	10.08%
\$4,000,000 - \$4,999,999	8.54%	7.66%
\$5,000,000 - \$5,999,999	8.32%	5.65%
\$6,000,000 - \$6,999,999	8.39%	2.42%
\$7,000,000 - \$7,999,999	8.34%	3.63%
\$8,000,000 - \$8,999,999	9.12%	3.63%
\$9,000,000 - \$9,999,999	8.44%	2.82%
\$10,000,000 +	8.47%	14.52%

compared to the population. These more mature states only represent 2.7% of the available properties on the market.

Geographic Breakdown			
State	NNN Percent	Population Percentage	Boulder Plus/Minus
Alabama	1.2%	1.6%	-0.4%
Alaska	0.3%	0.2%	0.1%
Arizona	5.2%	1.8%	3.3%
Arkansas	0.5%	1.0%	-0.5%
California	18.3%	12.1%	6.2%
Colorado	2.8%	1.5%	1.3%
Connecticut	0.4%	1.2%	-0.8%
Delaware	0.2%	0.3%	-0.1%
Florida	10.0%	5.7%	4.4%
Georgia	5.2%	2.9%	2.2%
Hawaii	0.5%	0.4%	0.0%
Idaho	0.4%	0.5%	-0.1%
Illinois	3.3%	4.4%	-1.1%
Indiana	1.8%	2.2%	-0.4%
Iowa	0.6%	1.0%	-0.5%
Kansas	0.8%	1.0%	-0.1%
Kentucky	0.9%	1.4%	-0.5%
Louisiana	0.2%	1.6%	-1.4%
Maine	0.6%	0.5%	0.1%
Maryland	0.8%	1.9%	-1.1%
Massachusetts	0.3%	2.3%	-2.0%
Michigan	0.1%	3.5%	-3.4%
Minnesota	0.9%	1.8%	-0.8%
Mississippi	0.8%	1.0%	-0.3%
Missouri	1.7%	2.0%	-0.3%
Montana	0.0%	0.3%	-0.3%
Nebraska	0.4%	0.6%	-0.2%
Nevada	1.9%	0.7%	1.2%
New Hampshire	0.5%	0.4%	0.0%
New Jersey	0.1%	3.0%	-2.9%
New Mexico	0.7%	0.6%	0.0%
New York	0.8%	6.8%	-6.0%
North Carolina	2.7%	2.9%	-0.1%
North Dakota	0.1%	0.2%	-0.1%
Ohio	4.6%	4.0%	0.6%
Oklahoma	1.7%	1.2%	0.5%
Oregon	1.2%	1.2%	0.0%
Pennsylvania	1.5%	4.4%	-2.9%
Rhode Island	0.0%	0.4%	-0.4%
South Carolina	1.6%	1.4%	0.2%
South Dakota	0.1%	0.3%	-0.2%
Tennessee	3.3%	2.0%	1.3%
Texas	14.9%	7.4%	7.5%
Utah	2.1%	0.8%	1.3%
Vermont	0.2%	0.2%	0.0%
Virginia	0.8%	2.5%	-1.8%
Washington	2.7%	2.1%	0.6%
West Virginia	0.0%	0.6%	-0.6%
Wisconsin	0.4%	1.9%	-1.5%
Wyoming	0.4%	0.2%	0.2%

Full and customized data is available upon request for clients of The Boulder Group.

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.

The Boulder Group, Inc.
1945 Techny Road, Unit 6
Northbrook, Illinois 60062
(847) 562 – 8500
www.1031properties.com

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