

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 4 TO

FORM S-11
REGISTRATION STATEMENT
UNDER THE
SECURITIES ACT OF 1933

WELLS REAL ESTATE INVESTMENT TRUST, INC.
(Exact name of registrant as specified in governing instruments)

3885 HOLCOMB BRIDGE ROAD
NORCROSS, GEORGIA 30092
(Address of principal executive offices)

BRIAN M. CONLON
WELLS REAL ESTATE INVESTMENT TRUST, INC.
3885 HOLCOMB BRIDGE ROAD
NORCROSS, GEORGIA 30092
(770) 449-7800
(Name and address of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. []

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID

SECTION 8(a), MAY DETERMINE.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.
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WELLS REAL ESTATE INVESTMENT TRUST, INC.

SHARES OF COMMON STOCK

\$1,250,000 MINIMUM

Wells Real Estate Investment Trust, Inc. (the "Company") is a newly organized Maryland corporation which intends to qualify as a real estate investment trust ("REIT"). The Company has been formed to acquire and operate commercial properties, including properties which are under development or construction, are newly constructed or have been constructed and have operating histories AND SOME OF WHICH MAY HAVE TENANTS SUBJECT TO "TRIPLE NET" LEASES

(individually, a "property," collectively, "properties"). The Company's operations will be managed by Wells Capital, Inc., a Georgia corporation (the "Advisor"), an affiliate of the Company.

The Company hereby offers, PURSUANT TO THIS PROSPECTUS (THE "PROSPECTUS"),

for sale to the public up to a maximum of 16,500,000 shares and a minimum of 125,000 shares of its common stock, \$.01 par value per share (the "Shares"). All of the Shares offered hereby are being offered by the Company. The minimum purchase is 100 Shares (\$1,000) (except in certain states as described herein).

AN INVESTMENT IN SHARES INVOLVES SIGNIFICANT RISKS (SEE RISK FACTORS AT PAGE 8), INCLUDING THE FOLLOWING:

- . The Company's Articles of Incorporation impose restrictions on ownership and transfers of Shares, and no public market for the Shares currently exists, and transfers there is no assurance that one will develop.
- . The Company may purchase properties from its Affiliates (GENERALLY without

profit to such selling Affiliates), and enter into joint venture agreements with its Affiliates and with the Prior Wells Public Programs for the acquisition and development of properties. Accordingly, because such transactions will not be on an arm's-length basis, the Company will face inherent conflicts of interest based on such relationships.
- . The Advisor and other Affiliates of the Company are involved in partnerships with investment objectives similar to the Company's, and therefore will face conflicts of interest in managing the Company's operations and those of such other activities. Accordingly, such conflicts may affect negatively the Company's financial performance and Cash Available for Distribution to Investors (as defined herein).
- . If the Company sells only the minimum amount of Shares required to close the Offering, the Company may be able to acquire only an estimated three or fewer

properties, and thus the Company would have very limited asset diversification and possibly no geographic diversification.

. CERTAIN real estate investment programs previously sponsored by the Advisor

AND DISTRIBUTIONS TO INVESTORS THEREIN HAVE EXPERIENCED FLUCTUATING FINANCIAL

PERFORMANCE BASED ON varying occupancy levels, amounts of capital improvements

and other necessary expenses for each property owned by such other programs.

. The Company does not own any real property, and the Advisor has not identified any properties in which there is a reasonable probability that the Company will invest. Accordingly, investors in the Company ("Investors") will not have the opportunity to evaluate the properties that the Company will acquire and must rely totally upon the ability of the Advisor with respect to the acquisition of properties.

. Failure by the Company to qualify as a REIT for federal income tax purposes will cause it to be taxed as a regular corporation under federal income tax laws, which would materially reduce the Company's Cash Available for Distribution to Investors.

. The Company may incur indebtedness of up to 50% of the properties' aggregate value, though such debt limitation does not apply to individual properties. Accordingly, the Company and its properties may be moderately leveraged, which could have adverse consequences to the Company.

. Of the proceeds from the sale of the Shares, approximately 84% will be used to acquire properties, and the balance will be paid as commissions and fees to certain Affiliates (as defined herein) of the Company for their services and as reimbursement for certain organizational and offering expenses, though some of such amounts will be reallocated or paid directly to participating broker-dealers.

The Company has registered an offering of 16,500,000 Shares, with 1,500,000 of such Shares available only to SHAREHOLDERS purchasing Shares in this

initial public offering who receive a copy of this Prospectus and who elect to participate in the Company's Dividend Reinvestment Plan (as defined herein). Any participation in such plan by a person who becomes a SHAREHOLDER otherwise

than by participating in this Offering must be made pursuant to a separate prospectus. See "Summary of Reinvestment Plan."

The Company's Affiliates include Wells Capital, Inc.-- the Advisor, Wells Investment Securities, Inc.--the Dealer Manager (the "Dealer Manager"), Wells Management Company, Inc.--the property manager (the "Management Company"), Wells Operating Partnership, L.P.--the partnership that will own the properties (the "Operating Partnership"), and Wells Development Corporation--a property development company (the "Development Company"). The Shares are being placed for the Company by Dealer Manager on a "best efforts" basis. See "Plan of Distribution"

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS ANY SUCH AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

PRICE TO PUBLIC (1) SELLING COMMISSIONS PROCEEDS TO COMPANY (2) (3)

PER SHARE.....	\$ 10.00	\$ 0.70	\$ 9.30
TOTAL MINIMUM.....	\$ 1,250,000	\$ 87,500	\$ 1,162,500
TOTAL MAXIMUM (4).....	\$165,000,000	\$11,550,000	\$153,450,000

(See footnotes on following page)

WELLS INVESTMENT SECURITIES, INC.

THE DATE OF THIS PROSPECTUS IS _____, 1998.

(Cover Page Continued From Previous Page)

Footnotes:

- (1) Price to Public and Selling Commissions may be reduced in connection with certain large volume purchases and under other circumstances described herein; however, in no event will the proceeds to the Company be reduced thereby. In addition to Selling Commissions in the amount of up to 7% of the Gross Offering Proceeds, the Company will reimburse the Dealer Manager and nonaffiliated broker-dealers participating in this Offering for actual expenses paid for marketing support and due diligence purposes, up to a maximum of 2.5% of the Gross Offering Proceeds (the "Marketing and Due Diligence Fee"). The Company also will issue, for every 25 Shares sold, a warrant to purchase one Share at a price of \$12.00 per Share (the "Soliciting Dealer Warrants"). See "Plan of Distribution."

- (2) These figures are before deducting other expenses of the Offering to be paid by the Company in an estimated amount equal to 3% of Gross Offering Proceeds -- \$4,500,000 if the maximum amount under the Offering is sold and \$37,500 if the minimum amount is sold -- which amount does not include Selling Commissions or amounts reimbursed for due diligence expenses. Includes Selling Commissions equal to 7% of THE aggregate Gross Offering Proceeds (which commissions may be reduced under certain circumstances), BUT EXCLUDES THE MARKETING AND DUE DILIGENCE FEE OF UP TO 2.5% OF Gross Offering Proceeds, both of which are payable to the Dealer Manager, an Affiliate of the Company. The Dealer Manager, in its sole discretion, may reallocate Selling Commissions of up to 7% of Gross Offering Proceeds to other broker-dealers participating in this Offering attributable to shares sold by them, AND MAY REALLOCATE THE MARKETING AND DUE DILIGENCE FEE (UP TO 2.5% OF GROSS OFFERING PROCEEDS) AS REIMBURSEMENTS TO THE DEALER MANAGER AND broker-dealers participating in this Offering based on such factors as the volume of shares sold by such participating broker-dealers, marketing support provided by such participating broker-dealers and bona fide conference fees incurred. See "Estimated Use of Proceeds" and "Plan of Distribution."

- (3) In addition, assuming all 600,000 Soliciting Dealer Warrants are issued to the Dealer Manager, \$480 of additional proceeds will be raised, based on a purchase price of \$.0008 per share. ASSUMING all such warrants are exercised at the exercise price of \$12.00, AN ADDITIONAL \$1,200,000 will be raised. No Selling Commission will be paid in connection with the issuance of the Soliciting Dealer Warrants or the Shares issuable upon the exercise thereof.

- (4) The maximum number of Shares to be sold hereunder is 16,500,000, which includes 1,500,000 Shares that may be issued pursuant to the Company's

Dividend Reinvestment Plan (the "Reinvestment Plan"), and 600,000 shares that may be issued upon exercise of the Soliciting Dealer Warrants. Those shareholders who elect to participate in the Reinvestment Plan will have their dividends reinvested in additional Shares. The Soliciting Dealer Warrants may not be exercised for one year from the date of issuance, and are subject to restrictions on transfer. See "Description of Capital Stock-Soliciting Dealer Warrants."

The Offering will commence upon the effective date of this Prospectus and will continue until and terminate upon the earlier of (i) _____, 2000

(two years after the initial date of this Prospectus), or (ii) the date on which an aggregate of 15,000,000 Shares (excluding any Shares sold pursuant to the Reinvestment Plan) (the "Maximum Offering") have been sold. Subscription proceeds will be placed in an interest-bearing escrow account with NationsBank, N.A., Atlanta, Georgia (the "Escrow Agent"), until subscriptions for at least 125,000 Shares (the "Minimum Offering") have been received and accepted by the Company, at which time the proceeds will be released to the Company to be held in trust for the benefit of investors. If the Minimum Offering is not met by _____ 1999 (one year after the date of this Prospectus), the Offering will

be terminated and subscriber's funds (plus interest and without deducting for escrow expenses) will be promptly refunded.

THE USE OF PROJECTIONS OR FORECASTS IN THIS OFFERING IS PROHIBITED. ANY REPRESENTATIONS TO THE CONTRARY AND ANY PREDICTIONS, WRITTEN OR ORAL, AS TO THE AMOUNT OR CERTAINTY OF ANY PRESENT OR FUTURE CASH BENEFIT OR TAX CONSEQUENCE WHICH MAY FLOW FROM AN INVESTMENT IN THE COMPANY ARE NOT PERMITTED.

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SUMMARY OF THE OFFERING

The following summary is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Prospectus. Unless the context requires otherwise, the term "Company" includes Wells Operating Partnership, L.P., a Delaware limited partnership (the "Operating Partnership"). See "Glossary" for the definitions of certain terms used in this Prospectus. Investors should carefully consider the information set forth under the heading "Risk Factors."

THE COMPANY: Wells Real Estate Investment Trust, Inc. was incorporated in July 1997 as a Maryland corporation, and intends to qualify as a REIT. The Company's principal place of business and registered office is located at the office of the Advisor: 3885 Holcomb Bridge Road, Norcross, Georgia 30092, and its telephone number at that office is 800-448-1010. THE COMPANY INTENDS TO OPERATE AS AN "UP-REIT" THROUGH THE USE OF THE OPERATING PARTNERSHIP FOR ACQUISITIONS OF PROPERTIES.

ADVISOR: Wells Capital, Inc., incorporated in Georgia in April 1984, is the Advisor and will make all investment decisions for the Company, subject to approval by the Board of Directors in certain circumstances. See "The Advisor and the Advisory Agreement." The Advisor is an affiliate of the Company. See "Conflicts of Interest." For information regarding the previous experience of the Advisor and its Affiliates in the management of real estate limited partnerships, see "Prior Performance Summary."

SECURITIES OFFERED: A Minimum Offering of 125,000 Shares and a Maximum Offering of 16,500,000 Shares (the "Maximum Offering"). The Maximum Offering includes up to 1,500,000 Shares to be issued pursuant to the Reinvestment Plan and up to 600,000 shares to be issued pursuant to the Soliciting Dealer Warrants. The Shares issued in this Offering and under the Reinvestment Plan are offered at a price of \$10 per share.

RISK FACTORS: An investment in the Shares involves various risks including the following:
. To ensure that the Company will not fail to qualify as a REIT, the Articles of Incorporation, subject to certain exceptions, will limit any person from owning, directly or indirectly, more than 9.8% of the outstanding Shares or more than 9.8% of the number of outstanding shares of any class of the Company's preferred stock.
. Initially, the Shares will not be listed (and therefore not traded) on a securities exchange or any over-the-counter market. However, the Board of Directors may elect to so list the Shares in the future (the "Listing") though there can be no assurances that the Company will ever qualify for such a Listing. Listing does not assure liquidity. There can be no assurance that a market for the Shares will develop. In the event

that Listing does not occur by JANUARY _____, 2008 (ten years after the initial date of this Prospectus), the Company will be dissolved. See "Description of Capital Stock -- Articles of Incorporation and Bylaw Provisions."
.Shareholders must rely on the Advisor and the Board of Directors, who will have full responsibility for the day-to-day management of the Company.
. The number of properties that the Company will acquire and the diversification of its investments will be reduced to the extent that less than the maximum number of Shares are sold. Lack of diversification of the Company's

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investments will increase the risks associated with an investment in the Shares.

. This Offering involves payment of substantial fees to the Advisor and other Affiliates, some of which will be payable regardless of the success or failure of the Company.

. Distributions to investors in certain real estate programs previously sponsored by the Advisor and its Affiliates have fluctuated with real estate business cycles and other external market conditions, as well as varying occupancy levels, amounts of capital improvements and other necessary expenses for each property owned by such other programs. Accordingly, there are no assurances that properties acquired by the Company will be profitable. See "Prior Performance Summary."

. The Company will be subject to market and economic risks associated with investments in real estate, which means that both the amount of cash the Company will receive from the lessees of its properties and the future value of its properties cannot be predicted. Accordingly, Cash Available for Distribution and the value of the Company's real estate investments will be dependent upon fluctuating market and economic conditions.

. The Company does not own any real property, and the Advisor has not identified any properties in which there is a reasonable probability that the Company will invest. Accordingly, investors will not have the opportunity to evaluate the properties that the Company will acquire and must rely totally upon the ability of the Advisor and the Board of Directors with respect to the acquisition of properties.

. A portion of the proceeds available for Investment in properties may be invested in the acquisition and construction of undeveloped properties, which involve risks relating to the builder's ability to control construction costs,

failure to perform, or failure to build in conformity with plan specifications and timetables, thus potentially subjecting the Company to cost overruns and time delays for properties under construction. Increased costs of newly constructed properties may have the effect of reducing Cash Available for Distribution, while construction delays may have the effect of delaying cash flow from the operation of such properties.

. As a result of the fact that the Advisor and its Affiliates serve as general partners of real estate limited partnerships with investment objectives similar to the Company's and will continue to engage in other business activities, the Advisor will have conflicts of interest in allocating its time between the Company and such partnerships and activities. The Advisor also will have conflicts of interest when evaluating potential investments for the Company in deciding which entity will acquire a particular property, and in leasing properties in the event that the Company and another program managed by the Advisor or its Affiliates were to compete for the same tenants in negotiating leases.

. The Company intends to borrow money in connection with the construction and development of properties. Accordingly, the Company will be subject to risks normally associated with debt financing, including the risk that the Company will not be able to meet its debt service obligations, and, to the extent that it cannot, the risk that the Company may lose its investment in any properties encumbered by debt.

. The Company may incur indebtedness of up to 50% of the properties' aggregate value, though such debt limitation does not apply to individual properties. Accordingly, the Company and its properties may be moderately leveraged, which could have adverse consequences to the Company.

. The Company intends to elect to be taxed as a REIT for federal income

tax purposes. In order to qualify to be taxed as a REIT, the Company must meet numerous organizational and operating requirements. While the Company has received an opinion of counsel that it will qualify to be taxed as a REIT, this opinion is not binding on the Service or any court. In the event that the Company fails to qualify as a REIT, it will be taxed as a corporation, which could have a material adverse effect on the Company's Cash Available for Distribution.

See "Risk Factors" for a discussion of the risk factors relating to an investment in the Shares.

TERMS OF THE OFFERING:

The Offering will commence upon the date of this Prospectus and will continue until and terminate upon the earlier of (i) two years after the date of this Prospectus, or (ii) the date on which an aggregate of 15,000,000 Shares (excluding Shares sold pursuant to the Dividend Reinvestment Plan) have been sold, provided, that if the Minimum Offering is not sold within one year of the date of this Prospectus, the Offering will be terminated and investors' funds, with interest and not net of escrow expenses, will be returned promptly. Subscription proceeds will be held in escrow until investors are admitted as shareholders, which will occur no less often than quarterly.

PROPERTIES:

The Company will seek to acquire and operate commercial properties, including without limitation, office buildings, shopping centers, business and industrial parks and other commercial and industrial properties, including properties which are under construction or development, are newly constructed, or have been constructed and have operating histories. All such properties may be acquired, developed and operated by the Company alone or jointly with another party. The Company is likely to enter into one or more joint ventures with certain of its Affiliates and the present and future real estate limited partnership sponsored by the Advisor for the acquisition of properties. As of the date of this Prospectus, the Company has neither purchased nor contracted to purchase any properties, nor has the Advisor identified any properties in which there is a reasonable probability that the Company will invest. The Company may incur indebtedness of up to 50% of its properties' aggregate value. Such limitation, however, does not apply to individual properties. The Company intends to use the straight-line depreciation method for its properties. See "Real Property Investments," "Investment Objectives and Criteria," "Conflicts of Interest," and "Glossary."

ESTIMATED USE OF PROCEEDS OF OFFERING:

It is anticipated that approximately 84% of the proceeds of this Offering will actually be invested in properties, and the remainder will be used to pay selling commissions and fees and expenses relating to the selection and acquisition of properties and the costs of organizing the Company and the Offering. See "Estimated Use of Proceeds" for a more detailed discussion of the Company's estimated use of the proceeds of the Offering, which includes proceeds from shares sold pursuant to the Reinvestment Plan, but excludes proceeds from shares sold pursuant to the Soliciting Dealer Warrants. See also "Management Compensation" regarding the compensation and fees to be paid to the Advisor and other Affiliates.

INVESTMENT OBJECTIVES:

The Company's objectives are: (i) to preserve,

protect and return the Invested Capital (as defined herein) of the shareholders; (ii) to maximize Cash Available for Distribution; (iii) to realize capital appreciation upon the ultimate sale of Company's properties; and (iv) to provide shareholders with liquidity of their

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investment within ten years after the commencement of the Offering through either (a) the Listing of the Shares, or (b) if Listing does not occur within ten years following the commencement of the Offering, the dissolution of the Company and orderly liquidation of its assets. Distributions to investors in certain real estate investment programs previously sponsored by the Advisor, as shown in the Prior Performance Tables included as Exhibit A hereto, have fluctuated with real estate business cycles and other external market conditions, as well as varying occupancy levels, amounts of capital improvements and other necessary expenses for each property owned by such other programs. Many of the real properties in which such prior programs have invested have experienced the same economic problems as other real estate investments in recent years, including without limitation, general over-building and an excess of supply in many markets, along with increased operating costs and a general downturn in the real estate industry. These prior Funds have not yet sold any real property investments and thus no evaluation can be made as to whether these prior programs will achieve their objectives of returning capital contributions or realizing capital appreciation upon the sale of such properties. See "Investment Objectives and Criteria" and "Prior Performance Summary."

CONFLICTS OF INTEREST:

The Advisor and other Affiliates will experience conflicts of interest in connection with the management of the Company, including the following:

. The Advisor and certain of its Affiliates serve as general partners of real estate limited partnerships that have objectives similar to the Company's and expect that they will organize additional real estate partnerships in the future. As a result, investors should be aware that the Advisor will have to allocate its time between the Company and such partnerships and activities and may have conflicts of interest in deciding which entity will acquire a particular property.

. The Company may acquire properties in the same geographic areas where other properties owned or managed by the Advisor or other Affiliates are located, resulting in potential conflicts in the leasing or resale of the

Company's properties in the event that the Company and another program managed by the Advisor were to attempt to compete for the same tenants in negotiating leases or to sell similar properties at the same time.

. Since it is anticipated that the Company's properties will be managed by the Management Company, an Affiliate of the Advisor, the Company will not have the benefit of independent property management, and investors must rely on the Advisor and the Management Company, for management of the Company's properties.

. The Company is likely to enter into one or more joint ventures for the acquisition and operation of specific properties with one or more real estate limited partnerships sponsored by the Advisor and other Affiliates, resulting in potential conflicts of interest in determining which program should enter into a particular joint venture, in structuring the terms of the relationship and in managing the joint venture. In addition, the Company may purchase properties from the Advisor and other Affiliates (with no profit to the Advisor or such selling Affiliate), resulting in conflicts of the Advisor based on its relationship with both parties to such transactions. See "Conflicts of Interest."

. Fees payable to the Advisor and other Affiliates in connection with Company transactions involving the purchase, management and sale of Company properties are not the result of arm's-length negotiations and will be payable regardless of the quality of the property acquired or the services provided to the Company.

. The conflicts of interest created at the time of a sale of a property by:

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(a) the loss of management fees by the Management Company conflicting with the brokerage fee which may be received by the Advisor, and (b) the receipt of brokerage fees by the Advisor conflicting with the advisability of such a sale.

The Company's Affiliates include Wells Capital, Inc.--the Advisor, Wells Investment Securities, Inc.--the Dealer Manager, Wells Management Company, Inc.--the Management Company, Wells Operating Partnership, L.P.--the Operating Partnership, and Wells Development Corporation--the Development Company. See "Conflicts of Interest" for a discussion of the various conflicts of interest relating to an investment in the Shares.

PRIOR OFFERING SUMMARY:

The Advisor and its Affiliates have previously sponsored eleven publicly offered real estate limited partnerships on an unspecified property or "blind pool" basis (the "Prior Wells Public Programs"). The total amount of funds raised from the approximately 24,000 investors in the Prior Wells Public Programs as of August 31, 1997 was approximately \$257,000,000, and the amount of such funds invested in properties as of August 31, 1997, was approximately \$200,000,000. Distributions to investors in certain real estate investment programs previously sponsored by the Advisor have fluctuated with real estate business cycles and other external market conditions, as well as varying occupancy levels, amounts of capital improvements and other necessary expenses for each property owned by such other programs. The "Prior Performance Summary" section of this Prospectus contains a discussion of the Prior Wells Public Programs. Certain statistical data relating to the Prior Wells Public Programs are contained in the Prior Performance Tables included as Exhibit A to this Prospectus.

COMPENSATION TO ADVISOR AND OTHER AFFILIATES:

The Advisor and other Affiliates will receive compensation and fees for services relating to this Offering and in connection with the investment and management of the Company's assets, which are not the result of arm's-length negotiations and will be paid regardless of the quality of the property acquired or the services provided to the Company. The most significant items of compensation are:

Offering Stage: Selling Commissions of 7% (\$10,500,000 at the Maximum Offering and \$87,500 at the Minimum Offering) payable to the Dealer Manager; one Soliciting Dealer Warrant for every 25 Shares sold, issuable to the Dealer Manager, all or a part of which may be reallocated to unaffiliated participating broker-dealers; a Marketing and Due Diligence Fee for marketing support and due diligence reimbursements of up to 2.5%, comprised of .5% for due diligence reimbursements and 2% for marketing support (\$3,750,000 at the Maximum Offering and \$31,250 at the Minimum Offering); and up to 3% (\$4,500,000 at the Maximum Offering and \$37,500 at the Minimum Offering) of Gross Offering Proceeds as a reimbursement of costs and expenses of organizing the Company, including legal, accounting, printing, marketing and other offering expenses (the "Organization and Offering Expense Fee"), a majority of which will be paid to third parties unaffiliated with the Advisor.

Acquisition Stage: A fee of up to 3% (\$4,500,000) of Gross Offering Proceeds in connection with the selection, valuation and acquisition of properties (subject to certain overall limitations) (the "Acquisition and Advisory Fees"), which is payable to the Advisor (an Affiliate of the Company) regardless of the quality of the properties acquired by the Company; and reimbursement of costs and expenses for the acquisition of properties.

Operational Stage: Property management fee (the "Management Fee") payable to the Management

Company in an amount equal to 4.5% of the gross rental

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income from each property, approximately 2% to 3% of which is expected to be generated from direct tenant chargebacks, resulting in a net amount payable by each property of approximately 1.5% to 2.5%; and in the case of leases to new tenants, an initial leasing fee equal to the lesser of (i) the first month's rent under the applicable lease or (ii) the amounts charged by unaffiliated persons rendering comparable services in the same geographic area. A REAL ESTATE BROKERAGE COMMISSION OF UP TO 3% OF THE SALE PRICE OF PROPERTIES SOLD BY THE COMPANY WILL BE PAYABLE TO THE ADVISOR.

Also, a Listing Fee shall be payable to the Advisor generally equal to 10% of the amount by which the adjusted market value of the Company exceeds the adjusted amount of capital invested in the Company.

Liquidation Stage: After all shareholders have received a return of their Invested Capital and an 8% per annum cumulative, noncompounded return on their Invested Capital from inception until the date of the property sale (the "Common Return"), then the Advisor is entitled to receive (A) A RETURN OF CONTRIBUTED CAPITAL IN LIQUIDATING DISTRIBUTIONS, AND (B) 10% of remaining amounts of Nonliquidating Net Sale Proceeds and Liquidating Distributions available for distribution.

Payment of certain fees is subject to conditions and restrictions or to change under certain specified circumstances. The Advisor and other Affiliates also may receive reimbursement for out-of-pocket expenses that they incur on behalf of the Company, subject to certain expense limitations, and a subordinated incentive fee if Listing occurs.

SHARE REDEMPTION:

The Company may use proceeds received from sales of Shares pursuant to the Reinvestment Plan to redeem Shares at its sole discretion. Shareholders will have no right to request that the Company redeem their Shares after Listing.

DIVIDEND REINVESTMENT PLAN:

The Company will establish the Reinvestment Plan pursuant to which shareholders who elect to participate may have their dividends from the Company automatically invested in Shares. Shareholders who participate in the Reinvestment Plan will be allocated their share of the Company's taxable income even though such shareholders will receive no cash distributions from the Company, which may result in tax liability for such participants even though they would receive no cash distributions with which to pay such tax liability. The Company may terminate the Reinvestment Plan for any reason

at any time with ten days' prior notice to participants. See "Dividend Reinvestment Plan" and "Risk Factors -- Federal Income Tax Risks."

DISTRIBUTION POLICY:

As a REIT, the Company will be required to distribute to its shareholders at least 95% of its annual net taxable income. Because the Company has not identified any probable acquisitions, there can be no assurances as to when the Company will begin to generate net taxable income and to make distributions.

TAX STATUS:

The Company intends to qualify and will elect to be taxed as a REIT under sections 856 through 860 of the Code, commencing with the taxable year ending December 31 of the year in which the Offering is closed. If the Company qualifies for taxation as a REIT, the Company generally will not be subject to federal corporate income tax on its taxable income that is distributed to its SHAREHOLDERS. A REIT is subject to a number of organizational and operational requirements, including a requirement that it currently distribute at least 95% of its annual taxable income. Although the Company does not intend to request a ruling from the Internal Revenue Service (the "Service") as to its

REIT status, the Company has received an opinion of Hunton & Williams, its legal counsel, that the Company will qualify as a REIT for its taxable year ending December 31 of the year in which the Offering is closed, and the Company's organization and proposed method of operation will enable it to continue to qualify as a REIT, which opinion is based on certain assumptions and representations about the Company's ongoing businesses and investment activities and other matters. No complete assurance can be given that the Company will be able to comply with such assumptions and representations in the future. Furthermore, such opinion is not binding on the Service or on any court. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain federal state and local taxes on its income and property. Failure to qualify as a REIT would render the Company subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates and distributions to the Company's SHAREHOLDERS in any such year would not be deductible. See "Risk Factors -- Legal Risks -- Tax Risks" and "Federal Income Tax Considerations -- Taxation of the Company."

OPERATING PARTNERSHIP:

The Company intends to own its properties through the Operating Partnership. Initially,

the Company will be the sole general partner of the Operating Partnership, and the Advisor will contribute \$200,000 to the Operating Partnership and will be the sole limited partner thereof. This "UPREIT" structure will allow the Company to acquire properties by exchanging units of limited partnership interest in the Operating Partnership ("OP Units") for interests in properties, which generally will allow sellers of properties to defer gain recognition with respect to such properties. Holders may redeem OP Units for cash equal to the value of one Share or, at the option of the Company, holders may receive one Share for each tendered OP Unit.

LISTING:

Initially, the Company's Shares will not be listed, but the Board of Directors may elect to effect the Listing of the Shares at any time following the completion of the Offering, though there can be no assurances that the Board of Directors will make such election or that the Company will ever qualify for Listing. In the event that the Listing does not occur on or before _____, 2008 (ten years after the date of the Prospectus), the Company will automatically terminate and dissolve, unless the shareholders holding a majority of the Common Shares vote to extend the duration of the Company.

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RISK FACTORS

The purchase of Shares involves a number of risks. In addition to the factors set forth elsewhere in this Prospectus, prospective investors should consider specifically the following:

INVESTMENT RISKS

LACK OF LIQUIDITY OF SHARES. Shareholders may not be able to sell their Shares promptly at a desired price; therefore, the Shares should be considered as a long-term investment only. Currently there is no public market for the Shares. The Board of Directors, with or without the consent of the shareholders, may apply for Listing of the Shares if the Board of Directors (including a majority of Independent Directors) determines Listing to be in the best interests of the shareholders. There can be no assurance, however, that the Company will apply for Listing, that any such application will be made before the passage of a significant period of time, that any application will be accepted or, even if accepted, that a public trading market will develop. In any event, the Articles of Incorporation provide that the Company will not apply for Listing before the completion or termination of the Offering. SEE

"DESCRIPTION OF CAPITAL STOCK."

TOTAL RELIANCE ON THE ADVISOR. All decisions with respect to the management of the Company will be made by the Advisor, with oversight from the Board of Directors. The shareholders will have no right or power to take part in the management of the Company except through the exercise of their voting rights, which are limited. The Advisor may be removed under certain conditions, as set forth in the Advisory Agreement, subject to payment and release from all obligations incurred by the Advisor in connection with its role as advisor. Further, the Advisor has the ability to assign the Advisory Agreement to an

affiliate, subject to approval by the Company's Independent Directors. In such case, the shareholders will not be able to vote on such new Advisor, and there can be no assurances that such new Advisor will perform satisfactorily. See "Management," "MANAGEMENT COMPENSATION" AND "THE ADVISOR AND THE ADVISORY AGREEMENT."

CONFLICTS OF INTEREST RELATED TO THE COMPANY'S AFFILIATES. In connection with its relationship with the Advisor and other Affiliates, the Company has several conflicts of interest, including the following: (a) The Advisor and certain of its Affiliates serve as general partners of real estate limited partnerships that have objectives similar to the Company's and expect that they will organize additional real estate partnerships in the future. As a result, investors should be aware that the Advisor will have to allocate its time between the Company and such partnerships and activities and may have conflicts of interest in deciding which entity will acquire a particular property; (b) The Company may acquire properties in the same geographic areas where other properties owned or managed by the Advisor or other Affiliates are located, resulting in potential conflicts in the leasing or resale of the Company's properties in the event that the Company and another program managed by the Advisor were to attempt to compete for the same tenants in negotiating leases or to sell similar properties at the same time; (c) Since it is anticipated that the Company's properties will be managed by the Management Company, an Affiliate of the Advisor, the Company will not have the benefit of independent property management, and investors must rely on the Advisor and the Management Company, for management of the Company's properties; (d) The Company is likely to enter into one or more joint ventures for the acquisition and operation of specific properties with one or more real estate limited partnerships sponsored by the Advisor and other Affiliates, resulting in potential conflicts of interest in determining which program should enter into a particular joint venture, in structuring the terms of the relationship and in managing the joint venture. In addition, the Company may purchase properties from the Advisor and other Affiliates (without profit to such selling Affiliates) resulting in conflicts of the Advisor based on its relationship with both parties to such transactions; (e) Fees payable to the Advisor and other Affiliates in connection with Company transactions involving the purchase, management and sale of Company properties are not the result of arm's-length negotiations and will be payable regardless of the quality of the property acquired or the services provided to the Company; (f) The conflicts of interest created at the time of a sale of a property by: (i) the loss of management fees by the Management Company conflicting with the brokerage fee which may be received by the Advisor, and (ii) the receipt of brokerage fees by the Advisor conflicting with the advisability of such a sale. The Company's Affiliates include Wells Capital, Inc.-- the Advisor, Wells Investment Securities, Inc.--

the Dealer Manager, Wells Management Company, Inc.--the Management Company, Wells Operating Partnership, L.P.--the Operating Partnership, and Wells Development Corporation--the Development Company. Collectively, these several relationships among the Company and the Affiliates reduce substantially the presence of independent, arm's length managerial and advisory influence on the operations of the Company. Consequently, such affiliated relationships and conflicts of interest have the potential to reduce the Company's financial performance and return to investors. SEE "CONFLICTS OF INTEREST" AND "THE ADVISOR AND ADVISORY AGREEMENT."

POSSIBLE LACK OF DIVERSIFICATION RESULTING FROM SUBSCRIPTIONS FOR LESS THAN THE MAXIMUM NUMBER OF SHARES. To the extent that less than the Maximum Offering is sold, the diversification of the Company's investments will be decreased and the extent to which the Company's profitability will be affected by any one of its investments will increase. Specifically, the various types of real estate assets in which the Company invests and the geographic diversity of such assets will be reduced proportionally. Consequently, the effects of the

financial performance of such fewer assets will be concentrated and thus the risks of poor financial performance will be increased. Further, reduced geographic diversity of the Company's properties will increase the Company's reliance on (and therefore risks) related to regional economic conditions. Accordingly, lack of diversification of the Company's investments will have the effect of increasing the risks associated with an investment in the Shares. SEE

"ESTIMATED USE OF PROCEEDS" AND "INVESTMENT OBJECTIVES AND CRITERIA."

SUBSTANTIAL MANAGEMENT COMPENSATION ; PROCEEDS TO BENEFIT AFFILIATED

PARTIES. The Advisor and the other Affiliates will perform services for the

Company in connection with the offer and sale of Shares, the selection and acquisition of the Company's properties, and the management and leasing of the Company's properties, and will receive substantial compensation from the Company in consideration for these services. In connection with the Offering, the Dealer Manager will receive 7% (\$10,500,000 at the Maximum Offering) of the Gross Offering Proceeds as a Selling Commission and a Marketing and Due Diligence Fee equal to 2.5% (\$3,750,000 at the Maximum Offering) for marketing and due diligence reimbursements, substantially all of which is expected to be reallocated to participating broker-dealers. In connection with the review and evaluation of potential acquisitions, the Advisor will receive Acquisition and Advisory Fees equal to 3% (\$4,500,000 at the Maximum Offering) of the Gross Offering Proceeds. In connection with the management and leasing of properties, the Management Company will receive a fee equal to 4.5% of the gross rental income from each property as well as certain leasing fees, though approximately 2% to 3% of such 4.5% fee is expected to be generated from direct chargebacks to tenants of such properties, resulting in a net fee payable by the properties of 1.5% to 2.5%. The amount of such compensation has not been determined in arm's-length negotiations, and such amounts will be payable regardless of the quality of services provided to the Company. Further, the Selling Commission, Marketing and Due Diligence Fee, Organization and Offering Expense Fee and the initial Acquisition and Advisory Fees will be paid to Affiliates prior to any distributions to shareholders. See "Management Compensation" and "Conflicts of Interest."

NO IDENTIFIED SOURCES FOR FUNDING OF FUTURE CAPITAL NEEDS. As the Company raises capital from investors, substantially all of the Gross Proceeds of the Offering will be used for investment in properties and for payment of various fees and expenses. See "Estimated Use Of Proceeds." In order to qualify as a REIT, the Company must distribute to its shareholders at least 95% of its annual taxable income. Therefore, it is not anticipated that the Company will maintain any meaningful permanent working capital reserves. Accordingly, in the event that the Company develops a need for additional capital in the future for the improvement of its properties or for any other reason, no sources for such funding have been identified, and no assurance can be made that such sources of funding will be available to the Company for potential capital needs in the future or, if available, that such funds can be obtained on economically feasible terms. SEE "ESTIMATED USE OF PROCEEDS" AND "INVESTMENT OBJECTIVES AND

CRITERIA."

JOINT VENTURES MAY NEGATIVELY AFFECT THE COMPANY. The Company is likely to enter into one or more joint ventures with Affiliates for the acquisition, development or improvement of properties. In this regard, the Company may enter into joint ventures with future programs sponsored by the Advisors or other Affiliates or with one or more Prior Wells Public Programs. The Company may purchase and develop properties in joint ventures or in partnerships, co-tenancies or other co-ownership arrangements with the Advisor or other Affiliates, the sellers of the properties, affiliates of the sellers, developers or other persons. Such investments may, under certain

circumstances, involve risks not otherwise present, including, for example, the possibility that the Company's co-venturer, co-tenant or partner in an investment might become bankrupt, that such co-venturer, co-tenant or partner may at any time have economic or business interests or goals which are inconsistent with the business interests or goals of the Company, or that such co-venturer, co-tenant or partner may be in a position to take action contrary to the instructions or the requests of the Company or contrary to the Company's policies or objectives. Actions by such a co-venturer, co-tenant or partner might have the result of subjecting the applicable property to liabilities in excess of those otherwise contemplated and may have the effect of reducing Cash Available for Distribution. In the event a co-venturer has a right of first refusal to buy out the other co-venturer, it may be unable to finance such buy-out at that time. It may also be difficult for the Company to sell its interest in any such joint venture or partnership or as a co-tenant in such property. In addition, to the extent that the Company's co-venturer or partner is the Advisor or one of its Affiliates, certain conflicts of interest will exist. See "Conflicts of Interest -- Joint Ventures with the Advisor and other Affiliates."

ANTI-TAKEOVER EFFECTS OF GOVERNING DOCUMENTS AND MARYLAND LAW. Certain provisions of the Company's Articles of Incorporation, including the ownership limitations, transfer restrictions and ability to issue preferential preferred stock, may have the effect of preventing, DELAYING or discouraging takeovers of

the Company by third parties. In addition, certain provisions of the Maryland General Corporation Law ("MGCL"), including the restrictions on certain business combinations and control share acquisitions, may have a similar effect. See "Description of Capital Stock."

REINVESTMENT PLAN PROCEEDS MAY NOT BE USED TO ACQUIRE PROPERTIES. Proceeds from sale of Shares in the Reinvestment Plan may, in the Advisor's discretion, be used to fund the Share Repurchase Program rather than for the funding of real estate investment. In such case, the Company's real estate investments, and therefore the underlying value of the Shares and potential distributions to shareholders, will not be increased by the amount of net proceeds so directed into the Share Repurchase Program. SEE "SUMMARY OF

REINVESTMENT PLAN."

REAL ESTATE RISKS

FLUCTUATING FINANCIAL PERFORMANCE OF PREVIOUSLY SPONSORED PROGRAMS. Distributions to investors in certain real estate investment programs previously sponsored by the Advisor have fluctuated with real estate business cycles and other external market conditions, as well as varying occupancy levels, amounts of capital improvements and other necessary expenses for each property owned by such other programs. The real properties in which the Prior Wells Public Programs have invested have experienced the same economic problems as other real estate investments in recent years, including, without limitation, general overbuilding and an excess of supply in many markets, along with increased operating costs and a general downturn in the real estate industry. The historical fluctuations in net income of the Prior Wells Public Programs were primarily due to tenant turnover, resulting in increased vacancies and the requirement to expend funds for tenant refurbishments, and increases in administrative and other operating expenses. Specifically, certain of the Prior Wells Public Programs suffered decreases in net income during the real estate recession of the late 1980s and early 1990s, which decreases were generally attributable to the overall downturn in the economy and in the real estate market in particular. Because of the cyclical nature of the real estate market, such downturns in the performance of a real estate program could occur at any time in the future when economic conditions decline. None of the Prior Wells Public Programs has liquidated or sold any of its real properties to date and, accordingly, no assurance can be made that such programs will ultimately be successful in meeting their investment objectives. There are no assurances that properties acquired by the Company will not also experience fluctuating financial performance. See "Prior Performance Summary" and the Prior Performance Tables included as Exhibit A hereto.

POTENTIAL ADVERSE ECONOMIC AND REGULATORY CHANGES. The Company will be subject to risks generally incident to the ownership of real estate, including changes in general economic or local conditions, changes in supply of or demand for similar or competing properties in an area, changes in interest rates and availability of permanent mortgage funds which may render the sale of a property difficult or unattractive, and changes in tax, real estate, environmental and zoning laws. Periods of high interest rates and tight money supply may make the

sale of properties more difficult. For these and other reasons, no assurance of profitable operation or realization of gains from the sales of the Company's properties can be given. SEE "INVESTMENT OBJECTIVES AND CRITERIA."

"BLIND POOL" OFFERING; LACK OF PROPERTIES REQUIRES TOTAL RELIANCE ON ABILITIES OF ADVISOR. This Offering is commonly referred to as a "blind pool" offering in that the Advisor has not identified any properties in which there is a reasonable probability that the Company will invest. Investors must rely upon the ability of the Advisor and the Board of Directors with respect to the investment of the proceeds of this Offering and the management of the unspecified properties and will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the specific properties in which the proceeds of this Offering will be invested. Accordingly, the risk of investing in the Shares may be increased. No assurance can be given that the Company will be successful in obtaining suitable investments or that, if investments are made, the objectives of the Company will be achieved. SEE "ESTIMATED USE OF PROCEEDS," "THE ADVISOR AND ADVISORY

AGREEMENT" AND "INVESTMENT OBJECTIVES AND CRITERIA."

INDEBTEDNESS ON PROPERTIES BRINGS RISKS. The Company intends to borrow money in connection with the construction and development of properties. Accordingly, the Company will be subject to risks normally associated with debt financing, including the risk that the Company will not be able to meet its debt service obligations, and, to the extent that it cannot, the risk that the Company may lose its investment in any properties encumbered by debt. The Company may incur indebtedness of up to 50% of the properties' aggregate value, though such debt limitation does not apply to individual properties. However, the Company expects that its aggregate indebtedness generally will not exceed such 50% limit. Accordingly, the Company and its properties may be moderately leveraged, which could have adverse consequences to the Company, including the potential for loss of one or more properties if any such secured debt is defaulted upon and imposition of operating restrictions on the Company by such lenders. SEE "INVESTMENT OBJECTIVES AND CRITERIA - BORROWING POLICIES."

POTENTIAL INCREASED COSTS AND DELAYS RELATED TO PROPERTY DEVELOPMENT. The Company may invest some or all of the net proceeds of this Offering in the acquisition and development of properties upon which it will develop and construct improvements at a fixed contract price, provided that the Company may not invest more than 10% of its total assets in properties which are not expected to produce income within two years of their acquisition. In this regard, the Company will be subject to risks relating to the builder's ability to control construction costs or to build in conformity with plans, specifications and timetables. The builder's failure to perform may necessitate legal action by the Company to rescind its purchase or the construction contract or to compel performance. Performance also may be affected or delayed by conditions beyond the builder's control. Delays in completion of construction could also give lessees the right to terminate preconstruction leases for space at a newly developed project. Additional risks may be incurred where the Company makes periodic progress payments or other advances to such builders prior to completion of construction. However, the Company will make such payments only after having received a certification from an independent architect or an

independent engineer, or both, as to the percentage of the project which has been completed and as to the dollar amount of the construction then completed. Factors such as those discussed above can result in increased costs of a project and a corresponding depletion of the Company's working capital reserves or loss of the Company's investment. In addition, the Company will be subject to normal lease-up risks relating to newly constructed projects. Furthermore, the price to be paid for a property upon which improvements are to be constructed or completed, which price is normally agreed upon at the time of acquisition, of necessity must be based upon projections of rental income and expenses or fair market value of the property upon completion of construction, which are not certain until after a number of months of actual operation. SEE "INVESTMENT

OBJECTIVES AND CRITERIA - DEVELOPMENT AND CONSTRUCTION OF PROPERTIES."

COMPETITION FOR INVESTMENTS. The Company will experience competition for real property investments from individuals, corporations and bank and insurance company investment accounts, as well as other real estate investment partnerships, including the Prior Wells Public Programs, real estate investment trusts and other entities engaged in real estate investment activities. For example, one Prior Wells Public Program has approximately \$11,000,000 available for real estate investments, and another will be seeking up to \$35,000,000 in investments, both of which will compete with the Company for real estate investment opportunities and both of which are

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managed by the Advisor. Competition for investments may have the effect of increasing costs and reducing Cash Available for Distribution. SEE "CONFLICTS OF

INTEREST."

POTENTIAL ADVERSE EFFECTS OF DELAYS IN INVESTMENTS. Delays which may take place in the selection, acquisition and development of properties could adversely affect the per Share Cash Available for Distribution as a result of the lower returns that will be received by the Company if it is required to invest in short-term investments. Also, where properties are acquired prior to the commencement of construction or during the early stages of construction, it will typically take several months to complete construction and rent available space. SEE "INVESTMENT OBJECTIVES AND CRITERIA."

FAILURE TO LIST AND RESULTING LIQUIDATION MAY ADVERSELY AFFECT RETURNS TO STOCKHOLDERS. The Company intends, to the extent consistent with its objective of qualifying as a REIT, to reinvest Net Sales Proceeds from the sale of its properties in additional properties for at least the first five to ten years after commencement of the Offering. Unless Listing occurs within ten years after commencement of the Offering, the Company will undertake, to the extent consistent with the Company's objective of qualifying as a REIT, the orderly sale of the Company's assets, the distribution of the Net Sales Proceeds of such sales to stockholders, and will engage only in activities related to its orderly liquidation unless the stockholders elect otherwise. If Listing occurs, the Company will become a perpetual life entity, and Net Sales Proceeds may be reinvested in other properties for an indefinite period of time. Neither the Advisor nor the Board of Directors may be able to control the timing of sales due to market conditions, and there can be no assurance that the Company will be able to sell its assets so as to return stockholders' aggregate Invested Capital, or to generate a profit for the stockholders. Invested Capital, in the aggregate, will be returned to shareholders upon disposition of the Company's properties only if the properties are sold for more than their original purchase price, although return of capital, for federal income tax purposes, is not necessarily limited to stockholder distributions following sales of properties. See "Federal Income Tax Considerations." In the event that a purchase money obligation is taken in partial payment of the sales price of a property, the proceeds of the sale will be realized over a period of years.

POTENTIAL LIABILITIES RELATED TO ENVIRONMENTAL MATTERS. Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the cost of removal or remediation of hazardous or toxic substances on, under or in such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated. Environmental laws provide for sanctions in the event of noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. In connection with the acquisition and ownership of its properties, the Company may be potentially liable for such costs. The cost of defending against claims of liability, of compliance with environmental regulatory requirements or of remediating any contaminated property could materially adversely affect the business, assets or results of operations of the Company and, consequently, Cash Available for Distribution. SEE "REAL PROPERTY INVESTMENTS."

UNINSURED LOSSES. Material damages at one or more of its Properties that are not covered, or not adequately covered, by insurance could have a material adverse effect on the Company. Although the Company believes it is adequately insured, there can be no assurances that material uninsured losses will not occur in the future.

TAX RISKS

FAILURE TO QUALIFY AS A REIT. The Company intends to operate so as to qualify as a REIT for federal income tax purposes. Although the Company has not requested, and does not expect to request, a ruling from the Service that it qualifies as a REIT, it has received an opinion of its counsel that, based on certain assumptions and representations, it so qualifies. Investors should be aware, however, that opinions of counsel are not binding on the Service or any court. The REIT qualification opinion only represents the view of counsel to the Company based on counsel's review and analysis of existing law, which includes no controlling precedent. Furthermore, both the

validity of the opinion and the qualification of the Company as a REIT will depend on the Company's continuing ability to meet various requirements concerning, among other things, the ownership of its outstanding stock, the nature of its assets, the sources of its income, and the amount of its distributions to its shareholders. See "Federal Income Tax Considerations -- Taxation of the Company."

If the Company were to fail to qualify as a REIT for any taxable year, the Company would not be allowed a deduction for distributions to its shareholders in computing its taxable income and would be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. Unless entitled to relief under certain Code provisions, the Company also would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost. As a result, Cash Available for Distribution would be reduced for each of the years involved. Although the Company intends to operate in a manner intended to allow it to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause the Board of Directors to revoke the Company's REIT election. See "Federal Income Tax Considerations."

REIT MINIMUM DISTRIBUTION REQUIREMENTS; POSSIBLE INCURRENCE OF ADDITIONAL DEBT. In order to qualify as a REIT, the Company generally will be required each year to distribute to its shareholders at least 95% of its net taxable income (excluding any net capital gain). In addition, the Company will be subject to a 4% nondeductible excise tax on the amount, if any, by which certain distributions paid by it with respect to any calendar year are less than the sum of (i) 85% of its ordinary income for that year, (ii) 95% of its capital gain

net income for that year, and (iii) 100% of its undistributed taxable income from prior years.

The Company intends to make distributions to its shareholders to comply with the 95% distribution requirement and to avoid the nondeductible excise tax. The Company's income will consist primarily of its share of the income of the Operating Partnership, and the Cash Available for Distribution by the Company to its shareholders will consist of its share of cash distributions from the Operating Partnership. Differences in timing between (i) the actual receipt of income and actual payment of deductible expenses and (ii) the inclusion of such income and deduction of such expenses in arriving at taxable income of the Company could require the Company, through the Operating Partnership, to borrow funds on a short-term basis to meet the 95% distribution requirement and to avoid the nondeductible excise tax. The requirement to distribute a substantial portion of the Company's net taxable income could cause the Company to distribute amounts that otherwise would be spent on future acquisitions, unanticipated capital expenditures or repayment of debt, which would require the Company to borrow funds or to sell assets to fund the costs of such items. SEE

"FEDERAL INCOME TAX CONSIDERATIONS -- TAXATION OF THE COMPANY."

FAILURE OF THE OPERATING PARTNERSHIP TO BE CLASSIFIED AS A PARTNERSHIP FOR FEDERAL INCOME TAX PURPOSES; IMPACT ON REIT STATUS. Although the Company has not requested, and does not expect to request, a ruling from the Service that the Operating Partnership will be classified as a partnership for federal income tax purposes, the Company has received an opinion of its counsel stating that the Operating Partnership will be classified as a partnership, and not as a corporation or association taxable as a corporation for federal income tax purposes. If the Service were to challenge successfully the tax status of the Operating Partnership as a partnership for federal income tax purposes, the Operating Partnership would be taxable as a corporation. In such event, the Company likely would cease to qualify as a REIT for a variety of reasons. Furthermore, the imposition of a corporate income tax on the Operating Partnership would reduce substantially the amount of Cash Available for Distribution. See "Federal Income Tax Considerations -- Tax Aspects of the Operating Partnership."

ERISA RISKS. The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and section 4975 of the Code prohibit certain transactions that involve (i) certain pension, profit-sharing, employee benefit, or retirement plans or individual retirement accounts (each, a "Plan") and (ii) the assets of a Plan. A "party in interest" or "disqualified person" with respect to a Plan will be subject to (x) an initial 5% excise tax on the amount involved in any prohibited transaction involving the assets of the Plan and (y) an excise tax equal to 100% of the amount involved if any prohibited transaction is not corrected. Consequently, the fiduciary of a Plan contemplating an investment in the Shares should consider whether the Company, any other person associated

with the issuance of the Shares, or any affiliate of the foregoing is or might become a "party in interest" or "disqualified person" with respect to the Plan. In such a case, the acquisition or holding of Shares by or on behalf of the Plan could be considered to give rise to a prohibited transaction under ERISA and the Code. See "ERISA Considerations -- Employee Benefit Plans, Tax-Qualified Retirement Plans, and IRAs" herein.

Regulations of the Department of Labor that define "plan assets" (the "Plan Asset Regulations") provide that in some situations, when a Plan acquires an equity interest in an entity, the Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless one or more exceptions specified in the Plan Asset Regulations are satisfied. In such a case, certain transactions that the Company might enter into in the ordinary course of its business and operations might constitute "prohibited transactions" under ERISA and the Code. The assets of

the Company should not be deemed to be "plan assets" of any Plan that invests in the Shares. See "ERISA Considerations -- Status of the Company and the Operating Partnership under ERISA."

INVESTOR SUITABILITY STANDARDS

An investment in the Company involves significant risk. An investment in the Shares is suitable only for persons who have adequate financial means and desire a relatively long-term investment with respect to which they do not anticipate any need for immediate liquidity.

If the investor is an individual (including an individual beneficiary of a purchasing IRA), or if the investor is a fiduciary (such as a trustee of a trust or corporate pension or profit sharing plan, or other tax-exempt organization, or a custodian under a Uniform Gifts to Minors Act), such individual or fiduciary, as the case may be, must represent that he meets certain requirements, as set forth in the Subscription Agreement attached as Exhibit B to this Prospectus, including the following:

(i) that such individual (or, in the case of a fiduciary, that the fiduciary account or the donor who directly or indirectly supplies the funds to purchase the Shares) has a minimum annual gross income of \$45,000 and a net worth (excluding home, furnishings and automobiles) of not less than \$45,000; or

(ii) that such individual (or, in the case of a fiduciary, that the fiduciary account or the donor who directly or indirectly supplies the funds to purchase the Shares) has a net worth (excluding home, furnishings and automobiles) of not less than \$150,000.

Under the laws of certain states, transferees will also be required to comply with applicable standards, except for intra-family transfers and transfers made by gift, inheritance or family dissolution.

The minimum purchase is 100 Shares (\$1,000) (except in certain states as described below). No transfers will be permitted of less than the minimum required purchase, nor (except in very limited circumstances) may an investor transfer, fractionalize or subdivide such Shares so as to retain less than such minimum number thereof. For purposes of satisfying the minimum investment requirement for Retirement Plans, unless otherwise prohibited by state law, a husband and wife may jointly contribute funds from their separate Individual Retirement Accounts ("IRAs"), provided that each such contribution is made in increments of at least \$100. It should be noted, however, that an investment in the Company will not, in itself, create a Retirement Plan for any investor and that, in order to create a Retirement Plan, an investor must comply with all applicable provisions of the Code. Except in Maine, Minnesota and Washington, investors who have satisfied the minimum purchase requirements and have purchased units in Prior Wells Public Programs may purchase less than the minimum number of Shares set forth above, but in no event less than 10 Shares (\$100). THE MINIMUM PURCHASE FOR NEW YORK INVESTORS IS 250 SHARES (\$2,500),

HOWEVER, THE MINIMUM INVESTMENT FOR NEW YORK IRAS IS 100 SHARES (\$1,000). After

an investor has purchased the minimum investment, any additional investments must be made in increments of at least 10 Shares (\$100), except for (i) those made by investors in Maine, who must still meet the minimum investment requirement for Maine residents of \$1,000 for IRAs and \$2,500 for non-IRAs, (ii) purchases of Shares pursuant to the Reinvestment Plan, which may be in lesser amounts, and (iii) minimum PURCHASE for Minnesota investors is 250 SHARES

(\$2,500), however, the minimum investment for MINNESOTA IRAS and qualified plans

may be 200 SHARES (\$2,000).

Various states have established suitability standards for individual investors and subsequent transferees different from those set by the Company. Those requirements are set forth below.

ARIZONA, IOWA, MASSACHUSETTS, MISSOURI, NORTH CAROLINA AND TENNESSEE -- The

investor has either (i) a net worth (exclusive of home, furnishings, and personal automobiles) of at least \$60,000 and an annual gross income of at least \$60,000, or (ii) a net worth (exclusive of home, furnishings, and personal automobiles) of at least \$225,000.

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MAINE -- The investor has either (i) a net worth (exclusive of home, furnishings, and personal automobiles) of at least \$50,000 and an annual gross income of at least \$50,000, or (ii) a net worth (exclusive of home, furnishings, and personal automobiles) of at least \$200,000.

MASSACHUSETTS -- The investor has either (i) a net worth (exclusive of home, furnishings, and personal automobiles) of at least \$100,000 and an annual gross income of at least \$100,000, or (ii) a net worth (exclusive of home, furnishings, and personal automobiles) of at least \$250,000.

NEW HAMPSHIRE -- The investor has either (i) a net worth (exclusive of home, furnishings, and personal automobiles) of at least \$125,000 and an annual gross income of at least \$50,000, or (ii) a net worth (exclusive of home, furnishings, and personal automobiles) of at least \$250,000.

NEW YORK -- THE INVESTOR HAS EITHER (I) A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS, AND PERSONAL AUTOMOBILES) OF AT LEAST \$35,000 AND AN ANNUAL GROSS INCOME OF AT LEAST \$35,000, OR (II) A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS, AND PERSONAL AUTOMOBILES) OF AT LEAST \$100,000.

OHIO -- The investor's investment in the Shares shall not exceed 10% of the investor's net worth (exclusive of home, furnishings, and personal automobiles.)

PENNSYLVANIA AND OREGON -- The investor has (i) a net worth (exclusive of home, furnishings, and personal automobiles) of at least ten times the investor's investment in the Company, and (ii) either (a) a net worth (exclusive of home, furnishings, and personal automobiles) of at least \$45,000 and an annual gross income of at least \$45,000, or (b) a net worth (exclusive of home, furnishings, and personal automobiles) of at least \$150,000. Because the minimum offering of Shares of the Company is less than \$16,500,000, Pennsylvania investors are cautioned to evaluate carefully the Company's ability to fully accomplish its stated objectives and to inquire as to the current dollar volume of the Company's subscription proceeds.

NET WORTH IN ALL CASES EXCLUDES HOME, FURNISHINGS AND AUTOMOBILES.

IN ORDER TO ASSURE ADHERENCE TO THE SUITABILITY STANDARDS DESCRIBED ABOVE, REQUISITE SUITABILITY STANDARDS MUST BE MET AS SET FORTH IN the Subscription Agreement and Subscription Agreement Signature Page (collectively,

the "Subscription Agreement"), which is attached as Exhibit B to this Prospectus. The Company and each person selling Shares on behalf of the
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Company are required to (i) make reasonable efforts to assure that each person purchasing Shares in the Company is suitable in light of such person's age, educational level, knowledge of investments, financial means and other pertinent factors and (ii) maintain records for at least six years of the information used to determine that an investment in Shares is suitable and appropriate for each investor. The agreements with the selling broker-dealers require such broker-dealers to (i) make inquiries diligently as required by law of all prospective investors in order to ascertain whether a purchase of the Shares is suitable for the investor, and (ii) transmit promptly to the Company all fully completed and duly executed Subscription Agreements.

ESTIMATED USE OF PROCEEDS

The following table sets forth information concerning the estimated use of the Gross Proceeds of the Offering of Shares made hereby. Many of the figures set forth below represent the best estimate of the Company since they cannot be precisely calculated at this time. The percentage of the Gross Proceeds of the Offering of Shares to be invested in Company properties is estimated to be approximately 84%.

	MINIMUM OFFERING		MAXIMUM OFFERING(1)	
	Amount	Percent	Amount	Percent
Gross Offering Proceeds (2)	\$1,250,000	100%	\$151,200,000	100%
Less Public Offering Expenses:				
Selling Commissions (3)	87,500	7%	10,080,000	6.7%
Organization and Offering Expenses (4)	37,500	3%	4,500,000	3%
Marketing support and due diligence reimbursement fee(5)	31,250	2.5%	3,750,000	2.5%
Amount Available for Investment (6)	\$1,093,750	87.5%	\$132,870,000	87.8%
Acquisition and Development:				
Acquisition and Advisory Fees (7)	\$ 37,500	3%	\$ 4,500,000	3%
Acquisition Expenses (8)	6,250	0.5%	750,000	0.5%
Initial Working Capital Reserve (9)	(9)	-	(9)	-
Amount Invested in Properties (6)(10)	\$1,050,000	84%	\$127,620,000	84.4%

(1)<*> Excludes 1,500,000 Shares that may be sold pursuant to the Reinvestment Plan, but includes 600,000 Shares which may be issued pursuant to the Soliciting Dealer Warrants.

(2) The amounts shown for Gross Offering Proceeds do not reflect the possible discounts in commissions and other fees as described in "Plan Of Distribution."

(3) Includes Selling Commissions equal to 7% of aggregate Gross Offering Proceeds (which commissions may be reduced under certain circumstances) which are payable to the Dealer Manager, an Affiliate. The Company also

will issue to the Dealer Manager one Soliciting Dealer Warrant for every 25 Shares sold. The Dealer Manager, in its sole discretion, may reallocate Selling Commissions of up to 7% of Gross Offering Proceeds and Soliciting Dealer Warrants to other broker-dealers participating in this Offering attributable to the Shares sold by them. In no event shall the total underwriting compensation, including Selling Commissions, and expense reimbursements, exceed 7% of Gross Offering Proceeds, except for an additional Marketing and Due Diligence Fee equal to 2.5% of Gross Offering Proceeds which may be paid as a reimbursement of expenses incurred for marketing support (2%) and due diligence (.5%) purposes. See "Plan of Distribution."

- (4) These amounts represent the Advisor's best estimates of the Organization and Offering Expenses to be incurred in connection with the Offering. Organization and Offering Expenses consist of estimated legal, accounting, printing and other accountable offering expenses (other than Selling Commissions and the Marketing and Due Diligence Fee). The Advisor and other Affiliates will be responsible for the payment of Organization and Offering Expenses (other than Selling Commissions and the marketing support and due diligence reimbursement fee) to the extent they exceed 3% of Gross Offering Proceeds, without recourse against or reimbursement by the Company.
- (5) All or a portion of the Marketing and Due Diligence Fee may be reallocated to the non-affiliated Dealers which will assist the Dealer Manager in the distribution of Shares (the "Soliciting Dealers") for bona fide due diligence expenses. Up to .5% of the Marketing and Due Diligence Fee may be paid as a reimbursement of due diligence expenses and up to 2% of the Marketing and Due Diligence Fee may be paid as a reimbursement of marketing support expenses in connection with the Offering.
- (6) Until required in connection with the acquisition and development of properties, substantially all of the net proceeds of the Offering and, thereafter, the working capital reserves of the Company, may be invested in short-term, highly-liquid investments including government obligations, bank certificates of deposit, short-term debt obligations and interest-bearing accounts.
- (7) The Company will pay Acquisition and Advisory Fees to the Advisor or other Affiliates in connection with the acquisition of properties up to a maximum amount of 3% of Gross Offering Proceeds. Acquisition and Advisory Fees do not include Acquisition Expenses.
- (8) Includes legal fees and expenses, travel and communication expenses, costs of appraisals, nonrefundable option payments, accounting fees and expenses, title insurance premiums and other closing costs and miscellaneous expenses relating to the selection, acquisition and development of properties that ultimately are not acquired by the Company. With respect to successful acquisitions, such costs generally will be

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included in the purchase price of the applicable property. It is anticipated that substantially all of such items will be directly related to the acquisition of specific properties and will be capitalized rather than currently deducted by the Company.

- (9) Because the vast majority of leases for the properties acquired by the Company will provide for tenant reimbursement of operating expenses, it is not anticipated that a permanent reserve for maintenance and repairs of the Company's properties will be established. However, to the extent that the Company has insufficient funds for such purposes, the Company may apply an aggregate amount of up to 1% of Gross Offering Proceeds for maintenance and repairs of the Company's properties. The Company also may, but is not required to, establish reserves from Gross

Offering Proceeds, out of cash flow generated by operations properties or out of Nonliquidating Net Sale Proceeds.

- (10) Includes amounts anticipated to be invested in properties net of fees and expenses. It is estimated that approximately 84% of the proceeds of this Offering will be used to acquire properties.

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MANAGEMENT COMPENSATION

The following table summarizes and discloses all of the compensation and fees (including reimbursement of expenses) to be paid by the Company to the Dealer Manager, the Soliciting Dealers, the Advisor and the Management Company during the various phases of the organization and operation of the Company.

FORM OF COMPENSATION AND ENTITY RECEIVING -----	DETERMINATION OF AMOUNT -----	ESTIMATED MAXIMUM DOLLAR AMOUNT ----- (1) (2) -----
ORGANIZATIONAL AND OFFERING STAGE -----		
Selling Commissions - The Dealer Manager	Up to 7% of Gross Offering Proceeds before reallocation of commissions earned by participating broker-dealers. The Dealer Manager intends to reallocate 100% of commissions earned by participating broker-dealers.	\$10,500,000 at the Maximum Offering and \$87,500 at the Minimum Offering
Reimbursement of Organization and Offering Expenses - The Advisor and its Affiliates	Up to 3% of Gross Offering Proceeds. All Organization and Offering Expenses (excluding Selling Commissions) will be advanced by the Advisor and its Affiliates and reimbursed by the Company.	\$4,500,000 at the Maximum Offering and \$37,500 at the Minimum Offering.
Marketing support and due diligence expense - Dealer Manager and Soliciting Dealers	Up to 2.5% of Gross Offering Proceeds for reimbursement of bona fide marketing and due diligence expenses.	\$3,750,000 at the Maximum Offering and \$31,250 at the Minimum Offering.
ACQUISITION AND DEVELOPMENT STAGE -----		
Acquisition and Advisory Fees - The Advisor or its Affiliates	For the review and evaluation of potential real property acquisitions, a fee of up to 3% of Gross Offering Proceeds, plus reimbursement of costs and expenses for the acquisition of properties.	\$4,500,000 at the Maximum Offering and \$43,750 at the Minimum Offering.
Reimbursement of Acquisition Expenses - The Advisor	Up to .5% of the Gross Offering Proceeds for reimbursement of expenses related to real property acquisitions, such as legal fees, travel and communication expenses, title insurance premiums expenses.	\$750,000 at the Maximum Offering and \$6,250 at the Minimum Offering.
OPERATIONAL STAGE -----		
Property Management and Leasing Fees - The Management Company	For supervising the management of the Company's properties, a fee equal to 4.5% of the gross rental incomes (approximately 2% - 3% of which is expected to come from direct tenant a net fee payable by each property of 1.5% to 2.5%), and in the case of leases to new tenants, an initial leasing fee equal to the lesser of (i) the first month's rent under the applicable lease or (ii) the amounts charged by unaffiliated persons rendering comparable services in the same geographic area.	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.
Real Estate Commissions - The Advisor or Its Affiliates	In connection with the sale of any Company property, an amount not exceeding the lesser of: (A) 50% of the reasonable, customary and Competitive Real Estate Brokerage Commissions customarily paid for the sale of a comparable property in light of the size, type and location of the property, or (B) 3% of the gross sales price of each property (SUBJECT TO LIMITATIONS), subordinated to distributions to shareholders from Sale Proceeds of an amount which, together with prior distributions to the shareholders, will equal (i) 100% of their Invested Capital plus (ii) AN 8% per annum cumulative (noncompounded) return on their Invested Capital (THEIR "COMMON RETURN").	Actual amounts are dependent upon results of operations and therefore cannot be determined at the present time.
Subordinated Incentive fee	Upon Listing, a fee equal to 10% of the amount by which (i) the market value of the Company plus the total distributions made to shareholders from the Company's	Actual amounts are dependent upon
upon Listing - The Advisor	inception until the date of Listing exceeds (ii) the sum of (A) 100% of Invested Capital and (B) the total distributions required to pay the Common Return to the inception through the date on which the market	results of operations and therefore cannot be determined at the present time.

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LIQUIDATION/TERMINATION STAGE

Subordinated Participation
in Nonliquidating Net Sale
Proceeds and Liquidating
Distributions - The Advisor

After all shareholders have received a return of their Invested
Capital and their Common Return, then the Advisor is entitled to
receive the following amounts: (a) an amount equal to the capital
contributed by the Advisor to the Operating Partnership,
(b) then, 10% of remaining Residual Proceeds available for
distribution.

Actual amounts are
dependent upon results
of operations and
therefore cannot be
determined at the
present time.

THE COMPANY MAY NOT MAKE REIMBURSEMENTS TO ANY ENTITY FOR

OPERATING EXPENSES IN EXCESS OF 2% OF AVERAGE INVESTED ASSETS

OR 25% OF NET INCOME FOR SUCH YEAR.

(1) Assumes that the maximum number of 15,000,000 Shares is sold (excluding any
Shares sold pursuant to the Reinvestment Plan).

(2) THE COMPANY MAY NOT MAKE REIMBURSEMENTS TO ANY ENTITY FOR OPERATING

EXPENSES IN EXCESS OF 2% OF AVERAGE INVESTED ASSETS OR 25% OF NET INCOME

FOR SUCH YEAR.

In addition, the Advisor and its Affiliates will be reimbursed only for the
actual cost of goods, services and materials used for or by the Company as set
forth in Section 10 of the Advisory Agreement. The Advisor may be reimbursed
for the administrative services, including personnel costs, necessary to the
prudent operation of the Company, provided that the reimbursement shall be at
the lower of the Advisor's actual cost or the amount the Company would be
required to pay to independent parties for comparable administrative services in
the same geographic location. No payment or reimbursement will be made for
services or personnel costs for which the Advisor is entitled to compensation by
way of a separate fee. IF THE SUBORDINATED INCENTIVE FEE IS PAID TO THE

ADVISOR, NO OTHER PERFORMANCE FEE WILL BE PAID TO THE ADVISOR; IF THE

SUBORDINATED PARTICIPATION FEE IS PAID TO THE ADVISOR, NO NET SALES PROCEEDS

WILL BE PAID TO THE ADVISOR.

Since the Advisor and its Affiliates are entitled to differing levels of
compensation for undertaking different transactions on behalf of the Company,
such as the property management fees for operating the Company's properties and
the subordinated participation in proceeds from the sale of the Company's
properties, the Advisor has the ability to affect the nature of the compensation
it receives by undertaking different transactions. However, the Advisor is
obligated to exercise good faith and integrity in all its dealings with respect
to Company affairs pursuant to its fiduciary duties to the shareholders. See
"The Advisor and the Advisory Agreement." As noted above, there are ceilings on
certain categories of fees or expenses payable to the Advisor and its
Affiliates. Because these fees or expenses are payable only with respect to
certain transactions or services, they may not be recovered by the Advisor or
their Affiliates by reclassifying them under a different category. THE COMPANY

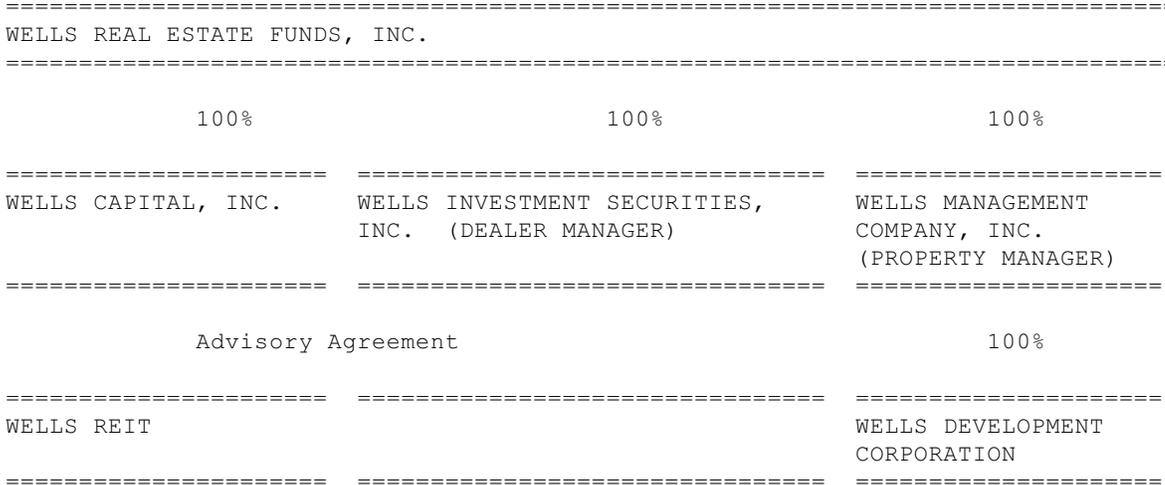
MAY NOT MAKE REIMBURSEMENTS TO ANY ENTITY FOR OPERATING EXPENSES IN EXCESS OF 2%

OF AVERAGE INVESTED ASSETS OR 25% OF NET INCOME FOR SUCH YEAR.

CONFLICTS OF INTEREST

The Company is subject to various conflicts of interest arising out of its relationship with the Advisor and its Affiliates, including conflicts related to the arrangements pursuant to which the Advisor and its Affiliates will be compensated by the Company. See "Management."

The following chart indicates the relationship between Wells Real Estate Funds, Inc., the parent corporation of the Advisor and the Affiliates of the Advisor which will be providing services to the Company.



INTERESTS IN OTHER COMPANIES

The Advisor and its Affiliates are also general partners of other real estate limited partnerships, including partnerships which have investment objectives substantially identical to those of the Company, and it is expected that they will organize other such partnerships in the future.

As described in the "Prior Performance Summary," the Advisor and its Affiliates have sponsored the following TWELVE public partnerships with

substantially identical investment objectives as those of the Company: (i) Wells Real Estate Fund I ("Wells Fund I"), (ii) Wells Real Estate Fund II ("Wells Fund II"), (iii) Wells Real Estate Fund II-OW ("Wells Fund II-OW"), (iv) Wells Real Estate Fund III, L.P. ("Wells Fund III"), (v) Wells Real Estate Fund IV, L.P. ("Wells Fund IV"), (vi) Wells Real Estate Fund V, L.P. ("Wells Fund V"), (vii) Wells Real Estate Fund VI, L.P. ("Wells Fund VI"), (viii) Wells Real Estate Fund VII, L.P. ("Wells Fund VII"), (ix) Wells Real Estate Fund VIII, L.P. ("Wells Fund VIII"), (x) Wells Real Estate Fund IX, L.P. ("Wells Fund IX"), (xi) Wells Real Estate Fund X, L.P. ("Wells Fund X") AND WELLS REAL ESTATE FUND XI, L.P.

("WELLS FUND XI"). All of the proceeds of the offerings of Wells Fund I, Wells Fund II, Wells Fund II-OW, Wells Fund III, Wells Fund IV, Wells Fund V and Wells Fund VI available for investment in real properties have been invested. In addition, all of the proceeds of the offering of Wells Fund VII available for investment in real properties have been invested in properties. IN

ADDITION, ALL of the proceeds of the OFFERING OF WELLS FUND VIII AVAILABLE FOR INVESTMENT IN REAL PROPERTIES HAVE BEEN EITHER INVESTED OR ARE COMMITTED FOR INVESTMENT IN PROPERTIES. AS OF AUGUST 31, 1997, APPROXIMATELY 74% AND 50% OF

THE PROCEEDS OF THE OFFERINGS OF WELLS FUND IX AND WELLS FUND X, respectively,

available for investment in real properties had either been invested in
properties or were committed for investment in properties. WELLS FUND XI

BEGAN TO OFFER ITS SECURITIES IN JANUARY 1998.

The Advisor also may be subject to potential conflicts of interest at such time as the Company wishes to acquire a property that also would be suitable for acquisition by an Affiliate of the Advisor. Affiliates of the Advisor serve as Directors of the Company, and, in this capacity, have a fiduciary obligation to act in the best

interest of the stockholders of the Company and, as general partners or directors of the Prior Wells Public Programs, to act in the best interests of the partners in other programs with investments that may be similar to those of the Company and will use their best efforts to assure that the Company will be treated as favorably as any such other program. See "Management-- Fiduciary Responsibility of the Board of Directors." In addition, the Company has developed procedures to resolve potential conflicts of interest in the allocation of properties between the Company and certain of its Affiliates. See "Certain Conflict Resolution Procedures" below. The Company will supplement this Prospectus during the Offering period to disclose the acquisition of a material property at such time as the Advisor believes that a reasonable probability exists that the Company will acquire a property, including an acquisition from the Advisor or its Affiliates.

OTHER ACTIVITIES OF THE ADVISOR AND ITS AFFILIATES

The Company will rely on the Advisor for the day-to-day operation of the Company and the management of its assets. As a result of its interests in other partnerships and the fact that it has also engaged and will continue to engage in other business activities, the Advisor and its Affiliates and certain of the Directors will have conflicts of interest in allocating their time between the Company and other partnerships and activities in which they are involved. However, the Advisor believes that it and its Affiliates have sufficient personnel to discharge fully their responsibilities to all partnerships and ventures in which they are involved.

The Company MAY (I) purchase or lease any property in which the Advisor

or any of its Affiliates have an interest, (II) temporarily enter into

contracts relating to investment in properties to be assigned to the Company
prior to closing or may purchase property in their own name and temporarily hold
title for the Company, and (III) enter into joint ventures with Affiliates of

the Advisor to acquire properties held by such Affiliates, provided that in
ANY CASE SUCH TRANSACTION SHALL BE MADE UPON A FINDING BY A MAJORITY OF

DIRECTORS (INCLUDING A MAJORITY OF INDEPENDENT DIRECTORS) NOT OTHERWISE

INTERESTED IN THE TRANSACTION THAT SUCH TRANSACTION IS COMPETITIVE AND

COMMERCIALY REASONABLE TO THE COMPANY AND AT A PRICE TO THE COMPANY no greater

than the cost of THE ASSET TO THE ADVISOR OR SUCH AFFILIATE (including

acquisition and carrying costs), OR, IF THE PRICE TO THE COMPANY IS IN EXCESS

OF SUCH COST, THAT SUBSTANTIAL JUSTIFICATION FOR SUCH EXCESS EXISTS AND SUCH

EXCESS IS REASONABLE AND ONLY IF THE POSSIBILITY OF SUCH ACQUISITION(S) IS

DISCLOSED, AND THERE IS APPROPRIATE DISCLOSURE OF THE MATERIAL FACTS CONCERNING

EACH SUCH INVESTMENT. IN NO EVENT SHALL THE COST OF SUCH ASSET TO THE COMPANY

EXCEED ITS CURRENT APPRAISED VALUE. THE Advisor or such Affiliate may not hold

title to any such property on behalf of the Company or an Affiliated joint
venture for more than 12 months, AND FURTHER the Advisor or its Affiliates

shall not sell property to the Company or an Affiliated joint venture if the
cost of the property exceeds the funds reasonably anticipated to be available
for the Company to purchase any such property, and that all profits and losses
during the period any such property is held by the Advisor or the Affiliate will
accrue to the Company or the Affiliated joint venture, as applicable. In no
event may the Company (i) sell or lease real property to the Advisor or any of
its Affiliates (unless a majority of the Independent Directors determine that
the transaction is fair and reasonable to the Company); (ii) loan Company funds
to the Advisor or any of its Affiliates; (iii) obtain appraisals of real
properties from the Advisor or any of their Affiliates; or (iv) enter into
agreements with the Advisor or its Affiliates for the provision of insurance
covering the Company or any property owned by the Company.

COMPETITION

Conflicts of interest will exist to the extent that the Company may acquire
properties in the same geographic areas where other properties owned by the
Advisor and its Affiliates are located. In such a case, a conflict could arise
in the leasing of the Company's properties in the event that the Company and
another program managed by the Advisor or its Affiliates were to compete for the
same tenants in negotiating leases, or a conflict could arise in connection with
the resale of THE Company's properties in the event that the Company and another

program managed by the Advisor or its Affiliates were to attempt to sell similar
properties at the same time. Conflicts of interest may also exist at such time
as the Company or Affiliates of the Advisor managing property on behalf of the
Company seek to employ developers, contractors or building managers as well as
under other circumstances. The Advisor will seek to reduce conflicts relating
to the employment of developers, contractors or building managers by making
prospective employees aware of all such properties seeking to employ such
persons.

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In addition, the Advisor will seek to reduce conflicts which may arise with
respect to properties available for sale or rent by making prospective
purchasers or lessees aware of all such properties. However, these conflicts
cannot be fully avoided in that the Advisor may establish differing compensation
arrangements for employees at different properties or differing terms for
resales or leasing of the various properties.

AFFILIATED DEALER MANAGER

Because the Dealer Manager is an Affiliate of the Advisor, the Company will
not have the benefit of an independent due diligence review and investigation of
the type normally performed by an unaffiliated, independent underwriter in
connection with the offering of securities. See "Plan of Distribution."

AFFILIATED PROPERTY MANAGER

Since it is anticipated that the Company's properties will be managed and
leased by the Management Company, an Affiliate of the Advisor, the Company will
not have the benefit of independent property management. See "Management
Compensation."

AFFILIATED DEVELOPER

It is expected that Wells Development, an Affiliate of the Advisor, will serve as the developer of certain unimproved properties acquired by the Company, but will not receive any profit from the development of such properties.

LACK OF SEPARATE REPRESENTATION

Hunton & Williams is counsel to the Company, the Advisor, the Dealer Manager and their Affiliates in connection with this Offering and may in the future act as counsel to the Company, the Advisor, the Dealer Manager and their Affiliates. There is a possibility that in the future the interests of the various parties may become adverse. In the event that a dispute were to arise between the Company, the Advisor, the Dealer Manager or their Affiliates, the Advisor will cause the Company to retain separate counsel for such matters as and when appropriate.

JOINT VENTURES WITH AFFILIATES OF THE ADVISOR

The Company is likely to enter into one or more joint venture agreements with Affiliates of the Advisor for the acquisition, development or improvement of properties. See "Investment Objectives and Criteria -- Joint Venture Investments." The Advisor and its Affiliates may have conflicts of interest in determining which partnerships should enter into any joint venture agreement. Should any such joint venture be consummated, the Advisor may face a conflict in structuring the terms of the relationship between the interest of the Company and the interest of the affiliated co-venturer. Since the Advisor and its Affiliates will control both the Company and the affiliated co-venturer, agreements and transactions between the co-venturers with respect to any such joint venture will not have the benefit of arm's-length negotiation of the type normally conducted between unrelated co-venturers.

RECEIPT OF FEES AND OTHER COMPENSATION BY ADVISOR AND AFFILIATES

Company transactions involving the purchase and sale of the Company's properties may result in the receipt of commissions, fees and other compensation by the Advisor and its Affiliates, including Acquisition and Advisory Fees, property management and leasing fees, real estate brokerage commissions, and participation in distributions of Nonliquidating Net Sale Proceeds and Liquidating Distributions. However, the fees and compensation payable to the Advisor and its Affiliates relating to sale of the Company's properties are subordinated to the return to the shareholders of their Invested Capital plus cumulative returns thereon. Subject to the oversight of the Board of Directors, the Advisor has considerable discretion with respect to all decisions relating to the terms and timing of all Company transactions. Therefore, the Advisor may have conflicts of interest concerning certain

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actions taken on behalf of the Company, particularly due to the fact that such fees will generally be payable to the Advisor and its Affiliates regardless of the quality of the properties acquired or the services provided to the Company. See "Management Compensation."

CERTAIN CONFLICT RESOLUTION PROCEDURES

In order to reduce or eliminate certain potential conflicts of interest, the Articles of Incorporation contain a number of restrictions relating to (i) transactions between the Company and the Advisor or its Affiliates, (ii) certain future offerings, and (iii) allocation of properties among certain affiliated entities. These restrictions include, among others, the following:

1. No goods or services will be provided by the Advisor or its Affiliates to the Company except for transactions in which the Advisor or its Affiliates provide goods or services to the Company in accordance with the Articles of Incorporation which provides that a majority of the Directors (including a majority of the Independent Directors) not otherwise interested in such

transactions must approve such transactions as fair and reasonable to the Company and on terms and conditions not less favorable to the Company than those available from unaffiliated third parties and not less favorable than those available from the Advisor or its Affiliates in transactions with unaffiliated third parties.

2. The Company will not purchase or lease properties in which the Advisor or its Affiliates has an interest without the determination, by a majority of the Directors (including a majority of the Independent Directors) not otherwise interested in such transaction, that such transaction is competitive and commercially reasonable to the Company and at a price to the Company no greater than the cost of the asset to the Advisor or its Affiliate unless there is substantial justification for any amount that exceeds such cost and such excess amount is determined to be reasonable. In no event shall the Company acquire any such asset at an amount in excess of its appraised value. The Company will not sell or lease properties to the Advisor, DIRECTORS, or ANY Affiliates

unless a majority of the Directors (including a majority of the Independent Directors) not interested in the transaction determine the transaction is fair and reasonable to the Company. THE COMPANY WILL NOT PURCHASE OR LEASE

PROPERTIES FROM THE ADVISOR, DIRECTORS, OR ANY AFFILIATE WITHOUT THE APPROVAL OF

A MAJORITY OF THE DIRECTORS (INCLUDING THE INDEPENDENT DIRECTORS).

3. The Company will not make any loans to THE ADVISOR, DIRECTORS OR ANY

Affiliates. The Advisor and its Affiliates will not make loans to the Company, or to joint ventures in which the Company is a co-venturer, for the purpose of acquiring properties. Any loans to the Company by the Advisor, DIRECTORS, or

ANY Affiliates for other purposes must be approved by a majority of the

Directors (including a majority of the Independent Directors) not otherwise interested in such transaction as fair, competitive, and commercially reasonable, and no less favorable to the Company than comparable loans between unaffiliated parties. It is anticipated that the Advisor or its Affiliates shall be entitled to reimbursement, at cost, for actual expenses incurred by them on behalf of the Company or joint ventures in which the Company is a co-venturer, subject to the 2%/25% Guidelines (2% of Average Invested Assets or 25% of Net Income) described under "The Advisor and the Advisory Agreement -- The Advisory Agreement."

4. The Board of Directors and the Advisor have agreed that, in the event than an investment opportunity becomes available which is suitable for both the Company and a public or private entity with which the Advisor or its Affiliates are affiliated, for which both entities have sufficient uninvested funds, then the entity which has had the longest period of time elapse since it was offered an investment opportunity will first be offered the investment opportunity. An investment opportunity will not be considered suitable for a program if the requirements of Item 3 above could not be satisfied if the program were to make the investment. In determining whether or not an investment opportunity is suitable for more than one program, the Board of Directors and the Advisor will examine such factors, among others, as the cash requirements of each program, the effect of the acquisition both on diversification of each program's investments by types of commercial office properties and geographic area, and on diversification of the tenants of its properties (which also may affect the need for one of the programs to prepare or produce audited financial statements for a property or a tenant), the anticipated cash

flow of each program, the size of the investment, the amount of funds available

to each program, and the length of time such funds have been available for investment. If a subsequent development, such as a delay in the closing of a property or a delay in the construction of a property, causes any such investment, in the opinion of the Board of Directors and the Advisor, to be more appropriate for an entity other than the entity which committed to make the investment, however, the Advisor has the right to agree that the other entity affiliated with the Advisor or its Affiliates may make the investment. IT SHALL

BE THE DUTY OF THE DIRECTORS (INCLUDING THE INDEPENDENT DIRECTORS) TO INSURE

THAT THE METHOD FOR THE ALLOCATION OF THE ACQUISITION OF PROPERTIES BY TWO OR

MORE PROGRAMS OF THE SAME ADVISOR SEEKING TO ACQUIRE SIMILAR TYPES OF ASSETS

SHALL BE REASONABLE. The Advisor and certain other Affiliates of the Company are

affiliated with Wells Fund X, a PRIOR public program WHICH TERMINATED ITS

OFFERING IN DECEMBER 1997. In addition, the Advisor and its Affiliates are

affiliated with Wells Fund XI, a publicly registered partnership that has not
offered any securities to date. As of AUGUST 31, 1997, Wells Fund X had

approximately \$ 10,979,538 available for investment.

SUMMARY OF REINVESTMENT PLAN

The Company has adopted the Reinvestment Plan pursuant to which stockholders may elect to have the full amount of their cash distributions from the Company reinvested in additional Shares of the Company. The following discussion summarizes the principal terms of the Reinvestment Plan. The Reinvestment Plan AND THE PROSPECTUS TO BE USED IN CONNECTION WITH CERTAIN

SALES OF THE COMPANY'S STOCK ARE attached hereto as Exhibit C.

GENERAL

Shareholders who have received a copy of this Prospectus and participate in this Offering can elect to participate in and purchase Shares through the Reinvestment Plan at any time and will not need to receive a separate prospectus relating solely to the Reinvestment Plan. A person who becomes a stockholder otherwise than by participating in this Offering may purchase Shares through the Reinvestment Plan only after receipt of a separate prospectus relating solely to the Reinvestment Plan.

The price per Share purchased pursuant to the Reinvestment Plan shall be the Offering price, which is \$10.00 per Share, until all of the Shares in this Offering that are reserved for the Reinvestment Plan have been sold thereunder. After such time, Shares for the Reinvestment Plan may be acquired by the Company either through purchases on the open market and/or additional registrations relating to the Reinvestment Plan, in either case at a per Share price equal to the then-prevailing market price on the securities exchange or over-the-counter market on which the Shares are listed at the date of purchase. The Company is unable to predict the effect which such a Listing would have on the price of the Shares acquired through the Reinvestment Plan.

INVESTMENT OF DISTRIBUTIONS

Distributions will be used to purchase Shares on behalf of the Participants from the Company. All such distributions shall be invested in Shares within 30 days after such payment date. Any distributions not so invested will be returned to Participants.

At this time, Participants will not have the option to make voluntary contributions to the Reinvestment Plan to purchase Shares in excess of the

amount of Shares that can be purchased with their distributions. The Board of Directors reserves the right, however, to amend the Reinvestment Plan in the future to permit voluntary contributions to the Reinvestment Plan by Participants, to the extent consistent with the Company's objective of qualifying as a REIT.

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PARTICIPANT ACCOUNTS, FEE, AND ALLOCATION OF SHARES

For each Participant, the Company will maintain a record which shall reflect for each fiscal quarter the distributions received by the Company on behalf of such Participant. Any interest earned on such Distributions will be paid to the Company to defray certain costs relating to the Reinvestment Plan.

The Company will use the aggregate amount of distributions to all Participants for each fiscal quarter to purchase Shares for the Participants. If the aggregate amount of distributions to Participants exceeds the amount required to purchase all Shares then available for purchase, the Company will purchase all available Shares and will return all remaining distributions to the Participants within 30 days after the date such distributions are made. The purchased Shares will be allocated among the Participants based on the portion of the aggregate distributions received on behalf of each Participant, as reflected in the records maintained by the Company. The ownership of the Shares purchased pursuant to the Reinvestment Plan shall be reflected on the books of the Company.

Shares acquired pursuant to the Reinvestment Plan will entitle the Participant to the same rights and to be treated in the same manner as those purchased by the Participants in the Offering. Accordingly, the Company will pay the following commissions and fees in connection with Shares sold under the Reinvestment Plan (until all such Shares are sold): the Selling Commissions of 7% (subject to reduction under the circumstances provided under "The Offering -- Plan of Distribution"), the Marketing and Due Diligence Fee of 2.5%, and the Acquisition and Advisory Fees of 3% of the purchase price of the Shares sold pursuant to the Reinvestment Plan. IN CONNECTION WITH INVESTMENTS BY OHIO

INVESTORS, THE COMPANY WILL PAY ONLY ACQUISITION AND ADVISORY FEES OF 3% OF THE

PURCHASE PRICE OF THE SHARES SOLD PURSUANT TO THE REINVESTMENT PLAN.

Thereafter, Acquisition and Advisory Fees will be paid by the Company only in the event that proceeds of the sale of Shares are used to acquire properties. As a result, aggregate fees payable to Affiliates of the Company will total between 9% and 12.5% of the proceeds of reinvested distributions, up to 7% of

which may be reallocated to Soliciting Dealers.

The allocation of Shares among Participants may result in the ownership of fractional Shares, computed to four decimal places.

REPORTS TO PARTICIPANTS

Within 60 days after the end of each fiscal quarter, the Company will mail to each Participant a statement of account describing, as to such Participant, the distributions reinvested during the quarter, the number of Shares purchased during the quarter, the per Share purchase price for such Shares, the total administrative charge paid by the Company on behalf of each Participant (see " -- Participant Accounts, Fees and Allocation of Shares" above), and the total number of Shares purchased on behalf of the Participant pursuant to the Reinvestment Plan. See " -- General" above.

Tax information with respect to income earned on Shares under the Reinvestment Plan for the calendar year will be sent to each participant by the Company.

ELECTION TO PARTICIPATE OR TERMINATE PARTICIPATION

Stockholders of the Company who purchase Shares in this Offering may become Participants in the Reinvestment Plan by making a written election to participate on their Subscription Agreements at the time they subscribe for Shares. Any other stockholder who receives a copy of this Prospectus or a separate prospectus relating solely to the Reinvestment Plan and who has not previously elected to participate in the Reinvestment Plan may so elect at any time by COMPLETING THE ENROLLMENT FORM ATTACHED TO SUCH PROSPECTUS OR BY OTHER

APPROPRIATE written notice to the PLAN ADMINISTRATOR OR COMPANY of such

stockholder's desire to participate in the Reinvestment Plan. Participation in the Reinvestment Plan will commence with the next distribution made after receipt of the Participant's notice, provided it is received at least ten days prior to the record date for such distribution. Subject to the preceding sentence, the election to participate in the Reinvestment Plan will apply to all distributions attributable to the fiscal quarter in which the stockholder made such written election to participate

in the Reinvestment Plan and to all fiscal quarters thereafter, whether made (i) upon subscription or subsequently for stockholders who participate in this offering, or (ii) upon receipt of a separate prospectus relating solely to the Reinvestment Plan for stockholders who do not participate in this offering. Participants will be able to terminate their participation in the Reinvestment Plan at any time without penalty by delivering written notice to the PLAN

ADMINISTRATOR OR COMPANY NO LESS THAN TEN DAYS PRIOR TO THE NEXT RECORD DATE.

THE Company may also terminate the Reinvestment Plan for any reason at any time,

upon 10 days' prior written notice to all Participants.

A Participant who chooses to terminate participation in the Reinvestment Plan must terminate his or her entire participation in the Reinvestment Plan and will not be allowed to terminate in part. If the Reinvestment Plan is terminated, the Company will UPDATE ITS STOCK RECORDS TO ACCOUNT FOR ALL WHOLE

SHARES PURCHASED BY THE PARTICIPANT(S) IN THE PLAN, AND IF ANY FRACTIONAL SHARES

EXIST, THE COMPANY MAY EITHER (A) SEND YOU a check in payment for any fractional

SHARES IN YOUR ACCOUNT BASED IN THE THEN-CURRENT MARKET PRICE FOR THE SHARES,

OR (B) CREDIT YOUR STOCK OWNERSHIP ACCOUNT WITH ANY SUCH FRACTIONAL SHARES.

There are no fees associated with a Participant's terminating his interest in the Reinvestment Plan or the Company's termination of the plan. A Participant in the Reinvestment Plan who terminates his interest in the Reinvestment Plan will be allowed to participate in the Reinvestment Plan again by notifying the Company and completing any required forms.

The Board of Directors reserves the right to prohibit Qualified Plans from participating in the Reinvestment Plan if such participation would cause the underlying assets of the Company to constitute "plan assets" of Qualified Plans. See "Federal Income Tax Considerations -- Taxation of Tax-Exempt Shareholders."

FEDERAL INCOME TAX CONSIDERATIONS

Stockholders subject to federal income taxation who elect to participate in the Reinvestment Plan will incur a tax liability for distributions allocated to them even though they have elected not to receive their distributions in cash

but rather to have their distributions held pursuant to the Reinvestment Plan. Specifically, stockholders will be treated as if they have received the distribution from the Company and then applied such Distribution to purchase Shares in the Reinvestment Plan. A stockholder designating a distribution for reinvestment will be taxed on the amount of such distribution as ordinary income to the extent such distribution is from current or accumulated earnings and profits, unless the Company has designated all or a portion of the distribution as a capital gain dividend. In such case, such designated portion of the distribution will be taxed as long-term capital gain.

AMENDMENTS AND TERMINATION

The Company reserves the right to amend any aspect of the Reinvestment Plan without the consent of stockholders, provided that notice of the amendment is sent to Participants at least 30 days prior to the effective date thereof. The Company also reserves the right to terminate the Reinvestment Plan for any reason at any time by ten days' prior written notice of termination to all Participants. THE COMPANY MAY TERMINATE A PARTICIPANT'S PARTICIPATION IN THE

PLAN IMMEDIATELY IF IN THE COMPANY'S JUDGMENT SUCH PARTICIPANT'S PARTICIPATION

JEOPARDIZES IN ANY WAY THE COMPANY'S STATUS AS A REAL ESTATE INVESTMENT

TRUST.

SHARE REPURCHASE PROGRAM

The Share Repurchase Program ("SRP") may, subject to certain restrictions, provide eligible stockholders with limited, interim liquidity by enabling them to sell Shares back to the Company at a price during the period of this Offering equal to \$8.40 per Share. After the Offering, the price per Share pursuant to the SRP will be set from time to time by the Board of Directors in its sole discretion. In such cases, the Board of Directors will consider the Company's net asset value, recent comparable offerings and other factors which the Board of Directors, in its sole discretion, deems relevant. Repurchase prices are expected to be available on the Company's internet/world wide web site (www.wellsref.com), and will be given by telephone upon request.

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Repurchases under the SRP, when done, will be made quarterly by the Company in its sole discretion on a first-come, first-served basis, and will be limited in the following ways: (i) not more than \$500,000 worth of the outstanding Shares will be repurchased in any given year; and (ii) the funds available for repurchase will be limited to available proceeds received by the Company from the sale of Shares under the Reinvestment Plan. The determination of available funds from sales under the Reinvestment Plan and the decision to repurchase Shares will be at the sole discretion of the Board. In making this determination, the Board will consider the need to use proceeds from the Share sales under the Reinvestment Plan for investment in additional properties, or for maintenance or repair of existing properties. Such property-related uses will have priority over the need to allocate funds to the SRP. To be eligible to offer Shares for purchase to the SRP, the stockholder must have beneficially held the Shares for at least one year.

The Company cannot guarantee that funds will be available for repurchase. If no funds are available for the SRP at the time when repurchase is requested, the stockholder could: (i) withdraw his request for repurchase; or (ii) ask that the Company honor the request at such time, if any, when funds are available. Such pending requests will be honored on a first-come, first-served basis.

There is no requirement that stockholders sell their Shares to the Company. The SRP is only intended to provide interim liquidity for stockholders until a secondary market DEVELOPS for the Shares. No such market presently exists and

no assurance can be given that one will develop. The SRP will exist during the Offering period and will be terminated following the close of the Offering period upon the Listing.

Shares purchased by the Company under the SRP will be canceled, and will have the status of authorized but unissued Shares. Shares acquired by the Company through the SRP will not be reissued unless they are first registered with the Commission under the Act and under appropriate state securities laws or otherwise issued in compliance with such laws.

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PRIOR PERFORMANCE SUMMARY

THE INFORMATION PRESENTED IN THIS SECTION REPRESENTS THE HISTORICAL EXPERIENCE OF REAL ESTATE PROGRAMS MANAGED BY THE ADVISOR AND ITS AFFILIATES. INVESTORS IN THE COMPANY SHOULD NOT ASSUME THAT THEY WILL EXPERIENCE RETURNS, IF ANY, COMPARABLE TO THOSE EXPERIENCED BY INVESTORS IN SUCH PRIOR REAL ESTATE PROGRAMS.

The Advisor serves as a general partner of a total of TWELVE real estate

limited partnerships, ELEVEN of which have completed offerings and one of

which has commenced but not completed its public offering. A twelfth partnership is in registration with the Commission and thus has not commenced. These limited partnerships and the year in which their offerings were completed are as follows:

1. Wells Real Estate Fund I (1986)
2. Wells Real Estate Fund II (1988)
3. Wells Real Estate Fund II-OW (1988)
4. Wells Real Estate Fund III, L.P. (1990)
5. Wells Real Estate Fund IV, L.P. (1992)
6. Wells Real Estate Fund V, L.P. (1993)
7. Wells Real Estate Fund VI, L.P. (1994)
8. Wells Real Estate Fund VII, L.P. (1995)
9. Wells Real Estate Fund VIII, L.P. (1996)
10. Wells Real Estate Fund IX, L.P. (1996)

11. Wells Real Estate Fund X, L.P. (1997)

12. Wells Real Estate Fund XI, L.P. (OFFERING COMMENCED 12-31-97)

The tables included in Exhibit A attached hereto set forth information as of the dates indicated regarding certain of these prior programs as to (i) experience in raising and investing funds (Table I); (ii) compensation to sponsor (Table II); and (iii) annual operating results of prior programs (Table III). No information is given as to results of completed programs or sales or disposals of property because, to date, none of the prior programs have sold any of their properties.

PRIOR WELLS PUBLIC PROGRAMS

The Advisor and its Affiliates sponsored the Prior Wells Public Programs, all of which were offered on an unspecified property or "blind pool" basis. The total amount of funds raised from investors in the offerings of the Prior Wells Public Programs, as of August 31, 1997, was approximately \$257,000,000, and the total number of investors in such partnerships was approximately 24,000.

The investment objectives of the Prior Wells Public Programs are substantially identical to the investment objectives of the Company. All of the

proceeds of the offerings of Wells Fund I, Wells Fund II, Wells Fund II-OW,
Wells Fund III, Wells Fund IV, Wells Fund V, Wells Fund VI AND WELLS FUND VII

available for investment in real properties have been invested in properties.
In addition, all of the proceeds of the offering of Wells Fund VIII available

for investment in real properties have either been invested or are committed for
investment in properties. As of AUGUST 31, 1997, approximately 74% and

50% of the proceeds of the offerings of Wells Fund IX and Wells Fund X,

respectively, available for investment in real properties had either been
invested in properties or were committed for investment in properties. Wells
Fund XI commenced its offering IN JANUARY 1998 and thus has no funds

AVAILABLE FOR INVESTMENT AS OF THE DATE OF THIS PROSPECTUS. For the fiscal year
ended December 31, 1996, approximately TWO-THIRDS of the aggregate gross

rental income of TEN of these eleven publicly offered partnerships was derived

from tenants which are U.S. corporations, each of which the Company believes has
net worth of at least \$100,000,000 or whose lease obligations are guaranteed by
another corporation with a net worth of at least \$100,000,000.

The Prior Wells Public Programs have acquired a total of 31 properties in
the following U.S. regions: 24 in the Southeast, one in the Northeast, two in
Southcentral, one in Northcentral and two in the West. Each Prior Wells Public
Program has used only proceeds from its respective offering to finance its
acquisitions of properties.

The real properties in which the Prior Wells Public Programs have invested
have experienced the same economic problems as other real estate investments in
recent years, including without limitation, general over-building and an excess
supply in many markets, along with increased operating costs and a general
downturn in the real estate industry. As a result, certain of these public
partnerships have experienced increases in expenses and decreases in net income.
These fluctuations were primarily due to tenant turnover, resulting in increased
vacancies and the requirement to expend funds for tenant refurbishments, and
increases in administrative and other operating expenses. See the Prior
Performance Tables included as Exhibit A hereto. Additionally, while overall
occupancy rates have not decreased significantly at the properties owned by the
Prior Wells Public Programs, some of these properties have experienced high
tenant turnover, and the partnerships owning these properties have generally
been unable to raise rental rates and have been required to make expenditures
for tenant improvements and to grant free rent and other concessions in order to
attract new tenants. Specifically, certain of the Prior Wells Public Programs
suffered decreases in net income during the real estate recession of the late
1980s and early 1990s, which decreases were generally attributable to the
overall downturn in the economy and in the real estate market in particular.
Because of the cyclical nature of the real estate market, such decreases in net
income of the public partnerships could occur at any time in the future when
economic conditions decline. None of these prior programs has liquidated or
sold any of its real properties to date and, accordingly, no assurance can be
made that prior programs will ultimately be successful in meeting their
investment objectives. See "Risk Factors."

The aggregate dollar amount of the acquisition and development costs of the
properties purchased by the Prior Wells Public Programs, as of AUGUST 31,

1997, was approximately \$196,419,519, of which \$4,254,000 (or approximately

2.2%) had not yet been expended on the development of certain of the projects

which are still under construction. Of the aggregate amount, approximately 65.0% was or will be spent on acquiring or developing office buildings, and approximately 35.0% was or will be spent on acquiring or developing shopping centers. Of the aggregate amount, approximately 4% was or will be spent on

new properties, 38% on existing or used properties and 58% on construction

properties. Following is a table showing a breakdown of the aggregate amount of the acquisition and development costs of the properties purchased by the eleven Prior Wells Public Programs as of OCTOBER 31, 1997:

Type of Property	New	Existing	Construction
Office Buildings	4%	26%	35%
Shopping Centers	--	11%	24%

Wells Fund I terminated its offering on September 5, 1986, and received gross proceeds of \$35,321,000 representing subscriptions from 4,895 limited partners. \$24,679,000 of the gross proceeds were attributable to sales of Class A Limited Partnership Units ("Class A Units"), and \$10,642,000 of the gross proceeds were attributable to sales of Class B Limited Partnership Units ("Class B Units" and, collectively with the Class A Units, "Units"). Limited partners in Wells Fund I have no right to change the status of their Units from Class A to Class B or vice versa. Wells Fund I owns interests in the following properties: (i) a medical office building in Atlanta, Georgia; (ii) two commercial office buildings in Atlanta, Georgia; (iii) a shopping center in DeKalb County, Georgia; (iv) a shopping center in Knoxville, Tennessee; (v) a shopping center in Cherokee County, Georgia; and (vi) a project consisting of seven office buildings and a shopping center in Tucker, Georgia. The prospectus of Wells Fund I provided that the properties purchased by Wells Fund I would typically be held for a period of eight to twelve years, but that the general partners may exercise their discretion as to whether and when to sell the properties owned by Wells Fund I and the partnership will have no obligation to sell properties at any particular time. Wells Fund I acquired its properties between 1985 and 1987, and has not yet liquidated or sold any of its properties.

Wells Fund II and Wells Fund II-OW terminated their offerings on September 7, 1988, and received aggregate gross proceeds of \$36,870,250 representing subscriptions from 4,659 limited partners. \$28,829,000 of the gross proceeds were attributable to sales of Class A Units, and \$8,041,250 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund II and Wells Fund II-OW have no right to change the status of their Units from Class A to Class B or vice versa. Wells Fund II and Wells Fund II-OW own all of their properties through a joint venture, which owns interests in the following properties: (i) a shopping center in Cherokee County, Georgia; (ii) a project consisting of seven office buildings and a shopping center in Tucker, Georgia; (iii) a two story office building in Charlotte, North Carolina; (iv) a four story office building in Houston, Texas; (v) a restaurant in Roswell, Georgia; and (vi) a combined retail and office development in Roswell, Georgia.

Wells Fund III terminated its offering on October 23, 1990, and received gross proceeds of \$22,206,310 representing subscriptions from 2,700 limited partners. \$19,661,770 of the gross proceeds were attributable to sales of Class A Units, and \$2,544,540 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund III have no right to change the status of their Units from Class A to Class B or vice versa. Wells Fund III

owns interests in the following properties: (i) a four story office building in Houston, Texas; (ii) a restaurant in Roswell, Georgia; (iii) a combined retail and office development in Roswell, Georgia; (iv) a two story office building in Greenville, North Carolina; (v) a shopping center in Stockbridge, Georgia; and (vi) a two story office building in Richmond, Virginia.

Wells Fund IV terminated its offering on February 29, 1992, and received gross proceeds of \$13,614,655 representing subscriptions from 1,286 limited partners. \$13,229,150 of the gross proceeds were attributable to sales of Class A Units, and \$385,505 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund IV have no right to change the status of their Units from Class A to Class B or vice versa. Wells Fund IV owns interests in the following properties: (i) a shopping center in Stockbridge, Georgia; (ii) a four story office building in Jacksonville, Florida; (iii) a two story office building in Richmond, Virginia; and (iv) two two-story office buildings in Stockbridge, Georgia.

Wells Fund V terminated its offering on March 3, 1993, and received gross proceeds of \$17,006,020 representing subscriptions from 1,667 limited partners. \$15,209,666 of the gross proceeds were attributable to sales of Class A Units, and \$1,796,354 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund V who purchased Class B Units are entitled to change the status of their Units to Class A, but limited partners who purchased Class A Units are not entitled to change the status of their Units to Class B. After taking into effect conversion elections made by limited partners subsequent to their subscription for Units, as of OCTOBER 31, 1997,

\$15,514,160 of Units of Wells Fund V were treated as Class A Units, and \$1,491,860 of Units were treated as Class B Units. Wells Fund V owns interests in the following properties: (i) a four story office building in Jacksonville, Florida; (ii) two two-story office buildings in Stockbridge, Georgia; (iii) a four story office building in Hartford, Connecticut; (iv) two restaurants in Stockbridge, Georgia; and (v) a three story office building in Appleton, Wisconsin. SINCE ITS INCEPTION IN 1992, WELLS FUND V REPORTED A NET LOSS OF

\$18,089 IN 1992, AND NET INCOME OF \$354,999, \$561,721, \$689,639 AND \$505,650 IN

YEARS 1993 THROUGH 1996, RESPECTIVELY. IN SUCH YEARS, WELLS FUND V DISTRIBUTED

A TOTAL OF \$151,336, \$643,334, \$969,011 AND \$1,007,107, RESPECTIVELY, TO

INVESTORS (EXCLUDING RETURNS OF CAPITAL AND DISTRIBUTIONS FROM PRIOR YEAR

OPERATIONS). SEE "EXHIBIT A - PRIOR PERFORMANCE TABLES" ATTACHED TO THIS

PROSPECTUS FOR FURTHER DETAIL ON THE PERFORMANCE OF WELLS FUND V.

Wells Fund VI terminated its offering on April 4, 1994, and received gross proceeds of \$25,000,000 representing subscriptions from 1,793 limited partners. \$19,332,176 of the gross proceeds were attributable to sales of Class A Units, and \$5,667,824 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund VI are entitled to change the status of their Units from Class A to Class B and vice versa. After taking into effect conversion elections made by limited partners subsequent to their subscription for Units, as of OCTOBER 31, 1997, \$21,538,950 of Units of Wells Fund VI

were treated as Class A Units, and \$3,461,050 of Units were treated as Class B

Units. Wells Fund VI owns interests in the following properties: (i) a four story

office building in Hartford, Connecticut; (ii) two restaurants in Stockbridge, Georgia; (iii) another restaurant and a retail building in Stockbridge, Georgia; (iv) a shopping center in Stockbridge, Georgia; (v) a three story office building in Appleton, Wisconsin; (vi) a shopping center in Cherokee County, Georgia; (vii) a combined retail and office development in Roswell, Georgia; (viii) a four story office building in Jacksonville, Florida; and (ix) a SHOPPING CENTER in Clemmons, North Carolina. SINCE ITS INCEPTION IN 1993,

WELLS FUND VI REPORTED NET INCOME OF \$31,428, \$700,896, \$901,828 AND \$589,053 IN

YEARS 1993 THROUGH 1996, RESPECTIVELY. IN SUCH YEARS, WELLS FUND VI DISTRIBUTED

A TOTAL OF \$0, \$245,800, \$1,044,940 AND \$1,042,175, RESPECTIVELY, TO INVESTORS

(EXCLUDING RETURNS OF CAPITAL AND DISTRIBUTIONS FROM PRIOR YEAR OPERATIONS). SEE

"EXHIBIT A - PRIOR PERFORMANCE TABLES" ATTACHED TO THIS PROSPECTUS FOR FURTHER

DETAIL ON THE PERFORMANCE OF WELLS FUND VI.

Wells Fund VII terminated its offering on January 5, 1995, and received gross proceeds of \$24,180,174 representing subscriptions from 1,910 limited partners. \$16,788,095 of the gross proceeds were attributable to sales of Class A Units, and \$7,392,079 of the gross proceeds were attributable to sales of Class B Units. Limited partners in Wells Fund VII are entitled to change the status of their Units from Class A to Class B and vice versa. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for Units, as of OCTOBER 31, 1997, \$18,656,280 of Units in

Wells Fund VII were treated as Class A Units, and \$5,523,890 of Units were

treated as Class B Units. Wells Fund VII owns interests in the following properties: (i) a three story office building in Appleton, Wisconsin; (ii) a restaurant and a retail building in Stockbridge, Georgia; (iii) a shopping center in Stockbridge, Georgia; (iv) a shopping center in Cherokee County, Georgia; (v) a combined retail and office development in Roswell, Georgia; (vi) a two story office building in Alachua County, Florida near Gainesville; (vii) a four story office building in Jacksonville, Florida; (viii) a SHOPPING CENTER

in Clemmons, North Carolina; and (ix) a retail development in Clayton County, Georgia. SINCE ITS INCEPTION IN 1994, WELLS FUND VII HAS REPORTED NET INCOME OF

\$203,263, \$804,043 AND \$452,776 IN YEARS 1994 THROUGH 1996, RESPECTIVELY. IN

SUCH YEARS, WELLS FUND VII DISTRIBUTED A TOTAL OF \$52,195, \$856,032 AND

\$781,511, RESPECTIVELY, TO INVESTORS (EXCLUDING RETURNS OF CAPITAL AND

DISTRIBUTIONS FROM PRIOR YEAR OPERATIONS). SEE "EXHIBIT A - PRIOR PERFORMANCE

TABLES" ATTACHED TO THIS PROSPECTUS FOR FURTHER DETAIL ON THE PERFORMANCE OF

WELLS FUND VII.

Wells Fund VIII terminated its offering on January 4, 1996, and received gross proceeds of \$32,042,689 representing subscriptions from 2,241 limited partners. \$26,135,339 of the gross proceeds were attributable to sales of Class A Status Units, and \$5,907,350 were attributable to sales of Class B Status Units. Limited partners in Wells Fund VIII are entitled to change the status of their Units from Class A to Class B and vice versa. After taking into effect conversion elections made by limited partners subsequent to their subscriptions for Units, as of OCTOBER 31, 1997, \$26,353,280 of Units in Wells Fund VIII

were treated as Class A Status Units, and \$5,679,410 of Units were treated as

Class B Status Units. Wells Fund VIII owns interests in the following properties: (i) a two story office building in Alachua County, Florida near Gainesville; (ii) a four story office building in Jacksonville, Florida; (iii) a SHOPPING CENTER in Clemmons, North Carolina; (iv) a retail development in

Clayton County, Georgia; (v) a four story office building IN MADISON,

WISCONSIN; and (vi) a one-story office building in Farmers Branch, Texas; (VII)

A TWO STORY OFFICE BUILDING IN ORANGE COUNTY, CALIFORNIA; AND (VIII) A TWO STORY

OFFICE BUILDING IN BOULDER COUNTY, COLORADO. SINCE ITS INCEPTION IN 1995, WELLS

FUND VIII HAS REPORTED NET INCOME OF \$273,914 AND \$936,590 IN YEARS 1995 AND

1996, RESPECTIVELY. IN SUCH YEARS, WELLS FUND VIII DISTRIBUTED A TOTAL OF \$0

AND \$903,252, RESPECTIVELY (EXCLUDING RETURNS OF CAPITAL AND DISTRIBUTIONS FROM

PRIOR YEAR OPERATIONS). SEE "EXHIBIT A - PRIOR PERFORMANCE TABLES" ATTACHED TO

THIS PROSPECTUS FOR FURTHER DETAIL ON THE PERFORMANCE OF WELLS FUND VIII.

Wells Fund IX terminated its offering on December 30, 1996, and received gross proceeds of \$35,000,000 representing subscriptions from 2,095 limited partners. \$29,359,270 of the gross proceeds were attributable to sales of Class A Units and \$5,640,730 were attributable to sales of Class B Units. Wells Fund IX owns interests in (i) a FOUR STORY OFFICE BUILDING in Madison, Wisconsin;

(ii) a one story office building in Farmers Branch, Texas; (III) A TWO STORY

OFFICE BUILDING IN ORANGE COUNTY, CALIFORNIA; (IV) A TWO STORY OFFICE BUILDING

IN BOULDER COUNTY, COLORADO; AND (V) an interest in a joint venture (in which

Wells Fund X is a partner), which

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owns a tract of land in Knox County, Tennessee in the Knoxville metropolitan area, upon which a three story office building is being developed (the "Knoxville Joint Venture"). WELLS FUND IX, WHICH COMMENCED OPERATIONS IN 1996,

REPORTED NET INCOME OF \$298,756 AND DISTRIBUTED A TOTAL OF \$149,425 TO INVESTORS

IN THAT YEAR. SEE "EXHIBIT A - PRIOR PERFORMANCE TABLES" ATTACHED TO THIS

PROSPECTUS FOR FURTHER DETAIL ON THE PERFORMANCE OF WELLS FUND IX.

Wells Fund X commenced a public offering of up to \$35,000,000 of limited partnership units ON DECEMBER 31, 1996, AND TERMINATED ITS OFFERING ON DECEMBER

30, 1997. AS OF NOVEMBER 30, 1997, Wells Fund X had RECEIVED GROSS PROCEEDS

OF \$23,058,019 REPRESENTING SUBSCRIPTIONS FROM 1,632 LIMITED PARTNERS.

\$18,589,699 OF THE GROSS PROCEEDS WERE ATTRIBUTABLE TO SALES OF CLASS A STATUS

UNITS, AND \$4,468,320 WERE ATTRIBUTABLE TO SALES OF CLASS B STATUS UNITS. Wells

Fund X owns an interest in the Knoxville Joint Venture.

THE INFORMATION SET FORTH ABOVE SHOULD NOT BE CONSIDERED INDICATIVE OF RESULTS TO BE EXPECTED FROM THE COMPANY.

The foregoing properties in which the Prior Wells Public Programs have invested have all been acquired and developed on an all cash basis.

The Advisor is the general partner of Wells Partners L.P., which is a general partner of the Operating Partnership, which is a general partner of Wells Fund IV, Wells Fund V, Wells Fund VI, Wells Fund VII, Wells Fund VIII, Wells Fund IX, Wells Fund X and Wells Fund XI. The Advisor is a general partner of Wells Fund I, Wells Fund II, Wells Fund II-OW and Wells Fund III. Leo F. Wells, III, the President and a Director of the Company, is a general partner in each of the Prior Wells Public Programs and the sole shareholder and Director of Wells Real Estate Funds, Inc., the parent corporation of the Advisor.

Potential investors are encouraged to examine the Prior Performance Tables attached as Exhibit A hereto for more detailed information regarding the prior experience of the Advisor. In addition, upon request, prospective investors may obtain from the Advisor without charge copies of offering materials and any reports prepared in connection with any of the Prior Wells Public Programs, including a copy of the most recent Annual Report on Form 10-K filed with the Commission. For a reasonable fee, the Company will also furnish upon request copies of the exhibits to any such Form 10-K. Any such request should be directed to the Advisor. Additionally, Table VI contained in Part II of the Registration Statement (which is not part of this Prospectus) gives certain additional information relating to properties acquired by the Prior Wells Public Programs. The Company will furnish, without charge, copies of such table upon request.

MANAGEMENT

GENERAL

The Company will operate under the direction of the Board of Directors, the members of which are accountable to the Company as fiduciaries. As required by applicable regulations, a majority of the Independent Directors and a majority of the Directors have reviewed and ratified the Articles of Incorporation and have adopted the Bylaws.

The Company currently has five Directors; it may have no fewer than three Directors and no more than fifteen. Directors will be elected annually, and each Director will hold office until the next annual meeting of stockholders or until his successor has been duly elected and qualified. There is no limit on the number of times that a Director may be elected to office. Although the number of Directors may be increased or decreased as discussed above, a decrease shall not have the effect of shortening the term of any incumbent Director.

Any Director may resign at any time and may be removed with or without cause by the stockholders upon the affirmative vote of at least a majority of all the Shares outstanding and entitled to vote at a meeting called for

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this purpose. The notice of such meeting shall indicate that the purpose, or one of the purposes, of such meeting is to determine if a Director shall be removed.

FIDUCIARY RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board of Directors will be responsible for the management and control of the affairs of the Company; however, the Board of Directors will retain the Advisor to manage the Company's day-to-day affairs and the acquisition and disposition of investments, subject to the supervision of the Board of Directors.

The Directors are not required to devote all of their time to the Company and are only required to devote such of their time to the affairs of the Company as their duties require. The Board of Directors will meet quarterly in person or by telephone, or more frequently if necessary. It is not expected that the Directors will be required to devote a substantial portion of their time to discharge their duties as directors. Consequently, in the exercise of their fiduciary responsibilities, the Directors will rely heavily on the Advisor. In this regard, the Advisor, in addition to the Directors, will have a fiduciary duty to the Company.

The Directors will monitor the administrative procedures, investment operations, and performance of the Company and the Advisor to assure that such policies are in the best interest of the stockholders and are fulfilled. Until modified by the Directors, the Company will follow the policies on investments set forth in this Prospectus. See "Investment Objectives and Policies."

The Independent Directors are responsible for reviewing the fees and expenses of the Company at least annually or with sufficient frequency to determine that the total fees and expenses of the Company are reasonable in light of the Company's investment performance, Net Assets, Net Income, and the fees and expenses of other comparable unaffiliated real estate investment trusts. This determination shall be reflected in the minutes of the meetings of the Board of Directors. For purposes of this determination, Net Assets are the Company's total assets (other than intangibles), calculated at cost before deducting depreciation or other non-cash reserves, less total liabilities, and computed at least quarterly on a basis consistently applied. Such determination will be reflected in the minutes of the meetings of the Board of Directors. In addition, a majority of the Independent Directors and a majority of Directors not otherwise interested in the transaction must approve each transaction with the Advisor or its Affiliates. The Board of Directors also will be responsible for reviewing and evaluating the performance of the Advisor before entering into or renewing an advisory agreement. The Independent Directors shall determine from time to time and at least annually that compensation to be paid to the Advisor is reasonable in relation to the nature and quality of services to be performed and shall supervise the performance of the Advisor and the compensation paid to it by the Company to determine that the provisions of the Advisory Agreement are being carried out. Specifically, the Independent Directors will consider factors such as the CAPITAL, NET ASSETS AND NET INCOME

OF THE COMPANY, amount of the fee paid to the Advisor in relation to the size,

composition and performance of the Company's investments, the success of the Advisor in generating appropriate investment opportunities, rates charged to other comparable REITs and other investors by advisors performing similar services, additional revenues realized by the Advisor and its Affiliates through their relationship with the Company, whether paid by the Company or by others with whom the Company does business, the quality and extent of service and advice furnished by the Advisor, the performance of the investment portfolio of the Company and the quality of the portfolio of the Company relative to the investments generated by the Advisor for its own account. Such review and evaluation will be reflected in the minutes of the meetings of the Board of Directors. The Board of Directors shall determine that any successor Advisor possesses sufficient qualifications to (i) perform the advisory function for the Company and (ii) justify the compensation provided for in its contract with the Company.

The liability of the officers and Directors while serving in such capacity is limited in accordance with the Articles of Incorporation, BYLAWS and applicable law. See "Description of Capital Stock -- Limitation of Liability and Indemnification."

The Directors and executive officers of the Company are listed below:

Name	Age	Positions
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Leo F. Wells, III	52	President and Director
Brian M. Conlon	39	Executive Vice President, TREASURER, SECRETARY and Director
JOHN L. BELL	57	INDEPENDENT Director
=====	--	-----
RICHARD W. CARPENTER	60	Independent Director
=====	--	
WALTER W. SESSOMS	63	Independent Director
=====	--	

LEO F. WELLS, III is the President and a Director of the Company and the President and sole Director of the Advisor. He is also the sole shareholder and Director of Wells Real Estate FUNDS, Inc., the parent corporation of the

Advisor. In addition, he is President of Wells & Associates, Inc., a real estate brokerage and investment company formed in 1976 and incorporated in 1978, for which he serves as principal broker. He is also the sole Director and President of Wells Management Company, Inc., a property management company he founded in 1983; the Dealer Manager, a registered securities broker-dealer he formed in 1984; and Wells Advisors, Inc., a company he organized in 1991 to act as a non-bank custodian for IRAs. Mr. Wells was a real estate salesman and property manager from 1970 to 1973 for Roy D. Warren & Company, an Atlanta real estate company, and he was associated from 1973 to 1976 with Sax Gaskin Real Estate Company, during which time he became a Life Member of the Atlanta Board of Realtors Million Dollar Club. From 1980 to February 1985, he served as Vice President of Hill-Johnson, Inc., a Georgia corporation engaged in the construction business. Mr. Wells holds a Bachelor of Business Administration degree in Economics from the University of Georgia. Mr. Wells is a member of the International Association for Financial Planning and a registered NASD principal.

Mr. Wells has over 25 years of experience in real estate sales, management and brokerage services. He is currently a co-general partner in a total of 26 real estate limited partnerships formed for the purpose of acquiring, developing and operating office buildings and other commercial properties, a majority of which are located in suburban areas of metropolitan Atlanta, Georgia. As of March 31, 1997, these 23 real estate limited partnerships represented investments totaling \$255,433,723 from 23,741 investors. See "Prior Performance Summary."

BRIAN M. CONLON is the Executive Vice President and a Director of the Company. He also serves in the same capacity for the Advisor. Mr. Conlon joined the Advisor in 1985 as a Regional Vice President, and served as Vice President and National Marketing Director from 1991 until April 1996 when he assumed his current position. Previously, Mr. Conlon was Director of Business Development for Tishman Midwest Management & Leasing Services Corp. where he was responsible for marketing the firm's property management and leasing services to institutions. Mr. Conlon also spent two years as an Investment Property Specialist with Carter & Associates where he specialized in acquisitions and dispositions of office and retail properties for institutional clients. Mr. Conlon received a Bachelor of Business Administration degree from Georgia State University and a Master of Business Administration degree from the University of Dallas. Mr. Conlon is a member of the International Association for Financial Planning (IAFP), a general securities principal and a Georgia real estate broker. Mr. Conlon also holds the certified commercial investment member (CCIM) designation of the Commercial Investment Real Estate Institute and the certified

financial planner (CFP) designation of the Certified Financial Planner Board of Standards, Inc.

JOHN L. BELL. FROM FEBRUARY 1971 TO FEBRUARY 1996 MR. BELL WAS THE OWNER

AND CHAIRMAN OF BELL-MANN, INC., THE LARGEST COMMERCIAL FLOORING CONTRACTOR IN

THE SOUTHEAST ("BELL-MANN"). MR. BELL ALSO SERVED ON THE BOARD OF DIRECTORS OF

REALTY SOUTH INVESTORS, A REIT ON THE AMERICAN STOCK EXCHANGE AND WAS THE

FOUNDER AND SERVED AS A DIRECTOR OF BOTH THE CHATTAHOOCHEE BANK AND THE BUCKHEAD

BANK. IN 1997 MR. BELL INITIATED AND IMPLEMENTED SHAW INDUSTRIES' DEALER

ACQUISITION PLAN WHICH INCLUDED THE ACQUISITION OF BELL-

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MANN.

MR. BELL CURRENTLY SERVES ON THE ADVISORY BOARDS OF WINDSOR CAPITAL,

MOUNTAIN TOP BOYS HOME AND THE EAGLE RANCH BOYS HOME. MR. BELL IS ALSO

EXTENSIVELY INVOLVED IN BUYING AND SELLING REAL ESTATE INDIVIDUALLY AND IN

PARTNERSHIP WITH OTHERS. MR. BELL GRADUATED FROM FLORIDA STATE UNIVERSITY

MAJORING IN ACCOUNTING AND MARKETING.

RICHARD W. CARPENTER SERVED AS GENERAL VICE PRESIDENT, REAL ESTATE FINANCE,

OF THE CITIZENS AND SOUTHERN NATIONAL BANK FROM 1975 TO 1979, DURING WHICH TIME

HIS DUTIES INCLUDED THE SUPERVISION AND ESTABLISHMENT OF THE CO-MINGLED UNITED

KINGDOM PENSION FUND, U.K.-AMERICAN PROPERTIES, INC. ESTABLISHED FOR THE PURPOSE

OF INVESTMENT PRIMARILY IN UNITED STATES COMMERCIAL REAL ESTATE.

MR. CARPENTER IS PRESENTLY PRESIDENT AND DIRECTOR OF REALMARK HOLDINGS

CORP., A RESIDENTIAL AND COMMERCIAL DEVELOPER, AND HAS SERVED IN THAT POSITION

SINCE OCTOBER 1983. HE IS ALSO PRESIDENT AND DIRECTOR OF LEISURE TECHNOLOGY,

INC., A RETIREMENT COMMUNITY DEVELOPER, A POSITION WHICH HE HAS HELD SINCE MARCH

1993, MANAGING PARTNER OF CARPENTER PROPERTIES, L.P., A REAL ESTATE LIMITED

PARTNERSHIP AND PRESIDENT AND DIRECTOR OF THE OIL REFINING COMPANIES WYATT

ENERGY, INC. AND COMMONWEALTH OIL REFINING COMPANY, INC., POSITIONS WHICH HE HAS

HELD SINCE 1995 AND 1984 RESPECTIVELY.

MR. CARPENTER IS A DIRECTOR OF BOTH TARA CORP., A STEEL MANUFACTURING

COMPANY, AND ENVIRONMENTAL COMPLIANCE CORP., AN ENVIRONMENTAL FIRM. MR.

CARPENTER ALSO SERVES AS VICE CHAIRMAN AND DIRECTOR OF BOTH FIRST LIBERTY

FINANCIAL CORP. AND LIBERTY SAVINGS BANK, F.S.B. HE HAS BEEN A MEMBER OF THE

NATIONAL ASSOCIATION OF REAL ESTATE INVESTMENT TRUSTS AND SERVED AS PRESIDENT

AND CHAIRMAN OF THE BOARD OF SOUTHMARK PROPERTIES, AN ATLANTA BASED REAL ESTATE

INVESTMENT TRUST INVESTING IN COMMERCIAL PROPERTIES, UNTIL 1981. MR. CARPENTER

IS A PAST CHAIRMAN OF THE AMERICAN BANKERS ASSOCIATION HOUSING AND REAL ESTATE

FINANCE DIVISION EXECUTIVE COMMITTEE. MR. CARPENTER HOLDS A BACHELOR OF SCIENCE

DEGREE FROM FLORIDA STATE UNIVERSITY, WHERE HE WAS NAMED THE OUTSTANDING ALUMNI

OF THE SCHOOL OF BUSINESS IN 1973.

WALTER W. SESSOMS WAS EMPLOYED BY BELLSOUTH TELECOMMUNICATIONS, INC.

("BELLSOUTH") FROM 1971 UNTIL HIS RETIREMENT IN JUNE 1997. WHILE AT BELLSOUTH

MR. SESSOMS SERVED IN A NUMBER OF KEY POSITIONS INCLUDING VICE PRESIDENT-

RESIDENCE FOR THE STATE OF GEORGIA FROM JUNE 1979 TO JULY 1981, VICE PRESIDENT-

TRANSITIONAL PLANNING OFFICER FROM JULY 1981 TO FEBRUARY 1982, VICE PRESIDENT-

GEORGIA FROM FEBRUARY 1982 UNTIL JUNE 1989, SENIOR VICE PRESIDENT-REGULATORY AND

EXTERNAL AFFAIRS FROM JUNE 1989 UNTIL NOVEMBER 1991 AND GROUP PRESIDENT-SERVICES

FROM DECEMBER 1991 UNTIL HIS RETIREMENT ON JUNE 30, 1997.

MR. SESSOMS CURRENTLY SERVES AS A DIRECTOR OF THE GEORGIA CHAMBER OF

COMMERCE FOR WHICH HE IS A PAST CHAIRMAN OF THE BOARD, THE ATLANTA CIVIC

ENTERPRISES AND THE SALVATION ARMY'S BOARD OF VISITORS OF THE SOUTHEAST REGION.

MR. SESSOMS IS ALSO A PAST EXECUTIVE ADVISORY COUNCIL MEMBER FOR THE UNIVERSITY

OF GEORGIA COLLEGE OF BUSINESS ADMINISTRATION AND PAST MEMBER OF THE EXECUTIVE

COMMITTEE OF THE ATLANTA CHAMBER OF COMMERCE. MR. SESSOMS IS A GRADUATE OF

WOFFORD COLLEGE WHERE HE EARNED A DEGREE IN ECONOMICS AND BUSINESS

ADMINISTRATION AND IS CURRENTLY A PRACTITIONER/LECTURER AT THE UNIVERSITY OF

GEORGIA.

COMMITTEES

The Audit Committee will consist of a majority of Independent Directors.
If the Listing occurs, the Audit Committee will consist entirely of Independent
Directors. The Audit Committee will make recommendations concerning the
engagement of independent public accountants, review with the independent public

accountants the plans and results of the audit engagement, approve professional services provided by the independent public accountants, review the independence of the independent public accountants, consider the range of audit and non-audit fees and review the adequacy of the Company's internal accounting controls.

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In the event that the Listing occurs, the Board of Directors will establish a Compensation Committee, which will oversee the compensation of the Company's executive officers and which will consist of three Independent Directors.

The Company may from time to time form other committees as circumstances warrant. Such committees will have authority and responsibility as delegated by the Board of Directors. At least a majority of the members of each committee of the Board of Directors will be Independent Directors.

COMPENSATION OF DIRECTORS AND OFFICERS

The Board of Directors shall determine the amount of compensation to be received by each non-employee director for serving on the Board of Directors. Such compensation, including fees for attending meetings, will not exceed \$7,500 annually. The Company will not pay any compensation to officers and directors of the Company who also serve as officers and directors of the Advisor.

THE ADVISOR AND THE ADVISORY AGREEMENT

THE ADVISOR

The Advisor is a Georgia corporation organized in 1984. The Company has entered into the Advisory Agreement effective as of the date hereof. The Advisor has a fiduciary responsibility to the Company and its stockholders.

The directors and officers of the Advisor are as follows:

Leo F. Wells, III	President and sole Director
Brian M. Conlon	Executive Vice President
Louis A. Trahant	Vice President of Sales and Operations
Kim R. Comer	National Vice President of Marketing
Edna B. King	Vice President of Investor Services
Linda L. Carson	Vice President of Accounting

The backgrounds of Messrs. Wells and Conlon are described above under "Management--Directors and Executive Officers."

LOUIS A. TRAHANT (age 51) is Vice President of Sales and Operations for the Advisor. He is responsible for the internal sales support provided to regional vice presidents and to registered representatives of broker-dealers participating in other public offerings by the Wells Prior Public Program. Mr. Trahant is also responsible for statistical analysis of sales-related activities, development of office and communication systems, and hiring of administrative personnel. Mr. Trahant joined the Advisor in 1993 as Vice President for Marketing of the Southern Region and assumed his current position in 1995. Prior to joining the Advisor, Mr. Trahant had extensive sales and marketing experience in the commercial lighting industry. He is a graduate of Southeastern Louisiana University, a member of the International Association for Financial Planning (IAFP) and the American Management Association, and holds a Series 22 license.

KIM R. COMER (age 43) rejoined the Advisor as National Vice President of Marketing in April 1997, after working for the Company in similar capacities from January 1992 through September 1995. He is

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responsible for all investor, financial advisor, and broker-dealer communications and broker-dealer relations. In prior positions with the Advisor, Mr. Comer served as Vice President of Marketing for the southeast and northeast regions at the Advisor's' home office. He has ten years of experience in the securities industry and is a licensed registered representative and financial principal with the NASD. Additionally, he brings strong financial experience to his marketing position with the Advisor, including experience as controller and Chief Financial Officer of two regional broker-dealers. In 1976, Mr. Comer graduated with honors from Georgia State University with a BBA degree in accounting.

EDNA B. KING (age 60) is the Vice President of Investor Services for the Advisor. She is responsible for processing new investments, sales reporting, and investor communications. Prior to joining the Advisor in 1985, Ms. King served as the Southeast Service Coordinator for Beckman Instruments and as office manager for a regional office of Commerce Clearing House. Ms. King holds an Associate Degree in Business Administration from DeKalb Community College in Atlanta, Georgia, and has completed various courses at the University of North Carolina at Wilmington.

LINDA L. CARSON (age 54) is Vice President of Accounting for the Advisor. She is responsible for fund, property, and corporate accounting, SEC reporting and coordination of the audit with its independent auditors. Ms. Carson joined The Advisor in 1989 as Staff Accountant, became Controller in 1991, and assumed her current position in 1996. Prior to joining the Advisor, Ms. Carson was an accountant with an electrical distributor. She is a graduate of City College of New York and has completed additional accounting courses at Kennesaw State. She is a member of the National Society of Accountants.

The Advisor employs personnel, in addition to the directors and executive officers listed above, who have extensive experience in selecting and managing commercial properties similar to the properties SOUGHT TO BE ACQUIRED BY THE

COMPANY.
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The Advisor currently owns 20,000 OP Units, for which it contributed \$200,000 to the capital of the Operating Partnership. The Advisor may not sell these OP Units while the Advisory Agreement is in effect, although the Advisor may transfer such OP Units to Affiliates. Neither the Advisor, a Director, nor any Affiliate may vote or consent on matters submitted to the stockholders regarding removal of the Advisor, or any transaction between the Company and the Advisor, Directors, or an Affiliate. In determining the requisite percentage in interest of Shares necessary to approve a matter on which the Advisor, Directors, and any Affiliate may not vote or consent, any Shares owned by any of them will not be included.

THE ADVISORY AGREEMENT

Under the terms of the Advisory Agreement, the Advisor (ACTING IN THE

CAPACITY OF SPONSOR) has responsibility for the day-to-day operations of the
- - - - -
Company, administers the Company's bookkeeping and accounting functions, serves as the Company's consultant in connection with policy decisions to be made by the Board of Directors, manages the Company's properties and renders other services as the Board of Directors deems appropriate. The Advisor is subject to the supervision of the Company's Board of Directors and has only such functions as are delegated to it.

The Company will reimburse the Advisor for all of the costs it incurs in connection with the services it provides to the Company, including, but not limited to: (i) Organizational and Offering Expenses, which are defined to include expenses attributable to preparing the documents relating to this Offering, the formation and organization of the Company, qualification of the

Shares for sale in the states, escrow arrangements, filing fees and expenses attributable to the sale of the Shares, (ii) Selling Commissions, advertising expenses, expense reimbursements, and legal and accounting fees, (iii) the actual cost of goods and materials used by the Company and obtained from entities not affiliated with the Advisor, including brokerage fees paid in connection with the purchase and sale of securities, (iv) administrative services (including personnel costs; provided, however that no reimbursement shall be made for costs of personnel to the extent that such personnel perform services in transactions for which the Advisor receives a separate fee), and (v) Acquisition Expenses, which are defined to

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include expenses related to the selection and acquisition of properties, at the lesser of actual cost or 90% of the competitive rate charged by unaffiliated persons providing similar goods and services in the same geographic location.

The Company shall not reimburse the Advisor at the end of any fiscal quarter for operating expenses that, in the four consecutive fiscal quarters then ended (the "Expense Year") exceed (the "Excess Amount") the greater of 2% of Average Invested Assets or 25% of Net Income (the "2%/25% Guidelines") for such year. IF THE ADVISOR RECEIVES AN INCENTIVE FEE, NET INCOME, FOR PURPOSES OF CALCULATING OPERATING EXPENSES, SHALL EXCLUDE ANY GAIN FROM THE SALE OF THE COMPANY'S ASSETS. Any Excess Amount paid to the Advisor during a fiscal quarter shall be repaid to the Company WITHIN SIXTY (60) days after the end of THE FISCAL YEAR.

The Company will not reimburse the Advisor or its Affiliates for services for which the Advisor or its Affiliates are entitled to compensation in the form of a separate fee.

Pursuant to the Advisory Agreement, the Advisor is entitled to receive certain fees and reimbursements, as listed in "Management Compensation." The Subordinated Incentive Fee, which is payable to the Advisor under certain circumstances if Listing occurs, may be paid, at the option of the Company, in cash, in Shares, by delivery of a promissory note payable to the Advisor, or by any combination thereof. In the event the Subordinated Incentive Fee is paid to the Advisor following Listing, NO OTHER PERFORMANCE FEE WILL BE PAID TO THE

ADVISOR; AND IN THE EVENT THE SUBORDINATED PARTICIPATION FEE IS PAID TO THE ADVISOR, no Net Sales Proceeds will be paid to the Advisor. The Acquisition

Fees payable to the Advisor in connection with the selection or acquisition of any property shall be reduced to the extent that, and if necessary to limit, the total compensation paid to all persons involved in the acquisition of such property to the amount customarily charged in arm's-length transactions by other persons or entities rendering similar services as an ongoing public activity in the same geographical location and for comparable types of properties, and to the extent that other acquisition fees, finder's fees, real estate commissions, or other similar fees or commissions are paid by any person in connection with the transaction.

If the Advisor or an Affiliate performs services that are outside of the scope of the Advisory Agreement, compensation will be at such rates and in such amounts as are agreed to by the Advisor and the Independent Directors of the Company.

Further, if Listing occurs, the Company automatically will become a perpetual life entity. At such time, the Company and the Advisor will negotiate

in good faith a fee structure appropriate for an entity with a perpetual life, subject to approval by a majority of the Independent Directors. In negotiating a new fee structure, the Independent Directors shall consider all of the factors they deem relevant. These are expected to include, but will not necessarily be limited to: (i) the amount of the advisory fee in relation to the asset value, composition, and profitability of the Company's portfolio; (ii) the success of the Advisor in generating opportunities that meet the investment objectives of the Company; (iii) the rates charged to other REITs and to investors other than REITs by advisors that perform the same or similar services; (iv) additional revenues realized by the Advisor and its Affiliates through their relationship with the Company, including loan administration, underwriting or broker commissions, servicing, engineering, inspection and other fees, whether paid by the Company or by others with whom the Company does business; (v) the quality and extent of service and advice furnished by the Advisor; (vi) the performance of the investment portfolio of the Company, including income, conservation or appreciation of capital, and number and frequency of problem investments; and (vii) the quality of the portfolio of the Company in relationship to the investments generated by the Advisor for its own account. The Board of Directors, including a majority of the Independent Directors, may not approve a new fee structure that, in its judgment, is more favorable to the Advisor than the current fee structure.

THE COMPANY ALSO SHALL PAY THE ADVISOR A DEFERRED, SUBORDINATED REAL ESTATE

DISPOSITION FEE UPON SALE OF ONE OR MORE PROPERTIES, IN AN AMOUNT EQUAL TO THE

LESSER OF (I) ONE-HALF (1/2) OF A COMPETITIVE REAL ESTATE BROKERAGE COMMISSION,

OR (II) THREE PERCENT (3%) OF THE SALES PRICE OF SUCH PROPERTY OR PROPERTIES.

IN ADDITION, THE AMOUNT PAID WHEN ADDED TO THE SUMS PAID TO UNAFFILIATED PARTIES

IN SUCH A CAPACITY SHALL NOT EXCEED THE LESSER OF THE COMPETITIVE REAL ESTATE

BROKERAGE COMMISSION OR AN AMOUNT EQUAL TO 6% OF THE

SALES PRICE OF SUCH PROPERTY OR PROPERTIES. PAYMENT OF SUCH FEE SHALL BE MADE

ONLY IF THE ADVISOR PROVIDES A SUBSTANTIAL AMOUNT OF SERVICES IN CONNECTION WITH

THE SALE OF A PROPERTY OR PROPERTIES AND SHALL BE SUBORDINATED TO RECEIPT BY THE

STOCKHOLDERS OF DISTRIBUTIONS EQUAL TO THE SUM OF (I) THEIR AGGREGATE COMMON

RETURN AND (II) THEIR AGGREGATE INVESTED CAPITAL. IF, AT THE TIME OF A SALE OF

ONE OR MORE PROPERTIES, PAYMENT OF SUCH DISPOSITION FEE IS DEFERRED BECAUSE THE

SUBORDINATION CONDITIONS HAVE NOT BEEN SATISFIED, THEN THE DISPOSITION FEE SHALL

BE PAID AT SUCH LATER TIME AS THE SUBORDINATION CONDITIONS ARE SATISFIED. UPON

LISTING, IF THE ADVISOR HAS ACCRUED BUT NOT BEEN PAID SUCH REAL ESTATE

DISPOSITION FEE, THEN FOR PURPOSES OF DETERMINING WHETHER THE SUBORDINATION

CONDITIONS HAVE BEEN SATISFIED, STOCKHOLDERS WILL BE DEEMED TO HAVE RECEIVED A

DISTRIBUTION IN THE AMOUNT EQUAL TO THE PRODUCT OF THE TOTAL NUMBER OF SHARES

OUTSTANDING AND THE AVERAGE CLOSING PRICE OF THE SHARES OVER A PERIOD, BEGINNING

180 DAYS AFTER LISTING, OF 30 DAYS DURING WHICH THE SHARES ARE TRADED.

The Advisory Agreement, which was entered into by the Company with the unanimous approval of the Board of Directors, including the Independent Directors, expires one year after the date hereof, on _____, 1998, subject to successive one-year renewals upon mutual consent of the parties. In the event that a new Advisor is retained, the previous Advisor has agreed to cooperate with the Company and the Directors in effecting an orderly transition of the advisory functions. The Board of Directors (including a majority of the Independent Directors) shall approve a successor Advisor only upon a determination that such successor Advisor possesses sufficient qualifications to perform the advisory functions for the Company and that the compensation to be received by the new Advisor pursuant to the new Advisory Agreement is justified.

The Advisory Agreement may be terminated without cause or penalty by either party, or by the mutual consent of the parties (by a majority of the Independent Directors of the Company or a majority of the directors of the Advisor, as the case may be), upon 60 days' prior written notice. The Advisor shall be entitled to receive all accrued but unpaid compensation and expense reimbursements in cash within 30 days of the effective date of termination of the Advisory Agreement. All other amounts payable to the Advisor in the event of a termination shall be evidenced by a promissory note and shall be payable from time to time.

The Advisor has the right to assign the Advisory Agreement to an Affiliate subject to approval by the Independent Directors of the Company. The Company has the right to assign the Advisory Agreement to any successor to all of its assets, rights, and obligations.

The Advisor will not be liable to the Company or its stockholders or others, except by reason of acts constituting bad faith, fraud, misconduct, or negligence, and will not be responsible for any action of the Board of Directors in following or declining to follow any advice or recommendation given by it. The Company has agreed to indemnify the Advisor with respect to acts or omissions of the Advisor undertaken in good faith, in accordance with the foregoing standards and pursuant to the authority set forth in the Advisory Agreement. Any indemnification made to the Advisor may be made only out of the net assets of the Company and not from stockholders.

WELLS MANAGEMENT

It is expected that substantially all of the Company's properties will be managed by the Management Company. The officers of the Management Company are as follows:

Leo F. Wells, III	President
Brian M. Conlon	Executive Vice President
Michael C. Berndt	Vice President and Chief Financial Officer

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M. Scott Meadows	Vice President - Property Management
Michael L. Watson	Vice President - Construction
Robert H. Stroud	Vice President - Leasing

The backgrounds of Messrs. Wells and Conlon are described above under "Management -- Directors and Executive Officers."

MICHAEL C. BERNDT (50), Vice President and Chief Financial Officer of the Management Company, joined in 1996. He is responsible for asset management of the Prior Wells Public Program portfolios. Mr. Berndt is an attorney and a Certified Public Accountant. From 1990 to 1995, Mr. Berndt was with the Investigations Unit of the Resolution Trust Corporation. From 1985 to 1989, Mr. Berndt was an independent real estate syndicator. From 1982 to 1985, he was President of Phoenix Financial Corporation, an NASD broker-dealer. Previously, he served as an accountant, attorney and securities analyst for various firms. Mr. Berndt holds a B.S. in Accounting from Samford University, a J.D. from Cumberland Law School and an L.L.M. in Taxation from New York University School of Law.

M. SCOTT MEADOWS (33) is Vice President of Property Management for the Management Company. He is responsible for overseeing a 1.8 million square foot portfolio of office and retail properties. Prior to joining the Management Company, Mr. Meadows served as Senior Property Manager for The Griffin Company, a full-service commercial real estate firm in Atlanta, where he was responsible for managing a half million square foot office and retail portfolio. He also served several years as Property Management for Sea Pines Plantation Company, managing real estate around Harbour Town. Mr. Meadows received a Bachelor of Business Administration degree from the University of Georgia. He is a Georgia real estate broker and holds the Real Property Administrator (RPA) designation of the Building Owners and Managers Institute International.

MICHAEL WATSON (age 52) is Vice President of Construction for the Management Company. Mr. Watson is responsible for overseeing construction and tenant improvement projects for the Prior Wells Public Programs, including design, engineering, and progress-monitoring functions. With more than 25 years of experience in the construction industry, Mr. Watson has supervised projects ranging from high rises to neighborhood shopping centers. Prior to joining the Management Company in 1995, he was senior project management with Abrams Construction in Atlanta. Mr. Watson received a Bachelor's degree in civil engineering from the University of Miami and keeps up with current practices by periodically enrolling in supplemental college courses.

ROBERT H. STROUD (age 56), Vice President of Leasing and Associate Broker for Wells & Associates, Inc., joined the Management Company in 1987. Mr. Stroud is responsible for leasing Atlanta office and retail properties on behalf of the Prior Wells Public Programs. With more than 20 years in commercial and investment real estate, Mr. Stroud is experienced in many facets of the real estate industry, including site selection, tenant and landlord representation, investment sales, and assemblage and property management. Prior to joining the Management Company, Mr. Stroud was investment properties consultant with Royal LePage Commercial Real Estate Services. He received a Bachelor's degree in management from Georgia State University and earned the MCRE Commercial Real Estate designation from the University of Toronto.

INVESTMENT OBJECTIVES AND CRITERIA

GENERAL

The Company is a corporation that intends to elect to be taxed as a REIT for federal income tax purposes. The Company was organized to invest in commercial real properties, including properties which are under development or construction, are newly constructed or have been constructed and have operating histories. The

Company's objectives are: (i) to maximize Cash Available for Distribution; (ii) to preserve, protect and return the Invested Capital of the shareholders; (iii) to realize capital appreciation upon the ultimate sale of the Company's

properties; and (iv) to provide shareholders with liquidity of their investment, within 10 years after commencement of the Offering, through either (a) the listing of the Shares, or (b) if Listing does not occur within ten years following the commencement of the Offering, the dissolution of the Company and the orderly liquidation of its assets. No assurance can be given that these objectives will be attained.

Decisions relating to the purchase or sale of the Company's properties will be made by the Advisor, subject to the oversight of the Board of Directors. See "The Advisor and the Advisory Agreement" for a description of the background and experience of the Advisor.

ACQUISITION AND INVESTMENT POLICIES

The Company will seek to invest substantially all of the net Offering proceeds available for Investment in properties in the acquisition of commercial real properties, which are under development or construction, are newly constructed or which have been previously constructed and have operating histories. While not limited to such investments, the Advisor will generally seek to invest in commercial properties such as office buildings, shopping centers and industrial properties which are less than five years old, the space in which has been leased or preleased to one or more large corporate tenants who satisfy the Advisor's standards of creditworthiness. Based on the Advisor's prior experience with the Prior Wells Public Programs, the Company anticipates that a majority of the tenants of the Company's properties will be U.S. corporations (or other entities) each of which has a net worth in excess of \$100,000,000 or whose lease obligations are guaranteed by another corporation or entity with a net worth in excess of \$100,000,000. The Company may, however, invest in office buildings, shopping centers or industrial properties which are not preleased to such tenants or in other types of commercial or industrial properties such as hotels, motels, restaurants or business or industrial parks. Notwithstanding the foregoing, under the REIT qualification rules, the Company may not be actively engaged in the business of operating hotels, motels or similar properties.

While the Company will seek to invest in properties that will satisfy the primary objective of providing distributions of current cash flow to investors, due to the fact that a significant factor in the valuation of income-producing real properties is their potential for future income, the Advisor anticipates that the majority of properties acquired by the Company will satisfy both attributes of providing potential for capital appreciation and providing distributions of current cash flow to investors. To the extent feasible, the Advisor will strive to invest in a diversified portfolio of properties that will satisfy the Company's investment objectives of maximizing Cash Available for Distribution, preserving investors' capital and realizing capital appreciation upon the ultimate sale of the Company's properties.

It is anticipated that approximately 84% of the Gross Proceeds of the Offering will be used to acquire properties and the balance will be used to pay various fees and expenses. See "Estimated Use of Proceeds."

THE COMPANY MAY NOT INVEST MORE THAN 10% OF ITS TOTAL ASSETS in

Unimproved Real Property. A property which is expected to produce income within two years of its acquisition will not be considered a non-income producing property.

Investment in property generally will take the form of fee title or of a leasehold estate having a term, including renewal periods, of at least 40 years, and may be made either directly or indirectly through investments in joint ventures, general partnerships, co-tenancies or other co-ownership arrangements with the developers of the properties, Affiliates of the Advisor or other persons. See "Joint Venture Investments" below. In addition, the Company may purchase properties and lease them back to the sellers of such properties. While the Advisor will use its best efforts to structure any such sale-leaseback transaction such that the lease will be characterized as a "true lease" and so that the Company will be treated as the owner of the property for federal income

tax purposes, no assurance can be given that the Service will not challenge such characterization. In the event that any such sale-leaseback transaction is recharacterized as a financing transaction for federal income tax purposes, deductions

for depreciation and cost recovery relating to such property would be disallowed or significantly reduced. See "Federal Income Tax Considerations."

The Company is not limited as to the geographic area where it may conduct its operations, but the Advisor intends to cause the Company to invest primarily in properties located in the United States.

There are no specific limitations on the number or size of properties to be acquired by the Company or on the percentage of net proceeds of this Offering which may be invested in a single property. The number and mix of properties acquired will depend upon real estate and market conditions and other circumstances existing at the time the Company is acquiring its properties and the amount of the net proceeds of this Offering.

In making investment decisions for the Company, the Advisor will consider relevant real property and financial factors, including the location of the property, its suitability for any development contemplated or in progress, its income-producing capacity, the prospects for long-range appreciation, its liquidity and income tax considerations. In this regard, the Advisor will have substantial discretion with respect to the selection of specific Company investments.

The Company will obtain independent appraisals for each property in which it invests, and the purchase price of each such property will not exceed its appraised value. However, the Advisor and the Board of Directors will rely on their own independent analysis and not on such appraisals in determining whether to invest in a particular property. It should be noted that appraisals are estimates of value and should not be relied upon as measures of true worth or realizable value. Copies of these appraisals will be available for review and duplication by shareholders at the office of the Company and will be retained for at least five years.

The Company's obligation to close the purchase of any investment will generally be conditioned upon the delivery and verification of certain documents from the seller or developer, including, where appropriate, plans and specifications, environmental reports, surveys, evidence of marketable title (subject only to such liens and encumbrances as are acceptable to the Advisor), audited financial statements covering recent operations of any properties having operating histories (unless such statements are not required to be filed with the Securities and Exchange Commission and delivered to investors), title and liability insurance policies and opinions of counsel in certain circumstances. The Company will not close the purchase of any property unless and until it obtains an environmental assessment (a minimum of a Phase I review) for each property purchased and the Advisor is generally satisfied with the environmental status of the property.

The Company may also enter into arrangements with the seller or developer of a property whereby the seller or developer agrees that if during a stated period the property does not generate a specified cash flow, the seller or developer will pay in cash to the Company a sum necessary to reach the specified cash flow level, subject in some cases to negotiated dollar limitations.

In determining whether to purchase a particular property, the Company may, in accordance with customary practices, obtain an option on such property. The amount paid for an option, if any, is normally surrendered if the property is not purchased and is normally credited against the purchase price if the property is purchased.

In purchasing, leasing and developing real properties, the Company will be subject to risks generally incident to the ownership of real estate, including

changes in general economic or local conditions, changes in supply of or demand for similar or competing properties in an area, changes in interest rates and availability of permanent mortgage funds which may render the sale of a property difficult or unattractive, and changes in tax, real estate, environmental and zoning laws. Periods of high interest rates and tight money supply may make the sale of properties more difficult. The Company may experience difficulty in keeping the properties fully leased due to tenant turnover, general overbuilding or excess supply in the market area. Development of real properties is subject to risks relating to the builders' ability to control construction costs or to build in conformity with plans, specifications and timetables. See "Risk Factors -- Real Estate Risks."

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DEVELOPMENT AND CONSTRUCTION OF PROPERTIES

The Company may invest substantially all of the net proceeds available for investment in properties on which improvements are to be constructed or completed although the Company may not invest in excess of 10% of total assets in properties which are not expected to produce income within two years of their acquisition. To help ensure performance by the builders of properties which are under construction AND completion of properties under construction, the Advisor

may rely upon the substantial net worth of the contractor or developer or a personal guarantee accompanied by financial statements showing a substantial net worth provided by an Affiliate of the person entering into the construction or development contract, or, in certain circumstances, the Advisor may require an adequate completion bond or performance bond.

The Company may make periodic progress payments or other cash advances to developers and builders of its properties prior to completion of construction only upon receipt of an architect's certification as to the percentage of the project then completed and as to the dollar amount of the construction then completed. The Company intends to use such additional controls on its disbursements to builders and developers as it deems necessary or prudent.

The Company may directly employ one or more project managers to plan, supervise and implement the development of any Unimproved Real Properties which it may acquire. Such persons would be compensated directly by the Company and, other than through such employment, will not be affiliated with the Advisor.

<*>TERMS OF LEASES AND LESSEE CREDITWORTHINESS

The terms and conditions of any lease entered into by the Company with regard to a tenant may vary substantially from those described herein. However, a majority of leases are expected to be what is generally referred to as "triple net" leases, which means that the lessee will be required to pay or reimburse the Company for all real estate taxes, sales and use taxes, special assessments, utilities, insurance and building repairs as well as lease payments.

The Advisor has developed specific standards for determining the creditworthiness of potential lessees of Company Properties. While authorized to enter into leases with any type of lessee, the Advisor anticipates that a majority of the tenants of the Company Properties will be top U.S. corporations or other entities each of which has a net worth in excess of \$100,000,000 or whose lease obligations are guaranteed by another corporation or entity with a net worth in excess of \$100,000,000.

BORROWING POLICIES

The Company may incur indebtedness in connection with the development or acquisition of properties, which indebtedness may be secured by one or more of the Company's properties. The Company also may borrow funds (a) for Company operating purposes in the event of unexpected circumstances in which the Company's working capital reserves and other cash resources available to the

Company become insufficient for the maintenance and repair of its properties or for the protection or replacement of the Company's assets, and (b) in order to finance improvement of and improvements to its properties, when the Advisor deems such improvements to be necessary or appropriate to protect the capital previously invested in the properties, to protect the value of the Company's investment in a particular property, or to make a particular property more attractive for sale or lease. The aggregate borrowing of the Company, secured and unsecured, shall be reasonable in relation to Net Assets of the Company and shall be reviewed by the Board of Directors at least quarterly. Such indebtedness may be in the form of secured and unsecured bank borrowings, and publicly and privately placed debt offerings. Borrowings may be incurred through either the Operating Partnership or the Company. The Board of Directors anticipates that the aggregate amount of any borrowing will not exceed 50% of THE AGGREGATE VALUE OF THE COMPANY'S AGGREGATE PROPERTIES, provided, however, -----
that such level may be exceeded on an individual property basis.

JOINT VENTURE INVESTMENTS

The Company is likely to enter into one or more joint ventures with Affiliated entities for the acquisition, development or improvement of properties, under the conditions described below. The Company may invest some or all of the proceeds of the Offering in such joint ventures. In this connection, the Company may enter into joint ventures with future programs sponsored by the Advisor or its Affiliates or Prior Wells Public Programs. The Advisor also has the authority to enter into joint ventures, general partnerships, co-tenancies and other participations with real estate developers, owners and others for the purpose of developing, owning and operating properties in accordance with the Company's investment policies. See "Risk Factors" and "Conflicts of Interest." In determining whether to invest in a particular joint venture, the Advisor will evaluate the real property which such joint venture owns or is being formed to own under the same criteria described herein for the selection of real property investments of the Company. THE COMPANY SHALL NOT

INVEST IN JOINT VENTURES WITH THE ADVISOR, ANY DIRECTORS OR ANY AFFILIATE

THEREOF, UNLESS A MAJORITY OF THE DIRECTORS (INCLUDING A MAJORITY OF THE

INDEPENDENT DIRECTORS) NOT OTHERWISE INTERESTED IN SUCH TRANSACTIONS, APPROVE

THE TRANSACTION AS BEING FAIR AND REASONABLE TO THE COMPANY AND ON SUBSTANTIALLY

THE SAME TERMS AND CONDITIONS AS THOSE RECEIVED BY OTHER JOINT VENTURERS. See "

-- Acquisition and Investment Policies," " -- Development and Construction of
Properties," " -- Terms of Leases and Lessee Creditworthiness," and " --
Borrowing Policies."

At such time as the Advisor believes that a reasonable probability exists that the Company will enter into a joint venture with a Prior Wells Public Program for the acquisition or development of a specific material property, this Prospectus will be supplemented to disclose the terms of such proposed investment transaction. Based upon the Advisor's experience, in connection with the development of a property which is currently owned by a Prior Wells Public Program, this would normally occur upon the signing of legally binding leases with one or more major tenants for commercial space to be developed on such property, but may occur before or after any such signing, depending upon the particular circumstances surrounding each potential investment. It should be understood that the initial disclosure of any such proposed transaction cannot be relied upon as an assurance that the Company will ultimately consummate such proposed transaction nor that the information provided in any such supplement to this Prospectus concerning any such proposed transaction will not change after the date of the supplement.

The Company may enter into a partnership, joint venture or co-tenancy with unrelated parties if (i) the management of such partnership, joint venture or co-tenancy is under the control of the Company; (ii) the Company, as a result of such joint ownership or partnership ownership of a property, is not charged, directly or indirectly, more than once for the same services; (iii) the joint ownership, partnership or co-tenancy agreement does not authorize or require the Company to do anything as a partner, joint venturer or co-tenant with respect to the property which the Company or the Advisor could not do directly because of the COMPANY'S ARTICLES OF INCORPORATION; and (iv) the Advisor and its

Affiliates are prohibited from receiving any compensation, fees or expenses which are not permitted to be paid under the Advisory Agreement. In the event that any such co-ownership arrangement contains a provision giving each party a right of first refusal to purchase the other party's interest, the Company may not have sufficient capital to finance any such buy-out. See "Risk Factors."

The Company intends to enter into joint ventures with other publicly registered Affiliated entities for the acquisition of properties, but may only do so provided that (i) each such co-venturer has substantially identical investment objectives as those of the Company; (ii) the Company, as a result of such joint ownership or partnership ownership of a property, is not charged, directly or indirectly, more than once for the same services; (iii) compensation payable to the Company by such Affiliate is substantially identical to that payable to the Advisor by the Company; (iv) the Company will have a right of first refusal to buy if such co-venturer elects to sell its interest in the property held by the joint venture; and (v) the investment by the Company and such Affiliate are on substantially the same terms and conditions, and each such entity's ownership interest in such joint venture or partnership shall be based upon the respective proportion of funds invested in such joint venture or partnership by the Company and such Affiliate. In the event that the co-venturer were to elect to sell property held in any such joint venture, however, the Company may not have sufficient funds to exercise its right of first refusal to buy the other co-venturer's interest in the property held by the joint venture. In the event that any joint venture with an

Affiliated entity holds interests in more than one property, the interest in each such property may be specially allocated based upon the respective proportion of funds invested by each co-venturer in each such property. Entering into such joint ventures with Affiliated entities will result in certain conflicts of interest. See "Risk Factors" and "Conflicts of Interest -- Joint Ventures with Affiliates of the Advisor."

OTHER POLICIES

The Company will not invest as a limited partner in limited partnerships, EXCEPT SUCH INVESTMENTS ACQUIRED THROUGH THE OPERATING PARTNERSHIP. The Company ----- may in the future issue senior securities. The Company may, pursuant to the Reinvestment Plan, repurchase or otherwise reacquire its common stock.

Except in connection with sales of properties by the Company where purchase money obligations may be taken by the Company as partial payment, the Company will not make loans to any person, nor will the Company underwrite securities of other issuers, in exchange for property, or invest in securities of other issuers for the purpose of exercising control. Notwithstanding the foregoing, the Company may invest in joint ventures or partnerships as described above and in a corporation where real estate is the principal asset and its acquisition can best be effected by the acquisition of the stock of such corporation, subject to the limitations set forth below.

The Company will not: (i) make OR INVEST in real estate MORTGAGE LOANS

(except in connection with the sale or other disposition of a property); (ii)
make loans to the Advisor or other Affiliates, or to any director, officer or
principal of the Company or any of its Affiliates; (iii) INVEST IN COMMODITIES

OR COMMODITY FUTURE CONTRACTS (DOES NOT APPLY TO FUTURE CONTRACTS, WHEN USED

SOLELY FOR HEDGING PURPOSES IN CONNECTION WITH THE COMPANY'S ORDINARY BUSINESS

OF INVESTING IN REAL ESTATE ASSETS AND MORTGAGES); (IV) ISSUE REDEEMABLE EQUITY

SECURITIES; (V) ISSUE DEBT SECURITIES UNLESS THE HISTORICAL DEBT SERVICE

COVERAGE (IN THE MOST RECENTLY COMPLETED FISCAL YEAR), AS ADJUSTED FOR KNOWN

CHANGES, IS SUFFICIENT TO PROPERLY SERVICE THAT HIGHER LEVEL OF DEBT; (VI) ISSUE

OPTIONS OR WARRANTS TO PURCHASE ITS SHARES TO THE ADVISOR, DIRECTORS, OR ANY

AFFILIATE THEREOF EXCEPT ON THE SAME TERMS AS SUCH OPTIONS OR WARRANTS MAY BE

SOLD TO THE GENERAL PUBLIC, ANY SUCH OPTIONS OR WARRANTS ISSUED TO THE ADVISOR,

DIRECTORS, OR ANY AFFILIATE SHALL NOT EXCEED AN AMOUNT EQUAL TO 10% OF THE

OUTSTANDING SHARES OF THE COMPANY ON THE DATE OF GRANT; (VII) ISSUE ITS SHARES

ON A DEFERRED PAYMENT BASIS OR OTHER SIMILAR ARRANGEMENT; (VIII) invest in or

underwrite the securities of other issuers, including any publicly offered or
traded limited partnership interests, except for investments in joint ventures
as described herein, and except for permitted temporary investments pending
utilization of Company funds, provided that following one year after the
commencement of operations of the Company no more than 45% of the value of the
Company's total assets (exclusive of Government securities and cash items) will
consist of, and no more than 45% of the Company's net income after taxes (for
the last four fiscal quarters combined) will be derived from, securities other
than (A) Government securities, or (B) securities in a corporation where real
estate is the principal asset and the acquisition of such real estate can best
be effected by the acquisition of the stock of such corporation, provided that
any such corporation is either (x) a corporation which is a majority owned
subsidiary of the Company and which is not an investment company as defined by
the Investment Company Act of 1940, as amended, or (y) a corporation which is
controlled primarily by the Company, through which corporation the Company
engages in the business of acquisition and operation of real estate and which is
not an investment company.

REAL PROPERTY INVESTMENTS

As of the date of this Prospectus, the Company has not acquired nor
contracted to acquire any specific real properties. The Advisor is continually
evaluating various potential property investments and engaging in discussions
and negotiations with sellers, developers and potential tenants regarding the
purchase and development of properties for the Company and prior programs. At
such time during the negotiations for a specific property as the Advisor
believes that a reasonable probability exists that the Company will acquire such
property, this Prospectus will be supplemented to disclose the negotiations and
pending acquisition. Based upon the Advisor's experience and acquisition
methods, this will normally occur on the signing of a legally binding purchase
agreement for the acquisition of a specific property, but may occur before or
after such signing or upon the

satisfaction or expiration of major contingencies in any such purchase
agreement, depending on the particular circumstances surrounding each potential

investment. A supplement to this Prospectus will describe any improvements proposed to be constructed thereon and other information considered appropriate for an understanding of the transaction. Further data will be made available after any pending acquisition is consummated, also by means of a supplement to this Prospectus, if appropriate. IT SHOULD BE UNDERSTOOD THAT THE INITIAL DISCLOSURE OF ANY PROPOSED ACQUISITION CANNOT BE RELIED UPON AS AN ASSURANCE THAT THE COMPANY WILL ULTIMATELY CONSUMMATE SUCH PROPOSED ACQUISITION NOR THAT THE INFORMATION PROVIDED CONCERNING THE PROPOSED ACQUISITION WILL NOT CHANGE BETWEEN THE DATE OF SUCH SUPPLEMENT AND ACTUAL PURCHASE.

It is intended that the proceeds of this Offering will be invested in properties in accordance with the Company's investment policies. Funds available for investment in properties which are not expended or committed to the acquisition or development of specific real properties on or before the later of the second anniversary of the effective date of the Registration Statement or one year after the termination of the Offering and not reserved for working capital purposes will be returned to the shareholders.

The Company intends to obtain adequate insurance coverage for all properties in which it invests.

DISTRIBUTION POLICY

REIT STATUS

In order to qualify as a REIT for federal income tax purposes, among other things, the Company must make distributions each taxable year (not including any return of capital for federal income tax purposes) equal to at least 95% of its real estate investment trust taxable income, although the Board of Directors, in its discretion, may increase that percentage as it deems appropriate. See "Federal Income Tax Considerations -- Requirements for Qualification." The declaration of distributions is within the discretion of the Board of Directors and depends upon the Company's Cash Available for Distribution, current and projected cash requirements, tax considerations and other factors.

The Company intends to make regular quarterly distributions to holders of the Shares. Distributions will be made to those stockholders who are stockholders as of the record date selected by the Directors. Distributions will be declared monthly and paid on a quarterly basis during the Offering period and declared and paid quarterly thereafter. Generally, income distributed to stockholders will not be taxable to the Company under federal income tax laws if the Company distributes at least 95% of its annual taxable income. If Cash Available for Distribution is insufficient to pay such distributions, the Company may obtain the necessary funds by borrowing, issuing new securities, or selling assets. These methods of obtaining funds could affect future distributions by increasing operating costs. To the extent that distributions to stockholders exceed the Company's current and accumulated earnings and profits, such amounts will constitute a return of capital for federal income tax purposes, although such distributions will not reduce stockholders' aggregate Invested Capital.

Distributions will be made at the discretion of the Directors, depending primarily on Cash Available for Distribution and the general financial condition of the Company, subject to the obligation of the Directors to cause the Company to qualify and remain qualified as a REIT for federal income tax purposes. The

Company intends to increase distributions in accordance with increases in Cash Available for Distribution.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As of the date of this Prospectus, the Company had not yet commenced active operations. Subscription proceeds may be released to the Company as accepted

and applied to investment in properties and the payment or reimbursement of Selling Commissions and other Organization and Offering Expenses. See "Estimated Use of Proceeds." The Company will experience a relative increase in liquidity as additional subscriptions for Shares are received, and a relative decrease in liquidity as net Offering proceeds are expended in connection with the acquisition, development and operation of properties.

As of the initial date of this Prospectus, the Company has not entered into any arrangements creating a reasonable probability that any specific property will be acquired by the Company. The number of Company properties to be acquired by the Company will depend upon the number of Shares sold and the resulting amount of the net proceeds available for investment in properties available to the Company. See "Risk Factors."

The Company is not aware of any material trends or uncertainties, favorable or unfavorable, other than national economic conditions affecting real estate generally, which may be reasonably anticipated to have a material impact on either capital resources or the revenues or income to be derived from the operation of the Company's properties.

Until required for the acquisition, development or operation of properties, net Offering proceeds will be kept in short-term, liquid investments. Because the vast majority of leases for the properties acquired by the Company will provide for tenant reimbursement of operating expenses, it is not anticipated that a permanent reserve for maintenance and repairs of Company properties will be established. However, to the extent that the Company has insufficient funds for such purposes, the Advisor may contribute to the Company an aggregate amount of up to 1% of Gross Offering Proceeds for maintenance and repairs of the Company's properties. The Advisor also may, but is not required to, establish reserves from Gross Offering Proceeds, out of cash flow generated by operating properties or out of Nonliquidating Net Sale Proceeds.

DESCRIPTION OF CAPITAL STOCK

THE FOLLOWING SUMMARY OF CERTAIN PROVISIONS OF THE COMPANY'S ARTICLES OF
INCORPORATION AND BYLAWS AND MARYLAND LAW IS SUBJECT TO AND QUALIFIED IN ITS

ENTIRETY BY REFERENCE TO SUCH DOCUMENTS, COPIES OF WHICH ARE EXHIBITS TO THE

REGISTRATION STATEMENT OF WHICH THIS PROSPECTUS IS A PART.

Under its Articles of Incorporation, the Company has authority to issue a total of 90,000,000 shares of capital stock, of which 40,000,000 shares are

designated as common stock, \$.01 par value per share (the "Common Stock"), 5,000,000 shares of which are designated as preferred stock, \$.01 par value per share (the "Preferred Stock"), AND 45,000,000 SHARES ARE DESIGNATED AS SHARES-

IN-TRUST (AS DESCRIBED IN "-- ARTICLES OF INCORPORATION AND BYLAW

PROVISIONS."

COMMON STOCK

The holders of Shares are entitled to one vote per share on all matters voted on by shareholders, including elections of directors. Except as otherwise required by law or provided in any resolution adopted by the Board of Directors with respect to any series of Preferred Stock, the holders of such shares exclusively possess all voting power. The Articles of Incorporation do not provide for cumulative voting in the election of directors. Subject to any preferential rights of any outstanding series of Preferred Stock, the holders of Shares are entitled to such dividends as may be declared from time to time by the Board of Directors from funds available therefor, and upon liquidation are

entitled to receive pro rata all assets of the Company available for distribution to such holders. All Shares issued in the Offering will be fully paid and nonassessable and the holders thereof will not have preemptive rights.

PREFERRED STOCK

The Articles of Incorporation authorize the Board of Directors to designate and issue from time to time one or more classes or series of Preferred STOCK

without stockholder approval. The Board of Directors may determine the relative rights, preferences and privileges of each class or series of Preferred Stock so issued, which may be more beneficial than those of the Common Stock. However, the voting rights for each share of Preferred Stock shall not exceed voting rights of the Common Stock. The issuance of Preferred Stock could have the effect of delaying or preventing a change in control of the Company. The Board of Directors has no present plans to issue any Preferred Stock, but may nevertheless do so in the future.

SOLICITING DEALER WARRANTS

The Company has agreed to issue and sell, and the Dealer Manager has agreed to purchase for the price of \$.0008 per warrant, warrants (the "Soliciting Dealer Warrants") to purchase one Share per Soliciting Dealer Warrant equal to 2.5% of the total number of Shares sold by the Dealer Manager (and/or the Soliciting Dealers) up to a maximum of 600,000 Soliciting Dealer Warrants. The Soliciting Dealer Warrants will be issued on a quarterly basis commencing 60 days after the date on which the Shares are first sold pursuant to this Offering. The Dealer Manager may retain or reallocate all Soliciting Dealer Warrants to the Soliciting Dealers (EXCEPT SOLICITING DEALERS IN MINNESOTA),

unless such issuance of the Soliciting Dealer Warrants is prohibited by either federal or state securities laws. The Shares issuable upon exercise of the Soliciting Dealer Warrants are being registered as part of this Offering.

Each Soliciting Dealer will receive from the Dealer Manager one Soliciting Dealer Warrant for each 25 Shares sold by such Soliciting Dealer during this Offering. All Shares sold by the Company other than through the Reinvestment Plan will be included in the computation of the number of Shares sold to determine the number of Soliciting Dealer Warrants to be issued. The holder of a Soliciting Dealer Warrant will be entitled to purchase one Share from the Company at a price of \$12 (120% of the public offering price per Share) during the time period beginning from the date the Soliciting Dealer Warrants are issued and ending five years after the effective date of this Offering (the "Exercise Period"). A Soliciting Dealer Warrant may not be exercised unless the Shares to be issued upon the exercise of the Soliciting Dealer Warrant have been registered or are exempt from registration in the state of residence of the holder of the Soliciting Dealer Warrant or if a prospectus required under the laws of such state cannot be delivered to the buyer on behalf of the Company. Notwithstanding the foregoing, no Soliciting Dealer Warrants will be exercisable until one year from the effective date of the Offering. In addition, holders of Soliciting Dealer Warrants may not exercise the Soliciting Dealer Warrants to the extent such exercise would jeopardize the Company's status as a REIT under the Code.

The terms of the Soliciting Dealer Warrants, including the exercise price and the number and type of securities issuable upon exercise of a Soliciting Dealer Warrant and the number of such warrants may be adjusted in the event of stock dividends, STOCK SPLITS, OR A MERGER, CONSOLIDATION, RECLASSIFICATION,

REORGANIZATION, RECAPITALIZATION, OR SALE OF ASSETS. Soliciting Dealer Warrants

are not transferable or assignable except by the Dealer Manager, the Soliciting

Dealers, their successors in interest, or to individuals who are officers of such a person. Exercise of these Soliciting Dealer Warrants will be under the terms and conditions detailed in this Prospectus and in the Warrant Purchase Agreement, which is an exhibit to the Registration Statement.

Holders of Soliciting Dealer Warrants do not have the rights of stockholders, may not vote on Company matters and are not entitled to receive distributions until such time as such warrants are exercised.

ARTICLES OF INCORPORATION AND BYLAW PROVISIONS

Restrictions on Ownership and Transfer

For the Company to qualify as a REIT under the Code, it must meet certain requirements concerning the ownership of its outstanding shares of capital stock. Specifically, not more than 50% in value of the Company's

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outstanding shares of capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year, and the Company must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year. See "Federal Income Tax Considerations -- Requirements for Qualification." In addition, the Company must meet certain requirements regarding the nature of its gross income in order to qualify as a REIT. One such requirement is that at least 75% of the Company's gross income for each year must consist of "rents from real property" and income from certain other real property investments. No rent that the Company receives from a tenant in which it owns 10% or more of the ownership interests will qualify as "rents from real property." See "Federal Income Tax Considerations -- Requirements for Qualification -- Income Tests."

Because the Board of Directors believes it is essential for the Company to continue to qualify as a REIT, the Articles of Incorporation, subject to certain exceptions described below, provide that no person may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8% (the "Ownership Limitation") of the number of outstanding SHARES OF COMMON STOCK or

more than 9.8% of the number of outstanding shares of any class of PREFERRED

STOCK.

Any transfer of Shares that would (i) result in any person owning, directly or indirectly, Shares in excess of the Ownership Limitation, (ii) result in Shares being owned by fewer than 100 persons (determined without reference to any rules of attribution), (iii) result in the Company being "closely held" within the meaning of section 856(h) of the Code, or (iv) cause the Company to own, actually or constructively, 10% or more of the ownership interests in a tenant of the Company's or the Operating Partnership's real property, within the meaning of section 856(d)(2)(B) of the Code, will be null and void, and the intended transferee will acquire no rights in such Shares.

Subject to certain exceptions described below, any purported transfer of Shares that would (i) result in any person owning, directly or indirectly, Shares in excess of the Ownership Limitation, (ii) result in the Shares being owned by fewer than 100 persons (determined without reference to any rules of attribution), (iii) result in the Company being "closely held" within the meaning of section 856(h) of the Code, or (iv) cause the Company to own, actually or constructively, 10% or more of the ownership interests in a tenant of the Company's or the Operating Partnership's real property, within the meaning of section 856(d)(2)(B) of the Code, will be designated as "Shares-in-Trust" and will be transferred automatically to a trust (a "Trust"), effective on the day before the purported transfer of such Shares. The record holder of the Shares that are designated as Shares-in-Trust (the "Prohibited Owner") will

be required to submit such number of Shares to the Company for registration in the name of the trustee of the Trust (the "Trustee"). The Trustee will be designated by the Company, but will not be affiliated with the Company. The beneficiary of a Trust (the "Beneficiary") will be one or more charitable organizations named by the Company.

Shares-in-Trust will remain issued and outstanding Shares and will be entitled to the same rights and privileges as all other shares of the same class or series. The Trustee will receive all dividends and distributions on the Shares-in-Trust and will hold such dividends or distributions in trust for the benefit of the Beneficiary. The Trustee will vote all Shares-in-Trust. The Trustee will designate a permitted transferee of the Shares-in-Trust, provided that the permitted transferee (i) purchases such Shares-in-Trust for valuable consideration and (ii) acquires such Shares-in-Trust without such acquisition resulting in another transfer to another Trust.

The Prohibited Owner with respect to Shares-in-Trust will be required to repay to the Trustee the amount of any dividends or distributions received by the Prohibited Owner (i) that are attributable to any Shares-in-Trust and (ii) the record date of which was on or after the date that such shares became Shares-in-Trust. WITHIN 20 DAYS OF RECEIVING NOTICE FROM THE COMPANY THAT

SHARES OF THE COMPANY'S COMMON STOCK HAVE BEEN TRANSFERRED TO THE TRUST, THE

COMPANY SHALL, AT ITS SOLE OPTION, EITHER (I) REPURCHASE SUCH SHARES-IN-TRUST

FROM THE PROHIBITED OWNER, OR (II) CAUSE THE TRUSTEE TO SELL THE SHARES-IN-TRUST

ON BEHALF OF THE PROHIBITED OWNER TO A THIRD PARTY (THE "OPTION"). The

Prohibited Owner SHALL receive from the Trustee the lesser of (i) the price

per share IN THE TRANSACTION THAT CREATED SUCH Shares-in-Trust (or, in the

case of a gift or devise, the Market Price (as defined below) per share on the
date of such transfer) or (ii) the MARKET PRICE PER SHARE ON THE DATE THAT THE

COMPANY, OR ITS DESIGNEE, ACCEPTS SUCH OFFER. Any amounts received by the

Trustee in excess of the amounts

to be paid to the Prohibited Owner will be distributed to the Beneficiary. SUCH

PURCHASE PRICE AMOUNT SHALL BE SENT TO THE PROHIBITED OWNER WITHIN FIVE BUSINESS

DAYS FROM THE CLOSE OF SUCH SALE TRANSACTION.

IN CONNECTION WITH THE OPTION DESCRIBED ABOVE, THE Shares-in-Trust will

be deemed to have been offered for sale to the Company, or its designee. The
Company will have the right to accept such offer for a period of 20 days after

the later of (i) the date of the purported transfer which resulted in such
Shares-in-Trust or (ii) the date the Company determines in good faith that a
transfer resulting in such Shares-in-Trust occurred.

"Market Price" on any date shall mean the average of the Closing Price for the five consecutive Trading Days ending on such date. The "Closing Price" on any date shall mean the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated

transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if the Shares are not listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Shares are listed or admitted to trading or, if the Shares are not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotations system that may then be in use or, if the Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Shares selected by the Board of Directors, or, if no such market maker exists, as determined in good faith by the Board of Directors. "Trading Day" shall mean a day on which the principal national securities exchange on which the Shares are listed or admitted to trading is open for the transaction of business or, if the Shares are not listed or admitted to trading on any national securities exchange, shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

Any person who (A) acquires Shares in violation of the foregoing

restrictions or who owned Shares that were transferred to a Trust IS
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required to give immediately written notice to the Company of such event,
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AND (B) TRANSFERS OR RECEIVES (OR ATTEMPTS TO TRANSFER OR RECEIVE) SHARES

SUBJECT TO SUCH LIMITATIONS IS REQUIRED TO GIVE THE COMPANY AT LEAST 15 DAYS

WRITTEN NOTICE PRIOR TO SUCH TRANSACTION, AND IN BOTH CASES SUCH PERSONS SHALL

provide to the Company such other information as the Company may request in
order to determine the effect, if any, of such transfer on the Company's status
as a REIT.

All persons who own, directly or indirectly, more than 5% (or such lower percentages as required pursuant to regulations under the Code) of the outstanding Shares must, within 30 days after January 1 of each year, provide to the Company a written statement or affidavit stating (i) the name and address of such direct or indirect owner, (ii) the number of Shares owned directly or indirectly, and (iii) a description of how such shares are held. In addition, each direct or indirect shareholder shall provide to the Company such additional information as the Company may request in order to determine the effect, if any, of such ownership on the Company's status as a REIT and to ensure compliance with the Ownership Limitation.

The Ownership Limitation generally will not apply to the acquisition of Shares by an underwriter that participates in a public offering of such shares. In addition, the Board of Directors, upon receipt of a ruling from the Service or an opinion of counsel and upon such other conditions as the Board of Directors may direct, may exempt a person from the Ownership Limitation under certain circumstances. The foregoing restrictions will continue to apply until (i) the Board of Directors determines that it is no longer in the best interests of the Company to attempt to qualify, or to continue to qualify, as a REIT and (ii) there is an affirmative vote of a majority of the number of Shares entitled to vote on such matter at a regular or special meeting of the shareholders of the Company.

All certificates representing Shares will bear a legend referring to the restrictions described above.

or other transaction in which holders of some, or a majority, of the Shares might receive a premium from their Shares over the then prevailing market price or which such holders might believe to be otherwise in their best interest.

Number of Directors; Removal; Filling Vacancies

The Articles of Incorporation and Bylaws provide that the number of directors will consist of not less than [3] nor more than 15 persons, subject to increase or decrease by the affirmative vote of 80% of the members of the entire Board of Directors. At all times a majority of the directors shall be Independent Directors, except that upon the death, removal or resignation of an Independent Director, such requirement shall not be applicable for 90 days.

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Upon completion of the Offering, there will be five directors, three of whom shall be Independent Directors. The shareholders shall be entitled to vote on the election or removal of directors, with each share entitled to one vote. The ARTICLES OF INCORPORATION provide that, subject to any rights of holders of

any class of preferred stock, and unless the Board of Directors otherwise determines, any vacancies will be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum, provided that Independent Directors shall nominate and approve directors to fill vacancies created by Independent Directors. Accordingly, the Board of Directors could temporarily prevent any shareholder from enlarging the Board of Directors and filling the new directorships with such shareholder's own nominees. Any directors so elected shall hold office until the next annual meeting of shareholders.

A director may be removed with or without cause by the vote of the holders of A MAJORITY of the outstanding shares of capital stock entitled to vote for

the election of directors at a special meeting of the shareholders called for the purpose of removing such director.

LIMITATION OF LIABILITY AND INDEMNIFICATION

The MGCL permits a Maryland corporation to include in its Articles of Incorporation a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action.

SUBJECT TO THE CONDITIONS SET FORTH BELOW, THE Articles of Incorporation PROVIDES THAT THE COMPANY SHALL INDEMNIFY AND HOLD HARMLESS A DIRECTOR, ADVISOR OR AFFILIATE AGAINST ANY OR ALL LOSSES OR LIABILITIES REASONABLY INCURRED BY SUCH DIRECTOR, ADVISOR OR AFFILIATE IN CONNECTION WITH OR BY REASON OF ANY ACT OR OMISSION PERFORMED OR OMITTED TO BE PERFORMED ON BEHALF OF THE COMPANY IN SUCH CAPACITY.

UNDER THE COMPANY'S Articles of Incorporation, THE COMPANY SHALL NOT INDEMNIFY ITS DIRECTORS, ADVISOR OR ANY AFFILIATE FOR ANY LIABILITY OR LOSS SUFFERED BY THE DIRECTORS, ADVISORS OR AFFILIATES, NOR SHALL IT PROVIDE THAT THE DIRECTORS, ADVISORS OR AFFILIATES BE HELD HARMLESS FOR ANY LOSS OR LIABILITY SUFFERED BY THE COMPANY, UNLESS ALL OF THE FOLLOWING CONDITIONS ARE MET: (I) THE

DIRECTORS, ADVISOR OR AFFILIATES HAVE DETERMINED, IN GOOD FAITH, THAT THE COURSE

OF CONDUCT WHICH CAUSED THE LOSS OR LIABILITY WAS IN THE BEST INTERESTS OF THE

COMPANY; (II) THE DIRECTORS, ADVISOR OR AFFILIATES WERE ACTING ON BEHALF OF OR

PERFORMING SERVICES OF THE COMPANY; (III) SUCH LIABILITY OR LOSS WAS NOT THE

RESULT OF (A) NEGLIGENCE OR MISCONDUCT BY THE DIRECTORS, EXCLUDING THE

INDEPENDENT DIRECTORS, ADVISORS OR AFFILIATES; OR (B) GROSS NEGLIGENCE OR

WILLFUL MISCONDUCT BY THE INDEPENDENT DIRECTORS; (IV) SUCH INDEMNIFICATION OR

AGREEMENT TO HOLD HARMLESS IS RECOVERABLE ONLY OUT OF THE COMPANY'S NET ASSETS

AND NOT FROM SHAREHOLDERS. NOTWITHSTANDING THE FOREGOING, THE DIRECTORS,

ADVISORS OR AFFILIATES AND ANY PERSONS ACTING AS A BROKER-DEALER SHALL NOT BE

INDEMNIFIED BY THE COMPANY FOR ANY LOSSES, LIABILITY OR EXPENSES ARISING FROM OR

OUT OF AN ALLEGED VIOLATION OF FEDERAL OR STATE SECURITIES LAWS BY SUCH PARTY

UNLESS ONE OR MORE OF THE FOLLOWING CONDITIONS ARE MET: (I) THERE HAS BEEN A

SUCCESSFUL ADJUDICATION ON THE MERITS OF EACH COUNT INVOLVING ALLEGED SECURITIES

LAW VIOLATIONS AS TO THE PARTICULAR INDEMNITEE; (II) SUCH CLAIMS HAVE BEEN

DISMISSED WITH PREJUDICE ON THE MERITS BY A COURT OF COMPETENT JURISDICTION AS

TO THE PARTICULAR INDEMNITEE; (III) A COURT OF COMPETENT JURISDICTION APPROVES A

SETTLEMENT OF THE CLAIMS AGAINST A PARTICULAR INDEMNITEE AND FINDS THAT

INDEMNIFICATION OF THE SETTLEMENT AND

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THE RELATED COSTS SHOULD BE MADE, AND THE COURT CONSIDERING THE REQUEST FOR

INDEMNIFICATION HAS BEEN ADVISED OF THE POSITION OF THE SEC AND OF THE PUBLISHED

POSITION OF ANY STATE SECURITIES REGULATORY AUTHORITY IN WHICH SECURITIES OF THE

COMPANY WERE OFFERED OR SOLD AS TO INDEMNIFICATION FOR VIOLATIONS OF SECURITIES

LAWS.

The Articles of Incorporation PROVIDES THAT THE ADVANCEMENT OF COMPANY

FUNDS TO THE DIRECTORS, ADVISORS OR AFFILIATES FOR LEGAL EXPENSES AND OTHER

COSTS INCURRED AS A RESULT OF ANY LEGAL ACTION FOR WHICH INDEMNIFICATION IS

BEING SOUGHT IS PERMISSIBLE ONLY IF ALL OF THE FOLLOWING CONDITIONS ARE

SATISFIED: (I) THE LEGAL ACTION RELATES TO ACTS OR OMISSIONS WITH RESPECT TO THE

PERFORMANCE OF DUTIES OR SERVICES ON BEHALF OF THE COMPANY; (II) THE LEGAL

ACTION IS INITIATED BY A THIRD PARTY WHO IS NOT A SHAREHOLDER OR THE LEGAL

ACTION IS INITIATED BY A SHAREHOLDER ACTING IN HIS OR HER CAPACITY AS SUCH AND A

COURT OF COMPETENT JURISDICTION SPECIFICALLY APPROVES SUCH ADVANCEMENT; (III)

THE DIRECTORS, ADVISOR OR AFFILIATES UNDERTAKE TO REPAY THE ADVANCED FUNDS TO

THE COMPANY TOGETHER WITH THE APPLICABLE LEGAL RATE OF INTEREST THEREON, IN

CASES IN WHICH SUCH DIRECTORS, ADVISOR OR AFFILIATES ARE FOUND NOT TO BE

ENTITLED TO INDEMNIFICATION.

The MGCL requires a Maryland corporation (unless its Articles of Incorporation provide otherwise, which the Company's Articles of Incorporation DO not) to indemnify a director or officer who has been successful, on the

merits or otherwise, in the defense of any proceeding to which he is made a party by reason of his service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, UNDER THE MGCL a Maryland corporation may not indemnify for

an adverse judgment in a suit by or in the right of the corporation OR FOR A

JUDGMENT OF LIABILITY ON THE BASIS THAT PERSONAL BENEFIT WAS IMPROPERLY

RECEIVED, UNLESS IN EITHER CASE A COURT ORDERS INDEMNIFICATION AND THEN ONLY FOR

EXPENSES. In addition, the MGCL PERMITS A CORPORATION TO ADVANCE REASONABLE

EXPENSES TO A DIRECTOR OR OFFICER UPON THE CORPORATION'S RECEIPT OF (a) a

written affirmation by the director or officer of his good faith belief that he has met the standard of conduct necessary for indemnification by the Company as authorized by the Bylaws and (b) a written UNDERTAKING by or on his behalf to

repay the amount paid or reimbursed by the Company if it shall ultimately be determined that the standard of conduct was not met. Indemnification under the provisions of the MGCL is not deemed exclusive of any other rights, by indemnification or otherwise, to which an officer or director may be entitled under the Company's Articles of Incorporation or Bylaws, or under resolutions of stockholders or directors, contract or otherwise. It is the position of the Commission that indemnification of directors and officers for liabilities arising under the Securities Act is against public policy and is unenforceable pursuant to Section 14 of the Securities Act.

The Company INTENDS TO purchased and MAINTAIN insurance on behalf of

all of its directors and executive officers against liability asserted against or incurred by them in their official capacities with the Company, whether or not the Company is required or has the power to indemnify them against the same liability.

CAUSES OF ACTION RESULTING FROM VIOLATIONS OF FEDERAL OR STATE SECURITIES

LAW SHALL BE GOVERNED BY SUCH LAW.

BUSINESS COMBINATIONS

Under the MGCL, certain "business combinations" (including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and any person who beneficially owns 10% or more of the voting power of such corporation's shares or an affiliate of such corporation who, at any time WITHIN the two-year period prior to the date in question, was the

beneficial owner of 10% or more of the voting power of the then-outstanding voting shares of such corporation (an "Interested Stockholder") or an affiliate thereof, are prohibited for five years after the most recent date on which

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the Interested Stockholder became an Interested Stockholder. Thereafter, any such business combination must be recommended by the board of directors of such corporation and approved by the affirmative vote of at least (a) 80% of the votes entitled to be cast by holders of outstanding shares of VOTING STOCK

OF THE corporation and (b) two-thirds of the votes entitled to be cast by

holders of voting shares of such corporation other than shares held by the Interested Stockholder with whom (or with whose affiliate) the business combination is to be effected, unless, among other conditions, the corporation's COMMON stockholders receive a minimum price (as defined in the MGCL) for their

shares and the consideration is received in cash or in the same form as previously paid by the Interested Stockholder for its shares. These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by the board of directors of the corporation prior to the time that the Interested Stockholder becomes an Interested Stockholder.

CONTROL SHARE ACQUISITION STATUTE

The MGCL provides that "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares owned by the acquiror, by officers or by directors who are employees of the corporation. "Control Shares" are voting shares which, if aggregated with all other such shares previously acquired by the acquiror, or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power: (i) one-fifth or more but less than one-third, (ii) one-third or more but less than a majority, or (iii) a majority or more of all voting power. Control Shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses), may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then

subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply to shares acquired in a merger, consolidation or share exchange, if the corporation is a party to the transaction, or to acquisitions approved or exempted by the Articles of Incorporation or bylaws of the corporation.

The ARTICLES OF INCORPORATION AND Bylaws of the Company contain a provision

exempting from the control share acquisition statute any and all acquisitions by any person of the Company's CAPITAL stock. There can be no assurance that

such provision will not be amended or eliminated at any time in the future.

AMENDMENT TO THE ARTICLES OF INCORPORATION

The Articles of Incorporation of the Company may be amended by the affirmative vote BY HOLDERS OF A MAJORITY OF THE SHARES THEN OUTSTANDING AND

ENTITLED TO VOTE THEREON, WITHOUT THE CONCURRENCE OF THE BOARD OF DIRECTORS,

provided, however, (i) NO AMENDMENT MAY BE MADE WHICH WOULD CHANGE ANY RIGHTS

WITH RESPECT TO ANY OUTSTANDING CLASS OF SECURITIES BY REDUCING THE AMOUNT

PAYABLE THEREON UPON LIQUIDATION OR BY

DIMINISHING OR ELIMINATING ANY VOTING RIGHTS PERTAINING THERETO; (II) THE

PROVISIONS PERTAINING TO AMENDING THE ARTICLES OF INCORPORATION AND

REORGANIZATIONS SHALL NOT BE AMENDED, (III) no term or provision of the Articles

of Incorporation may be added, amended or repealed in any respect that would, in the determination of the Board of Directors, cause the Company not to qualify as a REIT under the Code, (IV) certain provisions of the Articles of

Incorporation, including provisions relating to the removal of directors, Independent Directors, preemptive rights of holders of stock and the indemnification and limitation of liability of officers and directors may not be amended or repealed and (V) provisions imposing cumulative voting in the

election of directors may not be added to the Articles of Incorporation, unless, in each such case, such action is approved by the affirmative vote of the holders of not less than A MAJORITY of all the votes entitled to be cast

THEREON. THE BOARD OF DIRECTORS MAY AMEND THE ARTICLES OF INCORPORATION (WITHOUT

THE CONCURRENCE BY THE STOCKHOLDERS) ONLY TO ENABLE THE COMPANY TO QUALIFY AS A

REAL ESTATE INVESTMENT TRUST UNDER THE CODE.

DISSOLUTION OF THE COMPANY

The dissolution of the Company must be approved by the affirmative vote of the holders of not less than a majority of all of the votes entitled to be cast on the matter. Under the Articles of Incorporation, the Company will automatically terminate and dissolve on _____, 2007 (ten years after the initial date of this Prospectus), unless the Listing occurs, in which event the Company will automatically become a perpetual life entity.

ADVANCE NOTICE OF DIRECTOR NOMINATIONS AND NEW BUSINESS

The Bylaws of the Company provide that (a) with respect to an annual meeting of stockholders, nominations of persons for election to the Board of Directors and the proposal of business to be considered by stockholders may be made only (i) pursuant to the Company's notice of the meeting, (ii) by OR AT THE DIRECTION OF the Board of Directors or (iii) by a stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in the Bylaws and (b) with respect to special meetings of stockholders, only the business specified in the Company's notice of meeting may be brought before the meeting of stockholders and nominations of persons for election to the Board of Directors may be made only (i) pursuant to the Company's notice of the meeting, (ii) by OR AT THE DIRECTION OF the Board of Directors or (iii) provided that the Board of Directors has determined that directors shall be elected at such meeting, by a stockholder who is entitled to vote at the meeting and has complied with the advance notice provisions set forth in the Bylaws.

MEETING OF STOCKHOLDERS

The Company's Bylaws provide that annual meetings of stockholders shall be held on a date and at the time set by the Board of Directors. THE BOARD OF DIRECTORS (INCLUDING THE INDEPENDENT DIRECTORS) WILL TAKE REASONABLE STEPS TO ENSURE THAT THE ANNUAL STOCKHOLDERS MEETING SHALL BE SET WITHIN A REASONABLE PERIOD (NOT LESS THAN 30 DAYS) FOLLOWING DELIVERY OF THE ANNUAL REPORT. Special meetings of the stockholders may be called by (i) the President of the Company, (ii) the Chief Executive Officer or (iii) the Board of Directors. As permitted by the MGCL, the Bylaws of the Company provide that special meetings must be called by the Secretary of the Company upon the written request of the holders of shares entitled to cast not less than a majority of all votes entitled to be cast at the meeting.

OPERATIONS

The Articles of Incorporation require the Board of Directors generally to use ITS BEST efforts to cause the Company to qualify as a REIT. ALTHOUGH THE COMPANY HAS OPTED TO NOT BE GOVERNED BY MARYLAND'S business combination AND control share acquisition STATUTES, IF THE COMPANY'S Articles of Incorporation AND BYLAWS ARE AMENDED TO INCLUDE THEM, SUCH provisions of the MGCL could delay, defer or prevent a transaction or a change in control of the Company that might involve a premium price for holders of Shares or otherwise be in their best interests.

INSPECTION OF BOOKS AND RECORDS

The Advisor will keep, or cause to be kept, on behalf of the Company, full and true books of account on an accrual basis of accounting, in accordance with generally accepted accounting principles. All of such books of account, together with all other records of the Company, including a copy of the Articles of Incorporation and any amendments thereto, will at all times be maintained at the principal office of the Company, and will be open to inspection, examination, and, for a reasonable charge, duplication upon reasonable notice and during normal business hours by a stockholder or his agent.

As a part of its books and records, the Company will maintain at its principal office an alphabetical list of names of stockholders, along with their addresses and telephone numbers and the number of Shares held by each stockholder. Such list shall be updated at least quarterly and shall be available for inspection at the Company's home office by a stockholder or his or her designated agent upon such stockholder's request. Such list also shall be mailed to any stockholder requesting the list within 10 days of a request. The Company may require the stockholder requesting the stockholder list to represent that THE LIST IS NOT REQUESTED FOR A COMMERCIAL PURPOSE UNRELATED TO THE

STOCKHOLDER'S INTEREST IN THE COMPANY AND THAT he or she will not make any

commercial distribution of such list or the information disclosed through such inspection. The Company may impose a reasonable charge for expenses incurred in reproducing such list. The list may not be sold or used for commercial purposes.

RESTRICTIONS ON "ROLL-UP" TRANSACTIONS

In connection with a proposed "Roll-Up Transaction," which, in general terms, is any transaction involving the acquisition, merger, conversion, or consolidation, directly or indirectly, of the Company and the issuance of securities of an entity that would be created or would survive after the successful completion of the Roll-Up Transaction (a "Roll-Up Entity"), an appraisal of all of the Company's properties shall be obtained from an independent appraiser. In order to qualify as an independent appraiser for this purpose(s), the person or entity shall have no material current or prior business or personal relationship with the Advisor or Directors and shall be engaged to a substantial extent in the business of rendering opinions regarding the value of assets of the type held by the Company. The Company's properties shall be appraised on a consistent basis, and the appraisal shall be based on the evaluation of all relevant information and shall indicate the value of the Company's properties as of a date immediately prior to the announcement of the proposed Roll-Up Transaction. The appraisal shall assume an orderly liquidation of properties over a 12-month period. The terms of the engagement of such Independent Expert shall clearly state that the engagement is for the benefit of the Company and the stockholders. A summary of the independent appraisal, indicating all material assumptions underlying the appraisal, shall be included in a report to stockholders in connection with a proposed Roll-Up Transaction. In connection with a proposed Roll-Up Transaction, the person sponsoring the Roll-Up Transaction shall offer to stockholders who vote against the proposal the choice of:

- (i) accepting the securities of the Roll-Up Entity offered in the proposed Roll-Up Transaction; or
- (ii) one of the following:
 - a. remaining stockholders of the Company and preserving their interests therein on the same terms and conditions as existed previously; or

(B) receiving cash in an amount equal to the stockholder's pro rata share of the appraised value of the net assets of the Company.

The Company is prohibited from participating in any proposed Roll-Up Transaction:

(i) which would result in the stockholders having democracy rights in the Roll-Up Entity that are less than those provided in the Company's Articles of Incorporation and described elsewhere in this Prospectus,

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including rights with respect to the election and removal of Directors, annual reports, annual and special meetings, amendment of the Articles of Incorporation, and dissolution of the Company;

(ii) which includes provisions that would operate as a material impediment to, or frustration of, the accumulation of shares by any purchaser of the securities of the Roll-Up Entity (except to the minimum extent necessary to preserve the tax status of the Roll-Up Entity), or which would limit the ability of an investor to exercise the voting rights of its securities of the Roll-Up Entity on the basis of the number of shares held by that investor;

(iii) in which investor's rights to access of records of the Roll-Up Entity will be less than those provided in the Company's Articles of Incorporation and described in "Inspection of Books and Records," above; or

(iv) in which any of the costs of the Roll-Up Transaction would be borne by the Company if the Roll-Up Transaction is not approved by the stockholders.

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FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of material federal income tax considerations that may be relevant to a prospective holder of Shares in the Company. Hunton & Williams has acted as counsel to the Company and has reviewed this summary and is of the opinion that it fairly summarizes the federal income tax considerations that will be material to a holder of Shares. The discussion contained herein does not address all aspects of taxation that may be relevant to particular shareholders in light of their personal investment or tax circumstances, or to certain types of shareholders (including insurance companies, tax-exempt organizations, financial institutions or broker-dealers, foreign corporations, and persons who are not citizens or residents of the United States) subject to special treatment under the federal income tax laws.

The statements in this discussion and the opinion of Hunton & Williams are based on current provisions of the Code, existing, temporary, and currently proposed Treasury Regulations promulgated under the Code, the legislative history of the Code, existing administrative rulings and practices of the Service, and judicial decisions. No assurance can be given that future legislative, judicial, or administrative actions or decisions, which may be retroactive in effect, will not affect the accuracy of any statements in this Prospectus with respect to the transactions entered into or contemplated prior to the effective date of such changes.

EACH PROSPECTIVE PURCHASER IS ADVISED TO CONSULT HIS OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES TO HIM OF THE PURCHASE, OWNERSHIP, AND SALE OF SHARES AND OF THE COMPANY'S ELECTION TO BE TAXED AS A REIT, INCLUDING THE FEDERAL, STATE, LOCAL, FOREIGN, AND OTHER TAX CONSEQUENCES OF SUCH PURCHASE, OWNERSHIP, SALE, AND ELECTION, AND OF POTENTIAL CHANGES IN APPLICABLE TAX LAWS.

TAXATION OF THE COMPANY

The Company currently has in effect an election to be taxed as a pass-through entity under Subchapter S of the Code, but intends to revoke its S election on the day prior to the date on which the Offering commences. The Company plans to make an election to be taxed as a REIT under sections 856 through 860 of the Code, effective for its short taxable year beginning on the day prior to the date on which the Offering commences and ending on December 31, 1997. The Company believes that, commencing with such taxable year, it will be organized and will operate in such a manner as to qualify for taxation as a REIT under the Code, and the Company intends to continue to operate in such a manner, but no assurance can be given that the Company will operate in a manner so as to qualify or remain qualified as a REIT.

The sections of the Code relating to qualification and operation as a REIT are highly technical and complex. The following discussion sets forth the material aspects of the Code sections that govern the federal income tax treatment of a REIT and its shareholders. The discussion is qualified in its entirety by the applicable Code provisions, Treasury Regulations promulgated thereunder, and administrative and judicial interpretations thereof, all of which are subject to change prospectively or retroactively.

Hunton & Williams has acted as counsel to the Company in connection with the Offering and the Company's election to be taxed as a REIT. In the opinion of Hunton & Williams, assuming that the elections and other procedural steps described in this discussion of "Federal Income Tax Considerations" are completed by the Company in a timely fashion, the Company's organization and proposed method of operation will enable it to qualify to be taxed as a REIT under the Code commencing with the Company's short taxable year beginning the day prior to the date on which the Offering commences and ending December 31, 1997, and for its future taxable years. Investors should be aware, however, that opinions of counsel are not binding upon the Service or any court. It must be emphasized that Hunton & Williams' opinion is based on various assumptions and is conditioned upon certain representations made by the Company as to factual matters, including representations regarding the nature of the Company's properties and the future conduct of its business. Such factual assumptions and representations

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are described below in this discussion of "Federal Income Tax Considerations" and are set out in the federal income tax opinion that has been delivered by Hunton & Williams. Moreover, such qualification and taxation as a REIT depends upon the Company's ability to meet on a continuing basis, through actual annual operating results, distribution levels, and share ownership, the various qualification tests imposed under the Code discussed below. Hunton & Williams will not review the Company's compliance with those tests on a continuing basis. Accordingly, no assurance can be given that the actual results of the Company's operations for any particular taxable year will satisfy such requirements. For a discussion of the tax consequences of failure to qualify as a REIT, see "Failure to Qualify."

If the Company qualifies for taxation as a REIT, it generally will not be subject to federal corporate income tax on its net income that is distributed currently to its shareholders. That treatment substantially eliminates the "double taxation" (i.e., taxation at both the corporate and shareholder levels) that generally results from investment in a corporation. However, the Company will be subject to federal income tax in the following circumstances. First, the Company will be taxed at regular corporate rates on any undistributed REIT taxable income, including undistributed net capital gains. Second, under certain circumstances, the Company may be subject to the "alternative minimum tax" on its undistributed items of tax preference, if any. Third, if the Company has (i) net income from the sale or other disposition of "foreclosure property" that is held primarily for sale to customers in the ordinary course of business or (ii) other nonqualifying income from foreclosure property, it will be subject to tax at the highest corporate rate on such income. Fourth, if the Company has net income from prohibited transactions (which are, in general, certain sales or other dispositions of property (other than foreclosure property) held primarily for sale to customers in the ordinary course of

business), such income will be subject to a 100% tax. Fifth, if the Company should fail to satisfy the 75% gross income test or the 95% gross income test (as discussed below), and nonetheless has maintained its qualification as a REIT because certain other requirements have been met, it will be subject to a 100% tax on the net income attributable to the greater of the amount by which the Company fails the 75% or 95% gross income test. Sixth, if the Company should fail to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain net income for such year, and (iii) any undistributed taxable income from prior periods, the Company would be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed. Seventh, the Company may elect to retain and pay income tax on the net long-term capital gain it receives in a taxable year. Finally, if the Company acquires any asset from a C corporation (i.e., a corporation generally subject to full corporate-level tax) in a transaction in which the basis of the asset in the Company's hands is determined by reference to the basis of the asset (or any other asset) in the hands of the C corporation and the Company recognizes gain on the disposition of such asset during the 10-year period beginning on the date on which such asset was acquired by the Company, then to the extent of such asset's "built-in-gain" (i.e., the excess of the fair market value of such asset at the time of acquisition by the Company over the adjusted basis in such asset at such time), such gain will be subject to tax at the highest regular corporate rate applicable (as provided in Treasury Regulations that have not yet been promulgated). The results described above with respect to the recognition of "built-in-gain" assume that the Company will make an election pursuant to IRS Notice 88-19 if it were to make any such acquisition.

REQUIREMENTS FOR QUALIFICATION

The Code defines a REIT as a corporation, trust, or association (i) that is managed by one or more trustees or directors; (ii) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest; (iii) that would be taxable as a domestic corporation, but for sections 856 through 860 of the Code; (iv) that is neither a financial institution nor an insurance company subject to certain provisions of the Code; (v) the beneficial ownership of which is held by 100 or more persons; (vi) not more than 50% in value of the outstanding shares of which is owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of each taxable year (the "5/50 Rule"); (vii) that makes an election to be a REIT (or has made such election for a previous taxable year) and satisfies all relevant filing and other administrative requirements established by the Service that must be met in order to elect and maintain REIT status; (viii) that uses a calendar year for federal income tax purposes and complies with the recordkeeping requirements of the Code and Treasury Regulations promulgated thereunder; and (ix) that meets certain other tests, described below, regarding the nature of its income and assets. The Code provides that conditions (i) to (iv),

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inclusive, must be met during the entire taxable year and that condition (v) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Conditions (v) and (vi) will not apply until after the first taxable year for which an election is made by the Company to be taxed as a REIT. For purposes of determining stock ownership under the 5/50 Rule, a supplemental unemployment compensation benefits plan, a private foundation, or a portion of a trust permanently set aside or used exclusively for charitable purposes generally is considered an individual. A trust that is a qualified trust under Code section 401(a), however, generally is not considered an individual and beneficiaries of such trust are treated as holding shares of a REIT in proportion to their actuarial interests in such trust for purposes of the 5/50 Rule.

The Company anticipates issuing sufficient Shares with sufficient diversity of ownership pursuant to the Offering to allow it to satisfy requirements (v) and (vi) after its 1997 taxable year. In addition, the Company's Articles of Incorporation provide for restrictions regarding transfer of Shares that are

intended to assist the Company in continuing to satisfy the share ownership requirements described in clauses (v) and (vi) above. Such transfer restrictions are described in "Description of Capital Stock -- Articles of Incorporation and Bylaw Provisions -- Restrictions on Ownership and Transfer."

The Company currently does not have any corporate subsidiaries, but may have corporate subsidiaries in the future. Code section 856(i) provides that a corporation that is a "qualified REIT subsidiary" will not be treated as a separate corporation, and all assets, liabilities, and items of income, deduction, and credit of a "qualified REIT subsidiary" will be treated as assets, liabilities, and items of income, deduction, and credit of the REIT. A "qualified REIT subsidiary" is a corporation, all of the capital stock of which is owned by the REIT. Thus, in applying the requirements described herein, any qualified REIT subsidiaries of the Company will be ignored and all assets, liabilities, and items of income, deduction, and credit of such subsidiaries will be treated as assets, liabilities, and items of income, deduction, and credit of the Company.

In the case of a REIT that is a partner in a partnership, Treasury Regulations provide that the REIT will be deemed to own its proportionate share of the assets of the partnership and will be deemed to be entitled to the gross income of the partnership attributable to such share. In addition, the assets and gross income of the partnership will retain the same character in the hands of the REIT for purposes of section 856 of the Code, including satisfying the gross income and asset tests described below. Thus, the Company's proportionate share of the assets, liabilities and items of income of the Operating Partnership will be treated as assets, liabilities and items of income of the Company for purposes of applying the requirements described herein

Income Tests

In order for the Company to qualify and to maintain its qualification as a REIT, two requirements relating to the Company's gross income must be satisfied annually. First, at least 75% of the Company's gross income (excluding gross income from prohibited transactions) for each taxable year must consist of defined types of income derived directly or indirectly from investments relating to real property or mortgages on real property (including "rents from real property" and, in certain circumstances, interest) or temporary investment income. Second, at least 95% of the Company's gross income (excluding gross income from prohibited transactions) for each taxable year must be derived from such real property or temporary investments, and from dividends, other types of interest, and gain from the sale or disposition of stock or securities, or from any combination of the foregoing. The specific application of these tests to the Company is discussed below.

The rent received by the Company from its tenants ("Rent") will qualify as "rents from real property" in satisfying the gross income requirements for a REIT described above only if several conditions are met. First, the amount of rent must not be based, in whole or in part, on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage or percentages of receipts or sales. Second, the Code provides that rents received from a tenant will not qualify as "rents from real property" in satisfying the gross income tests if the Company, or a direct or indirect owner of 10% or more of the Company, directly or constructively owns 10% or more of such tenant (a "Related Party Tenant"). Third, if rent attributable to personal property, leased in connection with a lease

of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to such personal property will not qualify as "rents from real property." Finally, for the Rent to qualify as "rents from real property," the Company generally must not operate or manage its properties or furnish or render services to the tenants of such properties, other than through an "independent contractor" who is adequately compensated and from whom the Company derives no revenue. The "independent contractor"

requirement, however, does not apply to the extent the services provided by the Company are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not otherwise considered "rendered to the occupant." In addition, The Company may render a de minimus amount of noncustomary services to its tenants, or manage or operate property, as long as the amount received with respect to the services or management does not exceed 1% of The Company's income from the property.

The Company has represented that it will not charge Rent for any portion of any property that is based, in whole or in part, on the income or profits of any person to the extent that the receipt of such Rent would jeopardize the Company's status as a REIT. In addition, the Company has represented that, to the extent that it receives Rent from a Related Party Tenant, such Rent will not cause the Company to fail to satisfy either the 75% or 95% gross income test. The Company also has represented that it will not allow the Rent attributable to personal property leased in connection with any lease of real property to exceed 15% of the total Rent received under the lease, if the receipt of such Rent would cause the Company to fail to satisfy either the 75% or 95% gross income test.

The Company may provide certain services to its tenants. The Company believes and has represented that all such services will be considered "usually or customarily rendered" in connection with the rental of space for occupancy only and will not otherwise be considered "rendered to the occupant," so that the provision of such services will not jeopardize the qualification of the Rent as "rents from real property." In the case of any services that are not "usual and customary" under the foregoing rules, the Company intends to employ qualifying independent contractors to provide such services to the extent that the provision of such services would cause the Company to fail to satisfy either the 75% or 95% gross income test.

If any portion of the Rent does not qualify as "rents from real property" because the Rent attributable to personal property leased in connection with any lease of real property exceeds 15% of the total Rent received under the lease for a taxable year, the portion of the Rent that is attributable to personal property will not be qualifying income for purposes of either the 75% or 95% gross income test. Thus, if the Rent attributable to personal property, plus any other income received by the Company during a taxable year that is not qualifying income for purposes of the 95% gross income test, exceeds 5% of the Company's gross income during such year, the Company likely would lose its REIT status. If, however, any portion of the Rent received under a lease does not qualify as "rents from real property" because either (i) the Rent is considered based on the income or profits of any person or (ii) the tenant is a Related Party Tenant, none of the Rent received by the Company under such lease would qualify as "rents from real property." In that case, if the Rent received by the Company under such lease, plus any other income received by the Company during the taxable year that is not qualifying income for purposes of the 95% gross income test, exceeds 5% of the Company's gross income for such year, the Company likely would lose its REIT status. Finally, if any portion of the Rent does not qualify as "rents from real property" because the Company furnishes noncustomary services with respect to a property other than through a qualifying independent contractor, and the amount received with respect to the services exceeds 1% of The Company's income from the property, none of the Rent received by the Company with respect to the related property would qualify as "rents from real property." In that case, if the Rent received by the Company with respect to the related property, plus any other income received by the Company during the taxable year that is not qualifying income for purposes of the 95% gross income test, exceeds 5% of the Company's gross income for such year, the Company would lose its REIT status.

Based on the foregoing, Hunton & Williams is of the opinion that the Rent will qualify as "rents from real property" for purposes of the 75% and 95% gross income tests, and that the Company's proposed method of operation will enable it to satisfy the 75% and 95% gross income tests. As described above, the opinion of Hunton & Williams is based upon an analysis of all the facts and circumstances and upon rulings and judicial decisions involving situations that are considered to be analogous, as well as representations by the Company and assumptions that are described above and set out in the federal income tax

been delivered to the Company. Opinions of counsel are not binding upon the Service or any court. Accordingly, there can be no complete assurance that the Service will not assert successfully a contrary position and, therefore, prevent the Company from qualifying as a REIT.

In addition to the Rent, the Company's tenants will be required to pay additional charges, such as late fees (the "Additional Charges"). To the extent that the Additional Charges represent either (i) reimbursements of amounts that a tenant is obligated to pay to third parties or (ii) penalties for nonpayment or late payment of such amounts, the Additional Charges should qualify as "rents from real property." To the extent that Additional Charges represent interest that is accrued on the late payment of the Rent or Additional Charges, such Additional Charges should be treated as interest that qualifies for the 95% gross income test, but not the 75% gross income test.

The term "interest" generally does not include any amount received or accrued (directly or indirectly) if the determination of such amount depends in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "interest" solely by reason of being based on a fixed percentage or percentages of receipts or sales. Furthermore, to the extent that interest from a loan that is based on the residual cash proceeds from sale of the property securing the loan constitutes a "shared appreciation provision" (as defined in the Code), income attributable to such participation feature will be treated as gain from the sale of the secured property.

The net income derived from any prohibited transaction is subject to a 100% tax. The term "prohibited transaction" generally includes a sale or other disposition (whether by the Company or the Operating Partnership) of property (other than foreclosure property) that is held primarily for sale to customers in the ordinary course of a trade or business. The Company believes no asset owned by the Company or the Operating Partnership will be held for sale to customers and that a sale of any such asset will not be in the ordinary course of business of the Company or the Operating Partnership. Whether property is held "primarily for sale to customers in the ordinary course of a trade or business" depends, however, on the facts and circumstances in effect from time to time, including those related to a particular property. Nevertheless, the Company will attempt to comply with the terms of safe-harbor provisions in the Code prescribing when asset sales will not be characterized as prohibited transactions. Complete assurance cannot be given, however, that the Company can comply with the safe-harbor provisions of the Code or avoid owning property that may be characterized as property held "primarily for sale to customers in the ordinary course of a trade or business."

The Company will be subject to tax at the maximum corporate rate on any income from foreclosure property (other than income that would be qualified income under the 75% gross income test), less expenses directly connected with the production of such income. However, gross income from such foreclosure property will be qualifying income under the 75% and 95% gross income tests. "Foreclosure property" is defined as any real property (including interests in real property) and any personal property incident to such real property (i) that is acquired by a REIT as the result of such REIT having bid in such property at foreclosure, or having otherwise reduced such property to ownership or possession by agreement or process of law, after there was a default (or default was imminent) on a lease of such property or on an indebtedness that such property secured and (ii) for which such REIT makes a proper election to treat such property as foreclosure property. However, a REIT will not be considered to have foreclosed on a property where such REIT takes control of the property as a mortgagee-in-possession and cannot receive any profit or sustain any loss except as a creditor of the mortgagor. Under the Code, property generally ceases to be foreclosure property with respect to a REIT on the date that is two years after the date such REIT acquired such property (or longer if an extension is granted by the Secretary of the Treasury). The foregoing grace period is

terminated and foreclosure property ceases to be foreclosure property on the first day (i) on which a lease is entered into with respect to such property that, by its terms, will give rise to income that does not qualify under the 75% gross income test or any amount is received or accrued, directly or indirectly, pursuant to a lease entered into on or after such day that will give rise to income that does not qualify under the 75% gross income test, (ii) on which any construction takes place on such property (other than completion of a building, or any other improvement, where more than 10% of the construction of such building or other improvement was completed before default became imminent) or (iii) which is more than 90 days after the day on which such

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property was acquired by the REIT and the property is used in a trade or business that is conducted by the REIT (other than through an independent contractor from whom the REIT itself does not derive or receive any income).

It is possible that, from time to time, the Company will enter into hedging transactions with respect to one or more of its assets or liabilities. Any such hedging transactions could take a variety of forms, including interest rate swap contracts, interest rate cap or floor contracts, futures or forward contracts, and options. To the extent that the Company enters into an interest rate swap or cap contract to hedge any variable rate indebtedness incurred to acquire or carry real estate assets, any periodic income or gain from the disposition of such contract should be qualifying income for purposes of the 95% gross income test, but not the 75% gross income test. To the extent that the Company hedges with other types of financial instruments or in other situations, it may not be entirely clear how the income from those transactions will be treated for purposes of the various income tests that apply to REITs under the Code. The Company intends to structure any hedging transactions in a manner that does not jeopardize its status as a REIT.

If the Company fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, it nevertheless may qualify as a REIT for such year if it is entitled to relief under certain provisions of the Code. Those relief provisions generally will be available if the Company's failure to meet such tests is due to reasonable cause and not due to willful neglect, the Company attaches a schedule of the sources of its income to its return, and any incorrect information on the schedule was not due to fraud with intent to evade tax. It is not possible, however, to state whether in all circumstances the Company would be entitled to the benefit of those relief provisions. As discussed above in "Federal Income Tax Considerations -- Taxation of the Company," even if those relief provisions apply, a 100% tax would be imposed on the net income attributable to the greater of the amount by which the Company fails the 75% or 95% gross income test.

Asset Tests

The Company, at the close of each quarter of each taxable year, also must satisfy two tests relating to the nature of its assets. First, at least 75% of the value of the Company's total assets must be represented by cash or cash items (including certain receivables), government securities, "real estate assets," or, in cases where the Company raises new capital through stock or long-term (at least five-year) debt offerings, temporary investments in stock or debt instruments during the one-year period following the Company's receipt of such capital. The term "real estate assets" includes interests in real property, interests in mortgages on real property to the extent the principal balance of a mortgage does not exceed the value of the associated real property, and shares of other REITs. For purposes of the 75% asset test, the term "interest in real property" includes an interest in land and improvements thereon, such as buildings or other inherently permanent structures (including items that are structural components of such buildings or structures), a leasehold of real property, and an option to acquire real property (or a leasehold of real property). Second, of the investments not included in the 75% asset class, the value of any one issuer's securities owned by the Company may not exceed 5% of the value of the Company's total assets and the Company may not own more than 10% of any one issuer's outstanding voting securities (except for

its interests in the Operating Partnership and any qualified REIT subsidiary).

The Company has represented that (i) at least 75% of the value of its total assets will be represented by real estate assets, cash and cash items (including receivables), and government securities and (ii) it will not own (A) securities of any one issuer the value of which exceeds 5% of the value of the Company's total assets or (B) more than 10% of any one issuer's outstanding voting securities (except for its interests in the Operating Partnership and any qualified REIT subsidiary). In addition, the Company has represented that it will not acquire or dispose, or cause the Operating Partnership to acquire or dispose, of assets in the future in a way that would cause it to violate either asset test. Based on the foregoing, Hunton & Williams is of the opinion that the Company will satisfy both asset tests for REIT status.

If the Company should fail to satisfy the asset tests at the end of a calendar quarter, such a failure would not cause it to lose its REIT status if (i) it satisfied the asset tests at the close of the preceding calendar quarter and (ii) the discrepancy between the value of the Company's assets and the asset test requirements arose from changes in the market values of its assets and was not wholly or partly caused by an acquisition of one or more

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nonqualifying assets. If the condition described in clause (ii) of the preceding sentence were not satisfied, the Company still could avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose.

Distribution Requirements

The Company, in order to avoid corporate income taxation of the earnings it distributes, is required to distribute with respect to each taxable year dividends (other than capital gain dividends) to its shareholders in an aggregate amount at least equal to (i) the sum of (A) 95% of its "REIT taxable income" (computed without regard to the dividends paid deduction and its net capital gain) and (B) 95% of the net income (after tax), if any, from foreclosure property, minus (ii) the sum of certain items of noncash income. Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before the Company timely files its federal income tax return for such year and if paid on or before the first regular dividend payment date after such declaration. To the extent that the Company does not distribute all of its net capital gain or distributes at least 95%, but less than 100%, of its "REIT taxable income," as adjusted, it will be subject to tax thereon at regular ordinary and capital gains corporate tax rates. Furthermore, if the Company should fail to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain income for such year, and (iii) any undistributed taxable income from prior periods, the Company would be subject to a 4% nondeductible excise tax on the excess of such required distribution over the amounts actually distributed. The Company may elect to retain and pay income on the net long-term capital gain it receives in a taxable year. Any such retained capital gain will be treated as if it had been distributed to the Company's shareholders for purposes of the 4% excise tax. The Company intends to make timely distributions sufficient to satisfy the annual distribution requirements.

It is possible that, from time to time, the Company may experience timing differences between (i) the actual receipt of income and actual payment of deductible expenses and (ii) the inclusion of that income and deduction of such expenses in arriving at its REIT taxable income. Further, it is possible that, from time to time, the Company may be allocated a share of net capital gain attributable to the sale of depreciated property that exceeds its allocable share of cash attributable to that sale. Therefore, the Company may have less cash than is necessary to meet its annual 95% distribution requirement or to avoid corporate income tax or the excise tax imposed on certain undistributed income. In such a situation, the Company may find it necessary to arrange for short-term (or possibly long-term) borrowings or to raise funds through the

issuance of additional Shares.

Under certain circumstances, the Company may be able to rectify a failure to meet the distribution requirements for a year by paying "deficiency dividends" to its shareholders in a later year, which may be included in the Company's deduction for dividends paid for the earlier year. Although the Company may be able to avoid being taxed on amounts distributed as deficiency dividends, it will be required to pay to the Service interest based upon the amount of any deduction taken for deficiency dividends.

Recordkeeping Requirements

Pursuant to applicable Treasury Regulations, in order to be able to elect to be taxed as a REIT, the Company must maintain certain records. In addition, in order to avoid a penalty, the Company must request, on an annual basis, certain information from its shareholders designed to disclose the actual ownership of its outstanding shares. The Company intends to comply with such requirements.

Partnership Anti-Abuse Rule

The U.S. Department of the Treasury has issued a final regulation (the "Anti-Abuse Rule") under the partnership provisions of the Code (the "Partnership Provisions") that authorizes the Service, in certain abusive transactions involving partnerships, to disregard the form of the transaction and recast it for federal tax purposes as the Service deems appropriate. The Anti-Abuse Rule applies where a partnership is formed or utilized in connection with a transaction (or series of related transactions) with a principal purpose of substantially reducing the present value of the partners' aggregate federal tax liability in a manner inconsistent with the intent of the

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Partnership Provisions. The Anti-Abuse Rule states that the Partnership Provisions are intended to permit taxpayers to conduct joint business (including investment) activities through a flexible arrangement that accurately reflects the partners' economic agreement and clearly reflects the partners' income without incurring any entity-level tax. The purposes for structuring a transaction involving a partnership are determined based on all of the facts and circumstances, including a comparison of the purported business purpose for a transaction and the claimed tax benefits resulting from the transaction. A reduction in the present value of the partners' aggregate federal tax liability through the use of a partnership does not, by itself, establish inconsistency with the intent of the Partnership Provisions.

The Anti-Abuse Rule contains an example in which a corporation that elects to be treated as a REIT contributes substantially all of the proceeds from a public offering to a partnership in exchange for a general partnership interest. The limited partners of the partnership contribute real property assets to the partnership, subject to liabilities that exceed their respective aggregate bases in such property. In addition, some of the limited partners have the right, beginning two years after the formation of the partnership, to require the redemption of their limited partnership interests in exchange for cash or REIT stock (at the REIT's option) equal to the fair market value of their respective interests in the partnership at the time of the redemption. The example concludes that the use of the partnership is not inconsistent with the intent of the Partnership Provisions and, thus, cannot be recast by the Service. However, the redemption rights associated with the OP Units will not conform in all respects to the redemption rights contained in the foregoing example. Moreover, the Anti-Abuse Rule is extraordinarily broad in scope and is applied based on an analysis of all of the facts and circumstances. As a result, there can be no assurance that the Service will not attempt to apply the Anti-Abuse Rule to the Company. If the conditions of the Anti-Abuse Rule are met, the Service is authorized to take appropriate enforcement action, including disregarding the Operating Partnership for federal tax purposes or treating one or more of the partners as nonpartners. Any such action potentially could jeopardize the Company's status as a REIT.

FAILURE TO QUALIFY

If the Company fails to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, the Company will be subject to tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. Distributions to the Company's shareholders in any year in which the Company fails to qualify will not be deductible by the Company nor will they be required to be made. In such event, to the extent of current and accumulated earnings and profits, all distributions to shareholders will be taxable as ordinary income and, subject to certain limitations of the Code, corporate distributees may be eligible for the dividends received deduction. Unless entitled to relief under specific statutory provisions, the Company also will be disqualified from taxation as a REIT for the four taxable years following the year during which the Company ceased to qualify as a REIT. It is not possible to state whether in all circumstances the Company would be entitled to such statutory relief.

TAXATION OF TAXABLE U.S. SHAREHOLDERS

As long as the Company qualifies as a REIT, distributions made to the Company's taxable U.S. shareholders out of current or accumulated earnings and profits (and not designated as capital gain dividends) will be taken into account by such U.S. shareholders as ordinary income and will not be eligible for the dividends received deduction generally available to corporations. As used herein, the term "U.S. shareholder" means a holder of Shares that for U.S. federal income tax purposes is (i) a citizen or resident of the U.S., (ii) a corporation, partnership, or other entity created or organized in or under the laws of the U.S. or of any political subdivision thereof, or (iii) an estate whose income from sources without the United States is includible in gross income for U.S. federal income tax purposes regardless of its connection with the conduct of a trade or business within the United States, or (iv) any trust with respect to which (A) a U.S. court is able to exercise primary supervision over the administration of such trust and (B) one or more U.S. fiduciaries have the authority to control all substantial decisions of the trust.

Distributions that are designated as capital gain dividends will be taxed as long-term capital gains (to the extent they do not exceed the Company's actual net capital gain for the taxable year) without regard to the period

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for which the shareholder has held his Shares. However, corporate shareholders may be required to treat up to 20% of certain capital gain dividends as ordinary income. The Company may elect to retain and pay income tax on the net long-term capital gain if received in a taxable year. In that case, the Company's shareholders would include in income as long-term capital gain their proportionate Share of the Company's retained long-term capital gain. In addition, the shareholders would be deemed to have paid their proportionate Share of the tax paid by the Company, which amount would be credited or refunded to the shareholders. Each shareholder's basis in his Shares would be increased by the amount of the undistributed long-term capital gain included in the shareholder's income, less the shareholder's Share of the tax paid by the Company.

Distributions in excess of current and accumulated earnings and profits will not be taxable to a shareholder to the extent that they do not exceed the adjusted basis of the shareholder's Shares, but rather will reduce the adjusted basis of such Shares. To the extent that such distributions in excess of current and accumulated earnings and profits exceed the adjusted basis of a shareholder's Shares, such distributions will be included in income as long-term capital gain (or short-term capital gain if the Shares have been held for one year or less), assuming the Shares are capital assets in the hands of the shareholder. In addition, any distribution declared by the Company in October, November, or December of any year and payable to a shareholder of record on a specified date in any such month shall be treated as both paid by the Company and received by the shareholder on December 31 of such year, provided that the

distribution is actually paid by the Company during January of the following calendar year.

Shareholders may not include in their individual income tax returns any net operating losses or capital losses of the Company. Instead, such losses would be carried over by the Company for potential offset against its future income (subject to certain limitations). Taxable distributions from the Company and gain from the disposition of the Shares will not be treated as passive activity income and, therefore, shareholders generally will not be able to apply any "passive activity losses" (such as losses from certain types of limited partnerships in which a shareholder is a limited partner) against such income. In addition, taxable distributions from the Company generally will be treated as investment income for purposes of the investment interest limitations. Capital gains from the disposition of Shares (or distributions treated as such), however, will be treated as investment income only if the shareholder so elects, in which case such capital gains will be taxed at ordinary income rates. The Company will notify shareholders after the close of the Company's taxable year as to the portions of the distributions attributable to that year that constitute ordinary income, return of capital, and capital gain.

TAXATION OF SHAREHOLDERS ON THE DISPOSITION OF THE SHARES

In general, any gain or loss realized upon a taxable disposition of Shares by a shareholder who is not a dealer in securities will be treated as long-term capital gain or loss if such Shares have been held for more than one year and otherwise as short-term capital gain or loss. However, any loss upon a sale or exchange of Shares by a shareholder who has held such shares for six months or less (after applying certain holding period rules), will be treated as a long-term capital loss to the extent of distributions from the Company required to be treated by such shareholder as long-term capital gain. All or a portion of any loss realized upon a taxable disposition of Shares may be disallowed if other Shares are purchased within 30 days before or after the disposition.

CAPITAL GAINS AND LOSSES

A capital asset generally must be held for more than one year in order for gain or loss derived from its sale or exchange to be treated as long-term capital gain or loss. The highest marginal individual income tax rate is 39.6%. The maximum tax rate on net capital gains applicable to individuals is 28% for sales and exchanges of assets held for more than one year, but not more than 18 months, and 20% for sales and exchanges of assets held for more than 18 months. Thus, the tax rate differential between capital gain and ordinary income for individuals may be significant. In addition, the characterization of income as capital or ordinary may affect the deductibility of capital losses. Capital losses not offset by capital gains may be deducted against an individual's ordinary income only up to a maximum annual amount of \$3,000. Unused capital losses may be carried forward. All net capital gain of a corporate taxpayer is subject to tax at ordinary corporate rates. A corporate taxpayer can deduct capital losses only to the extent of capital gains, with unused losses being carried back three years and forward five years.

INFORMATION REPORTING REQUIREMENTS AND BACKUP WITHHOLDING

The Company will report to its U.S. shareholders and to the Service the amount of distributions paid during each calendar year, and the amount of tax withheld, if any. Under the backup withholding rules, a shareholder may be subject to backup withholding at the rate of 31% with respect to distributions paid unless such holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact or (ii) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with the applicable requirements of the backup withholding rules. A shareholder who does not provide the Company with his correct taxpayer identification number also may be subject to penalties imposed by the Service. Any amount paid as backup withholding will be creditable against the shareholder's income tax liability. In addition, the

Company may be required to withhold a portion of capital gain distributions to any shareholders who fail to certify their nonforeign status to the Company. The Service issued proposed regulations in April 1996 regarding the backup withholding rules as applied to Non-U.S. shareholders. Those proposed regulations would alter the current system of backup withholding compliance and are proposed to be effective for distributions made after December 31, 1997. See "-- Taxation of Non-U.S. shareholders."

TAXATION OF TAX-EXEMPT SHAREHOLDERS

Tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts ("Exempt Organizations"), generally are exempt from federal income taxation. However, they are subject to taxation on their unrelated business taxable income ("UBTI"). While many investments in real estate generate UBTI, the Service has issued a published ruling that dividend distributions from a REIT to an exempt employee pension trust do not constitute UBTI, provided that the shares of the REIT are not otherwise used in an unrelated trade or business of the exempt employee pension trust. Based on that ruling, amounts distributed by the Company to Exempt Organizations generally should not constitute UBTI. However, if an Exempt Organization finances its acquisition of Shares with debt, a portion of its income from the Company will constitute UBTI pursuant to the "debt-financed property" rules. Furthermore, social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans that are exempt from taxation under paragraphs (7), (9), (17), and (20), respectively, of Code section 501(c) are subject to different UBTI rules, which generally will require them to characterize distributions from the Company as UBTI. In addition, in certain circumstances, a pension trust that owns more than 10% of the Company's shares is required to treat a percentage of the dividends from the Company as UBTI (the "UBTI Percentage"). The UBTI Percentage is the gross income derived by the Company from an unrelated trade or business (determined as if the Company were a pension trust) divided by the gross income of the Company for the year in which the dividends are paid. The UBTI rule applies to a pension trust holding more than 10% of the Company's stock only if (i) the UBTI Percentage is at least 5%, (ii) the Company qualifies as a REIT by reason of the modification of the 5/50 Rule that allows the beneficiaries of the pension trust to be treated as holding shares of the Company in proportion to their actuarial interests in the pension trust, and (iii) either (A) one pension trust owns more than 25% of the value of the Company's shares or (B) a group of pension trusts individually holding more than 10% of the value of the Company's shares collectively owns more than 50% of the value of the Company's shares. Because the Ownership Limitation prohibits any shareholder from owning more than 9.8% of the number of outstanding Shares or more than 9.8% of the number of outstanding Shares of any class of preferred stock, no pension trust should hold more than 10% of the value of the Company's Shares.

TAXATION OF NON-U.S. SHAREHOLDERS

The rules governing U.S. federal income taxation of nonresident alien individuals, foreign corporations, foreign partnerships, and other foreign shareholders (collectively, "Non-U.S. shareholders") are complex and no attempt will be made herein to provide more than a summary of such rules. PROSPECTIVE NON-U.S. SHAREHOLDERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS TO DETERMINE THE IMPACT OF FEDERAL, STATE, AND LOCAL INCOME TAX LAWS WITH REGARD TO AN INVESTMENT IN THE SHARES, INCLUDING ANY REPORTING REQUIREMENTS.

Distributions to Non-U.S. shareholders that are not attributable to gain from sales or exchanges by the Company of U.S. real property interests and are not designated by the Company as capital gains dividends will be treated as dividends of ordinary income to the extent that they are made out of current or accumulated earnings and profits of the Company. Such distributions ordinarily will be subject to a withholding tax equal to 30% of the gross amount of the distribution unless an applicable tax treaty reduces or eliminates that tax. However, if income from the investment in the Shares is treated as effectively

connected with the Non-U.S. Shareholder's conduct of a U.S. trade or business, the Non-U.S. Shareholder generally will be subject to federal income tax at graduated rates, in the same manner as U.S. shareholders are taxed with respect to such distributions (and also may be subject to the 30% branch profits tax in the case of a Non-U.S. Shareholder that is a non-U.S. corporation). The Company expects to withhold U.S. income tax at the rate of 30% on the gross amount of any such distributions made to a Non-U.S. Shareholder unless (i) a lower treaty rate applies and any required form evidencing eligibility for that reduced rate is filed with the Company or (ii) the Non-U.S. Shareholder files an IRS Form 4224 with the Company claiming that the distribution is effectively connected income. The Service issued proposed regulations in April 1996 that would modify the manner in which the Company complies with the withholding requirements. Distributions in excess of current and accumulated earnings and profits of the Company will not be taxable to a shareholder to the extent that such distributions do not exceed the adjusted basis of the shareholder's Shares, but rather will reduce the adjusted basis of such shares. To the extent that distributions in excess of current and accumulated earnings and profits exceed the adjusted basis of a Non-U.S. Shareholder's Shares, such distributions will give rise to tax liability if the Non-U.S. Shareholder would otherwise be subject to tax on any gain from the sale or disposition of his Shares, as described below. Because it generally cannot be determined at the time a distribution is made whether or not such distribution will be in excess of current and accumulated earnings and profits, the entire amount of any distribution normally will be subject to withholding at the same rate as a dividend. However, amounts so withheld are refundable to the extent it is determined subsequently that such distribution was, in fact, in excess of current and accumulated earnings and profits of the Company.

In August 1996, the U.S. Congress passed the Small Business Job Protection Act of 1996, which requires the Company to withhold 10% of any distribution in excess of its current and accumulated earnings and profits. Consequently, although the Company intends to withhold at a rate of 30% on the entire amount of any distribution, to the extent that the Company does not do so, any portion of a distribution not subject to withholding at a rate of 30% will be subject to withholding at a rate of 10%.

For any year in which the Company qualifies as a REIT, distributions that are attributable to gain from sales or exchanges by the Company of U.S. real property interests will be taxed to a Non-U.S. Shareholder under the provisions of the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA"). Under FIRPTA, distributions attributable to gain from sales of U.S. real property interests are taxed to a Non-U.S. Shareholder as if such gain were effectively connected with a U.S. business. Non-U.S. shareholders thus would be taxed at the normal capital gain rates applicable to U.S. shareholders (subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). Distributions subject to FIRPTA also may be subject to the 30% branch profits tax in the hands of a non-U.S. corporate shareholder not entitled to treaty relief or exemption. The Company is required to withhold 35% of any distribution that is designated by the Company as a capital gains dividend. The amount withheld is creditable against the Non-U.S. Shareholder's FIRPTA tax liability.

Gain recognized by a Non-U.S. Shareholder upon a sale of his Shares generally will not be taxed under FIRPTA if the Company is a "domestically controlled REIT," defined generally as a REIT in which at all times during a specified testing period less than 50% in value of the stock was held directly or indirectly by non-U.S. persons. However, no assurance can be given that the Company will be a "domestically controlled REIT." Furthermore, gain not subject to FIRPTA will be taxable to a Non-U.S. Shareholder if (i) investment in Shares is effectively connected with the Non-U.S. Shareholder's U.S. trade or business, in which case the Non-U.S. Shareholder will be subject to the same treatment as U.S. shareholders with respect to such gain, or (ii) the Non-U.S. Shareholder is a nonresident alien individual who was present in the U.S. for 183 days or more during the taxable year and certain other conditions apply, in which case the nonresident alien individual will be subject to a 30% tax on the individual's capital gains. If the gain on the sale of Shares were to be subject to taxation under FIRPTA, the Non-U.S. Shareholder would be subject to the same treatment as U.S. shareholders with respect to

such gain (subject to applicable alternative minimum tax, a special alternative minimum tax in the case of nonresident alien individuals, and the possible application of the 30% branch profits tax in the case of non-U.S. corporations).

OTHER TAX CONSEQUENCES

The Company, the Operating Partnership, or the Company's shareholders may be subject to state or local taxation in various state or local jurisdictions, including those in which it or they own property, transact business, or reside. The state and local tax treatment of the Company and its shareholders may not conform to the federal income tax consequences discussed above. CONSEQUENTLY, PROSPECTIVE SHAREHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE EFFECT OF STATE AND LOCAL TAX LAWS ON AN INVESTMENT IN THE COMPANY.

TAX ASPECTS OF THE OPERATING PARTNERSHIP

The following discussion summarizes certain federal income tax considerations applicable to the Company's direct or indirect investment in the Operating Partnership. The discussion does not cover state or local tax laws or any federal tax laws other than income tax laws.

Classification as a Partnership

The Company will be entitled to include in its income its distributive share of the Operating Partnership's income and to deduct its distributive share of the Operating Partnership's losses only if the Operating Partnership is classified for federal income tax purposes as a partnership rather than as a corporation or an association taxable as a corporation. An entity will be classified as a partnership rather than as a corporation or an association taxable as a corporation for federal income tax purposes if the entity (i) is treated as a partnership under Treasury regulations, effective January 1, 1997, relating to entity classification (the "Check-the-Box Regulations") and (ii) is not a "publicly traded" partnership. In general, under the Check-the-Box Regulations, an unincorporated entity with at least two members may elect to be classified either as an association taxable as a corporation or as a partnership. If such an entity fails to make an election, it generally will be treated as a partnership for federal income tax purposes. The Operating Partnership intends to be classified as a partnership for federal income tax purposes and will not elect to be treated as an association taxable as a corporation under the Check-the-Box Regulations.

A publicly traded partnership is a partnership whose interests are traded on an established securities market or are readily tradable on a secondary market (or the substantial equivalent thereof). A publicly traded partnership will be treated as a corporation for federal income tax purposes unless at least 90% of such partnership's gross income for a taxable year consists of "qualifying income" under Section 7704(d) of the Code, which generally includes any income that is qualifying income for purposes of the 95% gross income test applicable to REITs (the "90% Passive-Type Income Exception"). See "-- Requirements for Qualification -- Income Tests." The U.S. Treasury Department has issued regulations effective for taxable years beginning after December 31, 1995 (the "PTP Regulations") that provide limited safe harbors from the definition of a publicly traded partnership. Pursuant to one of those safe harbors (the "Private Placement Exclusion"), interests in a partnership will not be treated as readily tradable on a secondary market or the substantial equivalent thereof if (i) all interests in the partnership were issued in a transaction (or transactions) that was not required to be registered under the Securities Act of 1933, as amended, and (ii) the partnership does not have more than 100 partners at any time during the partnership's taxable year. In determining the number of partners in a partnership, a person owning an interest in a flow-through entity (i.e., a partnership, grantor trust, or S corporation)

that owns an interest in the partnership is treated as a partner in such partnership only if (a) substantially all of the value of the owner's interest

in the flow-through entity is attributable to the flow-through entity's interest (direct or indirect) in the partnership and (b) a principal purpose of the use of the flow-through entity is to permit the partnership to satisfy the 100-partner limitation. The Operating Partnership qualifies for the Private Placement Exclusion. If the Operating Partnership is considered a publicly traded partnership under the PTP Regulations because it is deemed

to have more than 100 partners, the Operating Partnership should not be treated as a corporation because it should be eligible for the 90% Passive-Type Income Exception.

The Company has not requested, and does not intend to request, a ruling from the Service that the Operating Partnership will be classified as a partnership for federal income tax purposes. Instead, Hunton & Williams is of the opinion that, based on certain factual assumptions and representations, the Operating Partnership will be treated for federal income tax purposes as a partnership and not as a corporation or an association taxable as a corporation, or as a publicly traded partnership. Unlike a tax ruling, an opinion of counsel is not binding upon the Service, and no assurance can be given that the Service will not challenge the status of the Operating Partnership as a partnership for federal income tax purposes. If such challenge were sustained by a court, the Operating Partnership would be treated as a corporation for federal income tax purposes, as described below. In addition, the opinion of Hunton & Williams is based on existing law, which is to a great extent the result of administrative and judicial interpretation. No assurance can be given that administrative or judicial changes would not modify the conclusions expressed in the opinion.

If for any reason the Operating Partnership were taxable as a corporation, rather than as a partnership, for federal income tax purposes, the Company would not be able to qualify as a REIT. See "Federal Income Tax Considerations -- Requirements for Qualification -- Income Tests" and "-- Requirements for Qualification -- Asset Tests." In addition, any change in the Operating Partnership's status for tax purposes might be treated as a taxable event, in which case the Company might incur a tax liability without any related cash distribution. See "Federal Income Tax Considerations -- Requirements for Qualification -- Distribution Requirements." Further, items of income and deduction of the Operating Partnership would not pass through to its partners, and its partners would be treated as shareholders for tax purposes. Consequently, the Operating Partnership would be required to pay income tax at corporate tax rates on its net income, and distributions to its partners would constitute dividends that would not be deductible in computing the Operating Partnership's taxable income.

Income Taxation of the Operating Partnerships and its Partners

Partners, Not a Partnership, Subject to Tax. A partnership is not a taxable entity for federal income tax purposes. Rather, the Company will be required to take into account its allocable share of the Operating Partnership's income, gains, losses, deductions, and credits for any taxable year of the Operating Partnership ending within or with the taxable year of the Company, without regard to whether the Company has received or will receive any distribution from the Operating Partnership.

Partnership Allocations. Although a partnership agreement generally will determine the allocation of income and losses among partners, such allocations will be disregarded for tax purposes under section 704(b) of the Code if they do not comply with the provisions of section 704(b) of the Code and the Treasury Regulations promulgated thereunder. If an allocation is not recognized for federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership, which will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. The Operating Partnership's allocations of taxable income and loss are intended to comply with the requirements of section 704(b) of the Code and the Treasury Regulations promulgated thereunder.

Tax Allocations With Respect to Contributed Properties. Pursuant to section 704(c) of the Code, income, gain, loss, and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated for federal income tax purposes in a manner such that the contributor is charged with, or benefits from, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of such unrealized gain or unrealized loss is generally equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution. The Treasury Department has issued regulations requiring partnerships to use a "reasonable method" for allocating items affected by section 704(c) of the Code and outlining several reasonable allocation methods. The Operating Partnership plans to elect to use the traditional method for allocating Code section 704(c) items with respect to any properties it acquires in exchange for OP Units.

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Under the Operating Partnership Agreement, depreciation or amortization deductions of the Operating Partnership generally will be allocated among the partners in accordance with their respective interests in the Operating Partnership, except to the extent that the Operating Partnership is required under Code section 704(c) to use a method for allocating tax depreciation deductions attributable to its properties that results in the Company receiving a disproportionately large share of such deductions. Depending on the allocation method elected under Code section 704(c), it is possible that the Company (i) may be allocated lower amounts of depreciation deductions for tax purposes with respect to contributed properties than would be allocated to the Company if such properties were to have a tax basis equal to their fair market value at the time of contribution and (ii) may be allocated taxable gain in the event of a sale of such contributed properties in excess of the economic profit allocated to the Company as a result of such sale. These allocations may cause the Company to recognize taxable income in excess of cash proceeds, which might adversely affect the Company's ability to comply with the REIT distribution requirements, although the Company does not anticipate that this event will occur. The foregoing principles also will affect the calculation of the Company's earnings and profits for purposes of determining which portion of the Company's distributions is taxable as a dividend. The allocations described in this paragraph may result in a higher portion of the Company's distributions being taxed as a dividend than would have occurred had the Company purchased such properties for cash.

Basis in Operating Partnership Interest. The Company's adjusted tax basis in its partnership interest in the Operating Partnership generally is equal to (i) the amount of cash and the basis of any other property contributed to the Operating Partnership by the Company, (ii) increased by (A) its allocable share of the Operating Partnership's income and (B) its allocable share of indebtedness of the Operating Partnership, and (iii) reduced, but not below zero, by (A) the Company's allocable share of the Operating Partnership's loss and (B) the amount of cash distributed to the Company, including constructive cash distributions resulting from a reduction in the Company's share of indebtedness of the Operating Partnership.

If the allocation of the Company's distributive share of the Operating Partnership's loss would reduce the adjusted tax basis of the Company's partnership interest in the Operating Partnership below zero, the recognition of such loss will be deferred until such time as the recognition of such loss would not reduce the Company's adjusted tax basis below zero. To the extent that the Operating Partnership's distributions, or any decrease in the Company's share of the indebtedness of the Operating Partnership (such decrease being considered a constructive cash distribution to the partners), would reduce the Company's adjusted tax basis below zero, such distributions (including such constructive distributions) will constitute taxable income to the Company. Such distributions and constructive distributions normally will be characterized as capital gain, and, if the Company's partnership interest in the Operating Partnership has been held for longer than the long-term capital gain holding

period (currently one year), the distributions and constructive distributions will constitute long-term capital gain.

Depreciation Deductions Available to the Operating Partnership. Assuming that the Minimum Offering is reached, immediately upon accepting a subscription, the Company will make a cash contribution to the Operating Partnership in exchange for a general partnership interest in the Operating Partnership. The Operating Partnership will use a portion of such contributions to acquire interests in properties. To the extent that the Operating Partnership acquires properties for cash, the Operating Partnership's initial basis in such properties for federal income tax purposes generally will be equal to the purchase price paid by the Operating Partnership. The Operating Partnership plans to depreciate such depreciable property for federal income tax purposes under the alternative depreciation system of depreciation ("ADS"). Under ADS, the Operating Partnership generally will depreciate such buildings and improvements over a 40-year recovery period using a straight line method and a mid-month convention and will depreciate furnishings and equipment over a 12-year recovery period. To the extent that the Operating Partnership acquires properties in exchange for OP Units, the Operating Partnership's initial basis in each such property for federal income tax purposes should be the same as the transferor's basis in that property on the date of acquisition by the Operating Partnership. Although the law is not entirely clear, the Operating Partnership generally intends to depreciate such depreciable property for federal income tax purposes over the same remaining useful lives and under the same methods used by the transferors.

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SALE OF THE OPERATING PARTNERSHIP'S PROPERTY

Generally, any gain realized by the Operating Partnership on the sale of property held for more than one year will be long-term capital gain, except for any portion of such gain that is treated as depreciation or cost recovery recapture. Any gain recognized by the Operating Partnership upon the disposition of a property acquired by the Operating Partnership for cash will be allocated among the partners in accordance with their respective percentage interests in the Operating Partnership. The Bylaws of the Company provide that any decision to sell any real estate asset in which a director, or officer of the Company, or any Affiliate of the foregoing, has a direct or indirect interest, will be made by a majority of the Directors including a majority of the Independent Directors. See "Policies with Respect to Certain Activities -- Conflict of Interest Policies -- Articles of Incorporation and Bylaw Provisions."

The Company's share of any gain realized by the Operating Partnership on the sale of any property held by the Operating Partnership as inventory or other property held primarily for sale to customers in the ordinary course of the Operating Partnership's trade or business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. Such prohibited transaction income also may have an adverse effect upon the Company's ability to satisfy the income tests for REIT status. See "Federal Income Tax Considerations -- Requirements For Qualification -- Income Tests" above. The Company, however, does not presently intend to acquire or hold or allow the Operating Partnership to acquire or hold any property that represents inventory or other property held primarily for sale to customers in the ordinary course of the Company's or the Operating Partnership's trade or business.

ERISA CONSIDERATIONS

The following is a summary of material considerations arising under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the prohibited transaction provisions of section 4975 of the Code that may be relevant to a prospective purchaser of Shares (including, with respect to the discussion contained in "ERISA Considerations -- Status of the Company and the Operating Partnership under ERISA," to a prospective purchaser that is not an employee benefit plan, another tax-qualified retirement plan, or an individual retirement account or an individual retirement annuity ("IRA")). The discussion

does not purport to deal with all aspects of ERISA or section 4975 of the Code or, to the extent not preempted, state law that may be relevant to particular shareholders (including plans subject to Title I of ERISA, other retirement employee benefit plans and IRAs subject to the prohibited transaction provisions of section 4975 of the Code, and governmental plans or church plans that are exempt from ERISA and section 4975 of the Code but that may be subject to state law requirements) in light of their particular circumstances.

The discussion is based on current provisions of ERISA and the Code, existing and currently proposed regulations under ERISA and the Code, the legislative history of ERISA and the Code, existing administrative rulings of the Department of Labor ("DOL") and reported judicial decisions. No assurance can be given that legislative, judicial, or administrative changes will not affect the accuracy of any statements herein with respect to transactions entered into or contemplated prior to the effective date of such changes.

A FIDUCIARY MAKING THE DECISION TO INVEST IN THE SHARES ON BEHALF OF A PROSPECTIVE PURCHASER THAT IS AN EMPLOYEE BENEFIT PLAN, A TAX-QUALIFIED RETIREMENT PLAN, OR AN IRA SHOULD CONSULT ITS OWN LEGAL ADVISOR REGARDING THE SPECIFIC CONSIDERATIONS ARISING UNDER ERISA, SECTION 4975 OF THE CODE, AND STATE LAW WITH RESPECT TO THE PURCHASE, OWNERSHIP, OR SALE OF THE SHARES BY SUCH PLAN OR IRA.

EMPLOYEE BENEFIT PLANS, TAX-QUALIFIED RETIREMENT PLANS, AND IRAS

Each fiduciary of a pension, profit-sharing, or other employee benefit plan (an "ERISA Plan") subject to Title I of ERISA should consider carefully whether an investment in the Shares is consistent with his fiduciary responsibilities under ERISA. In particular, the fiduciary requirements of Part 4 of Title I of ERISA require an

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ERISA Plan's investments to be (i) prudent and in the best interests of the ERISA Plan, its participants, and its beneficiaries, (ii) diversified in order to minimize the risk of large losses, unless it is clearly prudent not to do so, and (iii) authorized under the terms of the ERISA Plan's governing documents (provided the documents are consistent with ERISA). In determining whether an investment in the Shares is prudent for purposes of ERISA, the appropriate fiduciary of an ERISA Plan should consider all of the facts and circumstances, including whether the investment is reasonably designed, as a part of the ERISA Plan's portfolio for which the fiduciary has investment responsibility, to meet the objectives of the ERISA Plan, taking into consideration the risk of loss and opportunity for gain (or other return) from the investment, the diversification, cash flow, and funding requirements of the ERISA Plan, and the liquidity and current return of the ERISA Plan's portfolio. A fiduciary also should take into account the nature of the Company's business, the management of the Company, the Company's lack of operating history, the fact that investment properties have not been identified yet, the possibility of the recognition of UBTI, and other matters described under "Risk Factors."

The fiduciary of an IRA or of a qualified retirement plan not subject to Title I of ERISA because it is a governmental or church plan or because it does not cover common law employees (a "Non-ERISA Plan") should consider that such an IRA or Non-ERISA Plan may only make investments that are authorized by the appropriate governing documents and under applicable state law.

Fiduciaries of ERISA Plans and persons making the investment decision for an IRA or other Non-ERISA Plan should consider the application of the prohibited transaction provisions of ERISA and the Code in making their investment decision. A "party in interest" or "disqualified person" with respect to an ERISA Plan or with respect to a Non-ERISA Plan or IRA subject to Code section 4975 is subject to (i) an initial 15% excise tax on the amount involved in any prohibited transaction involving the assets of the plan or IRA and (ii) an excise tax equal to 100% of the amount involved if any prohibited transaction is not corrected. If the disqualified person who engages in the transaction is the individual on behalf of whom an IRA is maintained (or his beneficiary), the IRA

will lose its tax-exempt status and its assets will be deemed to have been distributed to such individual in a taxable distribution (and no excise tax will be imposed) on account of the prohibited transaction. In addition, a fiduciary who permits an ERISA Plan to engage in a transaction that the fiduciary knows or should know is a prohibited transaction may be liable to the ERISA Plan for any loss the ERISA Plan incurs as a result of the transaction or for any profits earned by the fiduciary in the transaction.

STATUS OF THE COMPANY AND THE OPERATING PARTNERSHIP UNDER ERISA

The following section discusses certain principles that apply in determining whether the fiduciary requirements of ERISA and the prohibited transaction provisions of ERISA and the Code apply to an entity because one or more investors in the equity interests in the entity is an ERISA Plan or is a Non-ERISA Plan or IRA subject to section 4975 of the Code. An ERISA Plan fiduciary also should consider the relevance of those principles to ERISA's prohibition on improper delegation of control over or responsibility for "plan assets" and ERISA's imposition of co-fiduciary liability on a fiduciary who participates in, permits (by action or inaction) the occurrence of, or fails to remedy a known breach by another fiduciary.

If the assets of the Company are deemed to be "plan assets" under ERISA, (i) the prudence standards and other provisions of Part 4 of Title I of ERISA would be applicable to any transactions involving the Company's assets, (ii) persons who exercise any authority over the Company's assets, or who provide investment advice to the Company, would (for purposes of the fiduciary responsibility provisions of ERISA) be fiduciaries of each ERISA Plan that acquires Shares, and transactions involving the Company's assets undertaken at their direction or pursuant to their advice might violate their fiduciary responsibilities under ERISA, especially with regard to conflicts of interest, (iii) a fiduciary exercising his investment discretion over the assets of an ERISA Plan to cause it to acquire or hold the Shares could be liable under Part 4 of Title I of ERISA for transactions entered into by the Company that do not conform to ERISA standards of prudence and fiduciary responsibility, and (iv) certain transactions that the Company might enter into in the ordinary course of its business and operations might constitute "prohibited transactions" under ERISA and the Code.

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Regulations of the DOL defining "plan assets" (the "Plan Asset Regulations") generally provide that when an ERISA Plan or Non-ERISA Plan or IRA acquires a security that is an equity interest in an entity and the security is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act of 1940, the ERISA or Non-ERISA Plan's or IRA's assets include both the equity interest and an undivided interest in each of the underlying assets of the issuer of such equity interest, unless one or more exceptions specified in the Plan Asset Regulations are satisfied.

The Plan Asset Regulations define a publicly-offered security as a security that is (i) "widely-held," (ii) "freely transferable," and (iii) either (A) part of a class of securities registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or (B) sold pursuant to an effective registration statement under the Securities Act (provided the securities are registered under the Exchange Act within 120 days after the end of the fiscal year of the issuer during which the offering occurred, or such longer period as may be allowed by the Commission). The Shares are being sold pursuant to an effective registration statement under the Securities Act and will be registered under the Exchange Act. The Plan Asset Regulations provide that a security is "widely held" only if it is part of a class of securities that is owned by 100 or more investors independent of the issuer and of one another. A security will not fail to be widely held because the number of independent investors falls below 100 subsequent to the initial public offering as a result of events beyond the issuer's control. The Company anticipates that upon completion of the Offering, the Shares will be "widely held."

The Plan Asset Regulations provide that whether a security is "freely transferable" is a factual question to be determined on the basis of all relevant facts and circumstances. The Plan Asset Regulations further provide that where a security is part of an offering in which the minimum investment is \$10,000 or less (as is the case with this Offering), certain restrictions ordinarily will not, alone or in combination, affect a finding that such securities are freely transferable. The restrictions on transfer enumerated in the Plan Asset Regulations as not affecting that finding include: (i) any restriction on or prohibition against any transfer or assignment that would result in the termination or reclassification of an entity for federal or state tax purposes, or that otherwise would violate any federal or state law or court order, (ii) any requirement that advance notice of a transfer or assignment be given to the issuer, (iii) any administrative procedure that establishes an effective date, or an event (such as completion of an offering), prior to which a transfer or assignment will not be effective, and (iv) any limitation or restriction on transfer or assignment that is not imposed by the issuer or a person acting on behalf of the issuer. The Company believes that the restrictions imposed under the Articles of Incorporation on the transfer of the Shares will not result in the failure of the Shares to be "freely transferable." The Company also is not aware of any other facts or circumstances limiting the transferability of the Shares that are not enumerated in the Plan Asset Regulations as those not affecting free transferability, and the Company does not intend to impose in the future (or to permit any person to impose on its behalf) any limitations or restrictions on transfer that would not be among the enumerated permissible limitations or restrictions. The Plan Asset Regulations only establish a presumption in favor of a finding of free transferability, and no assurance can be given that the DOL or the Treasury Department will not reach a contrary conclusion.

Assuming that the Shares will be "widely held" and that no other facts and circumstances other than those referred to in the preceding paragraph exist that restrict transferability of the Shares, the Shares should be publicly offered securities and the assets of the Company should not be deemed to be "plan assets" of any ERISA Plan, IRA, or Non-ERISA Plan that invests in the Shares.

The Plan Asset Regulations also will apply in determining whether the assets of the Operating Partnership will be deemed to be "plan assets." The partnership interests in the Operating Partnership will not be publicly-offered securities. Nevertheless, if the Shares constitute publicly-offered securities, the indirect investment in the Operating Partnership by ERISA Plans, IRAs, or Non-ERISA Plans subject to section 4975 of the Code through their ownership of Shares will not cause the assets of the Operating Partnership to be treated as "plan assets" of such shareholders.

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PARTNERSHIP AGREEMENT

The following summary of the Partnership Agreement, and the descriptions of certain provisions thereof set forth elsewhere in this Prospectus, is qualified in its entirety by reference to the Partnership Agreement, which is filed as an exhibit to the Registration Statement of which this Prospectus is a part.

MANAGEMENT

The Operating Partnership has been organized as a Delaware limited partnership pursuant to the terms of the Partnership Agreement. Pursuant to the Partnership Agreement, the Company, as the sole general partner of the Operating Partnership (in such capacity, the "General Partner"), will have full, exclusive and complete responsibility and discretion in the management and control of the Operating Partnership, and the limited partners of the Operating Partnership (the "Limited Partners"), in their capacity as such, will have no authority to transact business for, or participate in the management activities or decisions of, the Operating Partnership. However, any amendment to the Partnership Agreement that would (i) affect the Redemption Rights (as defined below), (ii) adversely affect the Limited Partners' rights to receive cash distributions,

(iii) alter the Operating Partnership's allocations of income and loss or (iv) impose on the Limited Partners any obligations to make additional contributions to the capital of the Operating Partnership, would require the consent of Limited Partners holding more than two-thirds of the OP Units.

TRANSFERABILITY OF INTERESTS IN THE OPERATING PARTNERSHIP

The Company may not voluntarily withdraw from the Operating Partnership or transfer or assign its interest in the Operating Partnership unless the transaction in which such withdrawal or transfer occurs results in the Limited Partners' receiving property in an amount equal to the amount they would have received had they exercised their Redemption Rights immediately prior to such transaction, or unless the successor to the General Partner contributes substantially all of its assets to the Operating Partnership in return for an interest in the Operating Partnership. A person may not be admitted as a substitute or successor General Partner unless a majority-in-interest of the Limited Partners (other than the Advisor) consent in writing to the admission of such substitute or successor General Partner, which consent may be withheld in the sole discretion of such Limited Partners. With certain limited exceptions, the Limited Partners may not transfer their interests in the Operating Partnership, in whole or in part, without the written consent of the Company, which consent may be withheld in the sole discretion of the Company.

CAPITAL CONTRIBUTION

As the Company accepts subscriptions, it will contribute to the Operating Partnership substantially all of the net proceeds thereof, in consideration of which the Company will receive a general partnership interest in the Operating Partnership. The Advisor has contributed \$200,000 to the Operating Partnership and is the sole initial Limited Partner. Although the Operating Partnership will receive substantially all of the net proceeds of the Offering, the Company will be deemed to have made capital contributions to the Operating Partnership in the amount of the gross proceeds of the Offering and the Operating Partnership will be deemed simultaneously to have paid the selling commissions and other Organization and Offering Expenses. The Partnership Agreement provides that if the Operating Partnership requires additional funds at any time or from time to time in excess of funds available to the Operating Partnership from borrowing or capital contributions, the Company may borrow such funds from a financial institution or other lender and lend such funds to the Operating Partnership on the same terms and conditions as are applicable to the Company's borrowing of such funds. Moreover, the Company is authorized to cause the Operating Partnership to issue partnership interests for less than fair market value if the Company has concluded in good faith that such issuance is in the best interests of the Company and the Operating Partnership.

REDEMPTION RIGHTS

Pursuant to the Partnership Agreement, the Limited Partners, other than the Advisor, will receive rights (the "Redemption Rights"), which will enable them to cause the Operating Partnership to redeem each OP Unit for cash equal to the value of one Share (or, at the Company's election, the Company may purchase each OP Unit offered for redemption for one Share). The Redemption Rights may not be exercised, however, if and to the extent that the delivery of Shares upon exercise of such rights (regardless of whether the Company would exercise its rights to deliver Shares) would (i) result in any person owning, directly or indirectly, Shares in excess of the Ownership Limitation, (ii) result in shares of capital stock of the Company being owned by fewer than 100 persons (determined without reference to any rules of attribution), (iii) result in the Company being "closely held" within the meaning of section 856(h) of the Code, (iv) cause the Company to own, actually or constructively, 10% or more of the ownership interests in a tenant of the Company's or the Operating Partnership's real property, within the meaning of section 856(d)(2)(B) of the Code, or (v) cause the acquisition of Shares by such redeeming Limited Partner to be

"integrated" with any other distribution of Shares for purposes of complying with the Securities Act. The Redemption Rights may be exercised, at any time after one year following the date of issuance of the related OP Units, provided that not more than two redemptions may occur during each calendar year and each Limited Partner may not exercise the Redemption Right for less than 1,000 OP Units or, if such Limited Partner holds less than 1,000 OP Units, all of the OP Units held by such Limited Partner. The number of Shares issuable upon exercise of the Redemption Rights will be adjusted upon the occurrence of share splits, mergers, consolidations or similar pro rata share transactions, which otherwise would have the effect of diluting the ownership interests of the Limited Partners or the shareholders of the Company. As of the date hereof, the Company has not issued any OP Units other than to the Advisor and has no current intentions to issue OP Units.

OPERATIONS

The Partnership Agreement requires that the Operating Partnership be operated in a manner that will enable the Company to satisfy the requirements for being classified as a REIT, to avoid any federal income or excise tax liability imposed under the Code and to ensure that the Operating Partnership will not be classified as a "publicly traded partnership" for purposes of section 7704 of the Code.

In addition to the administrative and operating costs and expenses incurred by the Operating Partnership, the Operating Partnership will pay all administrative costs and expenses of the Company (the "Company Expenses") and the Company Expenses will be treated as expenses of the Operating Partnership. The Company Expenses generally will include (i) all expenses relating to the formation and continuity of existence of the Company, (ii) all expenses relating to the public offering and registration of securities by the Company, (iii) all expenses associated with the preparation and filing of any periodic reports by the Company under federal, state or local laws or regulations, (iv) all expenses associated with compliance by the Company with laws, rules and regulations promulgated by any regulatory body and (v) all other operating or administrative costs of the Company incurred in the ordinary course of its business on behalf of the Operating Partnership. The Company Expenses, however, will not include any administrative and operating costs and expenses incurred by the Company that are attributable to properties or partnership interests that are owned by the Company directly. The Company currently does not anticipate owning any properties directly.

DISTRIBUTIONS AND ALLOCATIONS

The Partnership Agreement will provide that the Operating Partnership will distribute cash from operations (including net sale or refinancing proceeds, but excluding net proceeds from the sale of the Operating Partnership's property in connection with the liquidation of the Operating Partnership) on a quarterly (or, at the election of the Company, more frequent) basis, in amounts determined by the Company in its sole discretion, to the partners in accordance with their respective percentage interests in the Operating Partnership. Upon liquidation of the Operating Partnership, after payment of, or adequate provision for, debts and obligations of the Operating Partnership, including any partner loans, any remaining assets of the Operating Partnership will be distributed to all partners with positive capital accounts in accordance with their respective positive capital account balances. If the Company has a negative balance in its capital account following a liquidation of the Operating Partnership, it

will be obligated to contribute cash to the Operating Partnership equal to the negative balance in its capital account.

Profit and loss of the Operating Partnership for each fiscal year of the Operating Partnership generally will be allocated among the partners in accordance with their respective interests in the Operating Partnership. Taxable income and loss will be allocated in the same manner, subject to compliance with the provisions of Code sections 704(b) and 704(c) and Treasury

Regulations promulgated thereunder.

TERM

The Operating Partnership will continue until December 31, 2050, or until sooner dissolved upon the sale or other disposition of all or substantially all the assets of the Operating Partnership, the redemption of all limited partnership interests in the Operating Partnership (other than those held by the Advisor), or by the election by the Company.

TAX MATTERS

Pursuant to the Partnership Agreement, the Company will be the tax matters partner of the Operating Partnership and, as such, will have authority to handle tax audits and to make tax elections under the Code on behalf of the Operating Partnership.

PLAN OF DISTRIBUTION

OF THE TOTAL 16,5000,000 SHARES REGISTERED IN THE OFFERING, 1,500,000 ARE

RESERVED FOR ISSUANCE PURSUANT TO THE REINVESTMENT PLAN AND 600,000 ARE RESERVED

FOR ISSUANCE UPON EXERCISE OF THE SOLICITING DEALER WARRANTS. CONSEQUENTLY, A

MAXIMUM OF 14,400,000 Shares are being offered to the public through the Dealer

Manager, a registered broker-dealer affiliated with the Advisor, AND CERTAIN

UNAFFILIATED BROKER-DEALERS. See "Conflicts of Interest" and "Management

Compensation." The Shares are being offered at a price of \$10.00 per share on a
"best efforts" basis (which means generally that the Dealer Manager will be
required to use only its best efforts to sell the Shares and has no firm
commitment or obligation to purchase any of the Shares). The Company and the
Dealer Manager have determined the Offering price of the Shares based on their
analysis of other similar OFFERINGS and what they believe the investing market

is willing to pay for the Shares.

Except as provided below, the Dealer Manager will receive commissions of 7%
of the Gross Offering Proceeds. In addition, the Company may reimburse the
expenses incurred by THE DEALER MANAGER AND nonaffiliated dealers for actual

marketing support and due diligence purposes in the maximum amount of 2.5% of
the Gross Offering Proceeds. The Company will not pay referral or similar fees
to any accountants, attorneys or other persons in connection with the
distribution of the Shares. Shareholders who elect to participate in the
Reinvestment Plan will be charged Selling Commissions on Shares purchased
pursuant to the Reinvestment Plan on the same basis as shareholders purchasing
Shares other than pursuant to the Reinvestment Plan. Soliciting Dealers will
also receive one Soliciting Dealer Warrant for each 25 Shares sold by such
Soliciting Dealer during the Offering, subject to federal and state securities
laws. The holder of a Soliciting Dealer Warrant will be entitled to purchase
one Share from the Company at a price of \$12 during the period commencing ON

THE FIRST ANNIVERSARY OF THE EFFECTIVE DATE OF THIS OFFERING and ending five

years after the effective date of this Offering. Subject to certain
limitations, the Soliciting Dealer Warrants may not be transferred, assigned,
pledged or hypothecated for a period of one year following the effective date of
this Offering. The Shares issuable upon exercise of the Soliciting Dealer

Warrants are being registered as part of this Offering. For the life of the
Soliciting Dealer Warrants, the holders are given, at nominal cost, the
opportunity to profit from a rise in the market price for the Common Stock

without assuming the risk of ownership, with a resulting dilution in the interest of other security holders. Moreover, the holders of the Soliciting Dealer Warrants might be expected to exercise them at a time when the Company would, in all likelihood, be able to obtain needed capital by a new

offering of its securities on terms more favorable than those provided by the Soliciting Dealer Warrants. See "Description of Capital Stock -- Soliciting Dealer Warrants."

The Dealer Manager may authorize certain other broker-dealers who are members of the NASD to sell Shares. In the event of the sale of Shares by such other broker-dealers, the Dealer Manager may reallocate its commissions in the amount of up to 7% of the Gross Offering Proceeds to such participating broker-dealers.

In no event shall the total underwriting compensation, including Selling Commissions and expense reimbursements, exceed 7% of Gross Offering Proceeds, except for the additional Marketing and Due Diligence Fee (2.5% of Gross Offering Proceeds), which may be paid by the Company in connection with marketing support and due diligence activities, which is COMPRISED of .5% for

due diligence activities and 2% for marketing support activities.

The Company has agreed to indemnify the participating broker-dealers, including the Dealer Manager, against certain liabilities arising under the Securities Act of 1933, as amended. CAUSES OF ACTION RESULTING FROM VIOLATIONS

OF FEDERAL OR STATE SECURITIES LAWS SHALL BE GOVERNED BY SUCH LAW.

The broker-dealers are not obligated to obtain any subscriptions, and there is no assurance that any Shares will be sold.

The Advisor AND ITS AFFILIATES may at THEIR option purchase Shares

offered hereby at the public offering price, in which case it would expect to hold such Shares as shareholders for investment and not for distribution. Shares purchased by the Advisor or its Affiliates shall not be entitled to vote on any matter presented to the shareholders for a vote. No selling commissions will be payable by the Company in connection with any Shares purchased by the Advisor.

Payment for Shares should be made by check payable to "NATIONSBANK, N.A.,

AS ESCROW AGENT" Subscriptions will be effective only upon acceptance by the

Company, and the Company reserves the right to reject any subscription in whole or in part. In no event may a subscription for Shares be accepted until at least five business days after the date the subscriber receives this Prospectus. Each subscriber will receive a confirmation of his purchase. Except for purchase pursuant to the Reinvestment Plan, all accepted subscriptions will be for whole Shares and for not less than 100 Shares (\$1,000). See "Investor Suitability Standards." Except in Maine, Minnesota and Washington, investors who have satisfied the minimum purchase requirement and have purchased units in Prior Wells Public Programs may purchase less than the minimum number of Shares discussed above, provided that such investors purchase a minimum of 2.5 Shares (\$25). After investors have satisfied the minimum purchase requirement, minimum additional purchases must be in increments of at least 2.5 Shares (\$25), except for purchases pursuant to the Reinvestment Plan.

Subscription proceeds will be placed in interest-bearing ACCOUNTS with

the Escrow Agent by noon of the business day after the proceeds are received by the Company until such subscriptions aggregating at least \$1,250,000 (exclusive of any subscriptions for Shares by the Advisor or its Affiliates) have been received and accepted by the Advisor (the "Minimum Offering"). Any Shares purchased by the Advisor or its Affiliates will not be counted in calculating the Minimum Offering. Subscription proceeds held in the escrow ACCOUNTS will

be invested in obligations of, or obligations guaranteed by, the United States government or bank money-market accounts or certificates of deposit of national or state banks that have deposits insured by the Federal Deposit Insurance Corporation (including certificates of deposit of any bank acting as depository or custodian for any such funds), as directed by the Advisor. Subscribers may not withdraw funds from the escrow account.

Investors who desire to establish an IRA for purposes of investing in Shares may do so by having Wells Advisors, Inc., a qualified non-bank IRA custodian affiliated with the Advisor, act as their IRA custodian. In the event that an IRA is established having Wells Advisors, Inc. as the IRA custodian, the authority of Wells Advisors, Inc. will be limited to holding the Shares on behalf of the beneficiary of the IRA and making distributions or reinvestments in Shares solely at the discretion of the beneficiary of the IRA. Wells Advisors, Inc. will not have

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the authority to vote any of the Shares held in an IRA except strictly in accordance with the written instructions of the beneficiary of the IRA. See "Management."

If the Minimum Offering has not been received and accepted by _____ 1999 (one year after the date of this Prospectus), the Escrow Agent will

promptly so notify the Company and this Offering will be terminated. In such event, the Escrow Agent is obligated to use its best efforts to obtain an executed IRS Form W-9 from each subscriber whose subscription is rejected. No later than ten business days after rejection of a subscription, the Escrow Agent will refund and return all monies to rejected subscribers and any interest earned thereon without deducting escrow expenses. In the event that a subscriber fails to remit an executed IRS Form W-9 to the Escrow Agent prior to the date the Escrow Agent returns the subscriber's funds, the Escrow Agent will be required to withhold from such funds 31% of the earnings attributable to such subscriber in accordance with IRS Regulations. During any period in which subscription proceeds are held in escrow, interest earned thereon will be allocated among subscribers on the basis of the respective amounts of their subscriptions and the number of days that such amounts were on deposit. Such interest net of escrow expenses will be paid to subscribers upon the termination of the escrow period.

Initial subscribers may be admitted as shareholders of the Company and the payments transferred from escrow to the Company at any time after the Company has received and accepted the Minimum Offering, except that subscribers residing in New York and Pennsylvania may not be admitted to the Company until subscriptions have been received and accepted for 250,000 Shares (\$2,500,000) from all sources. The funds representing subscriptions for Shares from New York and Pennsylvania residents will not be released from the escrow account until subscriptions for at least \$2,500,000 have been received from all sources. Subscriptions from New York residents may not be included in determining whether subscriptions for the Minimum Offering have been obtained. In addition, certain other states may impose different requirements than those set forth herein. Any such additional requirements will be set forth in a supplement to this Prospectus.

The proceeds of this Offering will be received and held in trust for the benefit of purchasers of Shares and will be retained in trust after closing to

be used only for the purposes set forth in the "Estimated Use of Proceeds" section. After the close of the Minimum Offering, subscriptions will be accepted or rejected within 30 days of receipt by the Company, and if rejected, all funds shall be returned to subscribers within 10 business days. Investors whose subscriptions are accepted will be admitted as shareholders of the Company periodically (but not less often than quarterly). Escrowed proceeds will be released to the Company on the date that the applicable Shareholder is admitted to the Company. A Shareholder will not receive a Share certificate or other evidence of his interest in the Company unless the Listing occurs, and then only if requested by the Shareholder.

The Advisor may sell Shares to Retirement Plans of broker-dealers participating in the Offering, to broker-dealers in their individual capacities, to IRAs and Qualified Plans of their registered representatives or to any one of their registered representatives in their individual capacities for 93% of the Share's public offering price in consideration of the services rendered by such broker-dealers and registered representatives in the distribution. The net proceeds to the Company from such sales will be identical to the Company's net proceeds from other sales of Shares.

In connection with sales of 25,000 or more Shares (\$250,000) to a "purchaser" (as defined below), investors may agree with their registered representatives to reduce the amount of selling commissions payable to participating broker-dealers. Such reduction will be credited to the purchaser by reducing the total purchase price payable by such purchaser. The following table illustrates the various discount levels:

SELLING COMMISSIONS				
DOLLAR VOLUME OF SHARES PURCHASED	PERCENT	PER SHARE	PURCHASE PRICE PER SHARE	NET PROCEEDS TO COMPANY PER SHARE
Under \$250,000	7.0%	\$ 0.70	\$ 10.00	\$9.30
\$250,000-\$649,999	6.0%	\$0.5936	\$9.8936	\$9.30
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\$650,000-\$999,999	3.0%	\$0.2876	\$9.5876	\$9.30
\$1,000,000-\$1,999,999	1.0%	\$0.0939	\$9.3939	\$9.30
Over \$2,000,000	0.5%	\$0.0467	\$9.3467	\$9.30

For example, if an investor purchases 100,000 Shares in the Company, he could pay as little as \$939,390 rather than \$1,000,000 for the Shares, in which event the commission on the sale of such Shares would be \$9,390 (\$0.0939 per Share), and the Company would receive net proceeds of \$930,000 (\$9.30 per Share). The net proceeds to the Company will not be affected by volume discounts.

Because all investors will be deemed to have contributed the same amount per Share to the Company for purposes of distributions of Cash Available for Distribution, an investor qualifying for a volume discount will receive a higher return on his investment in the Company than investors who do not qualify for such discount.

Subscriptions may be combined for the purpose of determining the volume

discounts in the case of subscriptions made by any "purchaser," as that term is defined below, provided all such Shares are purchased through the same broker-dealer. The volume discount shall be prorated among the separate subscribers considered to be a single "purchaser." Any request to combine more than one subscription must be made in writing, and must set forth the basis for such request. Any such request will be subject to verification by the Advisor that all of such subscriptions were made by a single "purchaser."

For the purposes of such volume discounts, the term "purchaser" includes (i) an individual, his or her spouse and their children under the age of 21 who purchase the Shares for his, her or their own accounts; (ii) a corporation, partnership, association, joint-stock company, trust fund or any organized group of persons, whether incorporated or not; (iii) an employees' trust, pension, profit sharing or other employee benefit plan qualified under Section 401(a) of the Code; and (iv) all commingled trust funds maintained by a given bank.

Notwithstanding the above, in connection with volume sales made to investors in the Company, the Company may, in its sole discretion, waive the "purchaser" requirements and aggregate subscriptions (including subscriptions to Prior Wells Public Programs) as part of a combined order for purposes of determining the number of Shares purchased, provided that any aggregate group of subscriptions must be received from the same broker-dealer, including the Dealer Manager. Any such reduction in selling commission will be prorated among the separate subscribers except that, in the case of purchases through the Dealer Manager, the Dealer Manager may allocate such reduction among separate subscribers considered to be a single "purchaser" as it deems appropriate. An investor may reduce the amount of his purchase price to the net amount shown in the foregoing table, if applicable. If such investor does not reduce the purchase price, the excess amount submitted over the discounted purchase price shall be returned to the actual separate subscribers for Shares. Except as provided in this paragraph, separate subscriptions will not be cumulated, combined or aggregated.

In addition, in order to encourage purchases in amounts of 500,000 or more Shares, a potential purchaser who proposes to purchase at least 500,000 Shares in the Company may agree with the Advisor and the Dealer Manager to have the Acquisition and Advisory Fees payable to the Advisor with respect to the sale of such Shares reduced to 0.5%, and to have the Selling Commissions payable with respect to the sale of such Shares reduced to 0.5%, in which event the aggregate fees payable with respect to the sale of such Shares would be reduced by \$0.90 per Share, and the purchaser of such Shares would be required to pay a total of \$9.10 per Share purchased, rather than \$10.00 per Share. The net proceeds to the Company would not be affected by such fee reductions. Of the \$9.10 paid per Share, it is anticipated that approximately \$8.40 per Share (or approximately 92%) will be used to acquire properties and pay required acquisition expenses relating to the acquisition of properties. All such sales must be made through registered broker-dealers.

California residents should be aware that volume discounts will not be available in connection with the sale of Shares made to California residents to the extent such discounts do not comply with the provisions of Rule 260.140.51 adopted pursuant to the California Corporate Securities Law of 1968. Pursuant to this Rule, volume discounts can be made available to California residents only in accordance with the following conditions: (i) there can be no variance in the net proceeds to the Company from the sale of the Shares to different purchasers of the

same offering, (ii) all purchasers of the Shares must be informed of the availability of quantity discounts, (iii) the same volume discounts must be allowed to all purchasers of Shares which are part of the offering, (iv) the minimum amount of Shares as to which volume discounts are allowed cannot be less than \$10,000, (v) the variance in the price of the Shares must result solely from a different range of commissions, and all discounts allowed must be based on a uniform scale of commissions, and (vi) no discounts are allowed to any group of purchasers. Accordingly, volume discounts for California residents will

be available in accordance with the foregoing table of uniform discount levels based on dollar volume of Shares purchased, but no discounts are allowed to any group of purchasers, and no subscriptions may be aggregated as part of a combined order for purposes of determining the number of Shares purchased.

Investors who, in connection with their purchase of Shares, have engaged the services of a registered investment advisor with whom the investor has agreed to pay a fee for investment advisory services in lieu of normal commissions based on the volume of securities sold may agree with the participating broker-dealer selling such Shares and the Dealer Manager to reduce the amount of selling commissions payable with respect to such sale to zero. The net proceeds to the Company will not be affected by eliminating the commissions payable in connection with sales to investors purchasing through such investment advisors. All such sales must be made through registered broker-dealers.

Neither the Dealer Manager nor its Affiliates will directly or indirectly compensate any person engaged as an investment advisor by a potential investor as an inducement for such investment advisor to advise favorably for investment in the Company.

In addition, subscribers for Shares may agree with their participating broker-dealers and the Dealer Manager to have selling commissions due with respect to the purchase of their Shares paid over a seven year period pursuant to a deferred commission arrangement (the "Deferred Commission Option"). Shareholders electing the Deferred Commission Option will be required to pay a total of \$9.40 per Share purchased upon subscription, rather than \$10.00 per Share, with respect to which \$0.10 per Share will be payable as commissions due upon subscription. For each of the six years following termination of the Offering, \$0.10 per Share will be paid by the Company as deferred commissions with respect to Shares sold pursuant to the Deferred Commission Option, which amounts will be deducted from and paid out of distributions of Cash Available for Distribution otherwise payable to shareholders holding such Shares. The net proceeds to the Company will not be affected by the election of the Deferred Commission Option. Under this arrangement, a Shareholder electing the Deferred Commission Option will pay a 1% commission upon subscription, rather than a 7% commission, and an amount equal to a 1% commission per year thereafter for the next six years will be deducted from and paid by the Company out of Cash Available for Distribution otherwise distributable to such Shareholder.

Taxable participants electing the Deferred Commission Option will incur tax liability for Company income allocated to them with respect to their Shares even though distributions of Cash Available for Distribution otherwise distributable to such shareholders will instead be paid to third parties to satisfy the deferred commission obligations with respect to such Shares for a period of six years after the termination of the Offering. See "Risk Factors - Federal Tax Risks - Risk of Taxable Income Without Cash Distributions."

As set forth above, in no event shall the total underwriting compensation, including sales commissions, the dealer manager fee and expense reimbursements, exceed 7% of Gross Offering Proceeds, except for the additional .5% of Gross Offering Proceeds which may be paid by the Company in connection with due diligence activities and 2% of Gross Offering Proceeds which may be paid by the Company in connection with marketing support activities.

SUPPLEMENTAL SALES MATERIAL

In addition to this Prospectus, the Company may utilize certain sales material in connection with the Offering of the Shares, although only when accompanied by or preceded by the delivery of this Prospectus. In

certain jurisdictions, some or all of such sales material may not be available. This material may include information relating to this Offering, the past performance of the Advisor and its Affiliates, property brochures and articles and publications concerning real estate. In addition, the sales material may

contain certain quotes from various publications without obtaining the consent of the author or the publication for use of the quoted material in the sales material.

The Offering of Shares in the Company is made only by means of this Prospectus. Although the information contained in such sales material does not conflict with any of the information contained in this Prospectus, such material does not purport to be complete, and should not be considered a part of this Prospectus or the Registration Statement of which this Prospectus is a part, or as incorporated by reference in this Prospectus or said Registration Statement or as forming the basis of the Offering of the Shares.

LEGAL MATTERS

The legality of the Shares being offered hereby has been passed upon for the Company by Hunton & Williams, Atlanta, Georgia ("Counsel"). The statements under the caption "Federal Income Tax Consequences" as they relate to federal income tax matters have been reviewed by Counsel, and Counsel has opined as to certain income tax matters relating to an investment in the Company. Counsel has represented the Advisor, as well as Affiliates of the Advisor, in other matters and may continue to do so in the future. See "Conflicts of Interest."

EXPERTS

The balance sheet of the Company as of DECEMBER 31, 1997, included in

this Prospectus AND ELSEWHERE IN THE REGISTRATION STATEMENT, has been audited by

Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and is included herein in reliance upon the authority of SAID firm as EXPERTS in giving SAID report.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission"), Washington, D.C., a Registration Statement on Form S-11 under the Securities Act of 1933, as amended, with respect to the Shares offered pursuant to this Prospectus. This Prospectus does not contain all the information set forth in the Registration Statement and the exhibits related thereto filed with the Commission, reference to which is hereby made. Copies of the Registration Statement and exhibits related thereto, as well as periodic reports and information filed by the Company, may be obtained upon payment of the fees prescribed by the Commission, or may be examined at the offices of the Commission without charge, at (i) the public reference facilities in Washington, D.C. at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, (ii) the Northeast Regional Office in New York at 7 World Trade Center, Suite 1300, New York, New York 10048, and (iii) the Midwest Regional Office in Chicago, Illinois at 500 West Madison Street, Suite 1400, Chicago, Illinois 66661-2511. The Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission (the address of such site is <http://www.sec.gov>).

GLOSSARY

The following are definitions of certain terms used in this Prospectus and not otherwise defined herein:

"ACQUISITION EXPENSES" means expenses incurred in connection with the selection and acquisition of properties, whether or not acquired, including, but not limited to, legal fees and expenses, travel and

communications expenses, costs of appraisals, nonrefundable option payments on property not acquired, accounting fees and expenses and title insurance and other miscellaneous costs and expenses relating to the selection and acquisition of properties.

"ACQUISITION FEES" means the total of all fees and commissions paid by any party to any person in connection with the purchase, development or construction of property by the Company, including Acquisition and Advisory Fees payable to the Advisor or their Affiliates, real estate brokerage commissions, investment advisory fees, finder's fees, selection fees, Development Fees, Construction Fees, nonrecurring management fees, or any other fees of a similar nature, however designated, except Development Fees and Construction Fees paid to a person not affiliated with the Sponsor in connection with the actual development or construction of a Company property.

"AFFILIATE" means (i) any person directly or indirectly controlling, controlled by or under common control with a person, (ii) any person owning or controlling 10% or more of the outstanding voting securities of a person, (iii) any officer, director or partner of a person, and (iv) if such other person is an officer, director or partner, any company for which such person acts in any such capacity.

"AVERAGE INVESTED ASSETS" means, for any period, the average of the aggregate book value of the assets of the Company invested, directly or indirectly, in equity interests and in loans secured by real estate, before reserves for depreciation or bad DEBTS OR other similar non-cash reserves,

computed by taking the average of such values at the end of each month during such period.

"CASH AVAILABLE FOR DISTRIBUTION" means Funds from Operations adjusted for certain non-cash items, less reserves for capital expenditures.

"CODE" means the Internal Revenue Code of 1986, as amended.

"COMMON RETURN" MEANS AN 8% PER ANNUM CUMULATIVE, NONCOMPOUNDED RETURN ON

INVESTOR'S INVESTED CAPITAL.

"COMPANY" means Wells Real Estate Investment Trust, Inc., a Maryland corporation.

"COMPETITIVE REAL ESTATE BROKERAGE COMMISSION" means the real estate or brokerage commission paid for the purchase or sale of a property which is reasonable, customary and competitive in light of the size, type and location of such property.

"CONSTRUCTION FEE" means a fee or other remuneration for acting as general contractor and/or construction manager to construct improvements, supervise and coordinate projects or to provide major repairs or rehabilitation on properties.

"DEFERRED COMMISSION OPTION" means an agreement among a subscriber for Shares, such subscriber's participating broker-dealer and the Dealer Manager to have sales commissions due with respect to the purchase of the subscriber's Shares paid over A seven year period, in the manner described in the "Plan of

Distribution" section of the Prospectus.

"DEVELOPMENT FEE" means a fee for the packaging of a property of the Company, including negotiating and approving plans, and undertaking to assist in obtaining zoning and necessary variances and necessary financing for the specific property, either initially or at a later date.

"FRONT-END FEES" means fees and expenses paid by any party for any services rendered during the Company's organizational or acquisition phase including Organization and Offering Expenses, Acquisition Fees, Acquisition Expenses, interest on deferred fees and expenses, if applicable, and any other similar fees, however designated.

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"FUNDS FROM OPERATIONS" means income (loss) before minority interest (computed in accordance with generally accepted accounting principles), excluding gains (losses) from debt restructuring and sales of property, plus real estate related depreciation an amortization (excluding amortization of financing costs), and after adjustments for consolidated partnerships and joint ventures.

"GAIN ON SALE" means the taxable income or gain for federal income tax purposes in the aggregate for each fiscal year from the sale or exchange of all or any portion of a Company asset after netting losses from such sales or exchanges against the gains from such transactions.

"GROSS OFFERING PROCEEDS" means the total gross proceeds from the sale of the Shares.

"INDEPENDENT EXPERT" means a person with no material current or prior business or personal relationship with the Advisor or Board of Directors of the Company who is engaged to a substantial extent in the business of rendering opinions regarding the value of assets of the type held by the Company.

"INDEPENDENT DIRECTOR" shall mean a member of the Board of Directors of the Company who is not associated and has not been associated within the last two years, directly or indirectly, with the Advisor.

"INVESTED CAPITAL" means the original issue price of the Shares reduced by prior distributions from the sale or financing of Company fixed assets.

"INVESTMENT IN PROPERTIES" means the amount of Gross Offering Proceeds actually paid or allocated to the purchase, development, construction or improvement of properties acquired by the Company, including the purchase of properties, working capital reserves allocable thereto (except that working capital reserves in excess of 5% shall not be included) and other cash payments such as interest and taxes, but excluding Front-End Fees.

"IRA" means an Individual Retirement Account established pursuant to Section 408 of the Code.

"LIQUIDATING DISTRIBUTIONS" means the net cash proceeds received by the Company from (a) the sale, exchange, condemnation, eminent domain taking, casualty or other disposition of substantially all of the assets of the Company or the last remaining assets of the Company or (b) a liquidation of the Company's assets in connection with a dissolution of the Company, after (i) payment of all expenses of such sale, exchange, condemnation, eminent domain taking, casualty, other disposition or liquidation, including real estate commissions AND FEES, if applicable, (ii) the payment of any outstanding

indebtedness and other liabilities of the Company, (iii) any amounts used to restore any such assets of the Company, and (iv) any amounts set aside as reserves which the Company may deem necessary or desirable.

"NASAA GUIDELINES" means the Statement of Policy Regarding Real Estate Investment Trusts of the North American Securities Administrators Association, Inc. as revised and adopted on September 29, 1993.

"NET ASSETS" MEANS THE TOTAL ASSETS (OTHER THAN INTANGIBLES) AT COST BEFORE

DEDUCTING DEPRECIATION OR OTHER NON-CASH RESERVES LESS TOTAL LIABILITIES,

CALCULATED AT LEAST QUARTERLY ON A BASIS CONSISTENTLY APPLIED.

"NET INCOME" or "NET LOSS" means the net income or loss realized or recognized by the Company for a fiscal year, as determined for federal income tax purposes, including any income exempt from tax, but excluding all deductions for depreciation, amortization and cost recovery and Gain on Sale.

"NET SALE PROCEEDS" means, collectively, Nonliquidating Net Sale Proceeds and Liquidating Distributions.

"NONLIQUIDATING NET SALE PROCEEDS" means the net cash proceeds received by the Company from a sale, exchange, condemnation, eminent domain taking, casualty or other disposition of assets of the Company, which does not constitute substantially all of the remaining assets of the Company, after (i) the payment of all expenses of

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such sale, exchange, condemnation, eminent domain taking, casualty, sale or other disposition, including real estate commissions AND FEES, if applicable,

(ii) the payment of any outstanding indebtedness and other Company liabilities relating to such assets, (iii) any amounts used to restore any such assets of the Company, and (iv) any amounts set aside as reserves which the Company may deem necessary or desirable.

"OFFERING" means the offering and sale of the Shares pursuant to the terms and conditions of this Prospectus.

"OPERATING PARTNERSHIP" means Wells Operating Partnership, L.P., a Delaware limited partnership.

"OP UNITS" means units of limited partnership interest in the Operating Partnership.

"ORGANIZATION AND OFFERING EXPENSES" means those expenses incurred in connection with organizing the Company, preparing the Company for registration and subsequently offering and distributing the Shares to the public, including without limitation, legal and accounting fees, sales commissions paid to broker-dealers in connection with the distribution of the Shares and all advertising expenses.

"OWNERSHIP LIMITATION" means the ownership of more than 9.8% of any class of the Company's outstanding capital stock.

"PARTNERS" means, collectively, the Company and any person who contributes property to the Company in exchange for OP Units.

"PARTNERSHIP AGREEMENT" means the Amended and Restated Agreement of Limited Partnership of the Operating Partnership.

"PRIOR WELLS PUBLIC PROGRAMS" means the prior public real estate limited partnership programs sponsored by the Advisor or its Affiliates having substantially identical investment objectives as the Company, specifically, Wells Real Estate Fund I, Wells Real Estate Fund II, Wells Real Estate Fund II-OW, Wells Real Estate Fund III, L.P., Wells Real Estate Fund IV, L.P., Wells Real Estate Fund V, L.P., Wells Real Estate Fund VI, L.P., Wells Real Estate Fund VII, L.P., Wells Real Estate Fund VIII, L.P., Wells Real Estate Fund IX, L.P., Wells Real Estate Fund X, L.P. AND WELLS REAL ESTATE FUND XI, L.P.

"QUALIFIED PLAN" means a qualified sole proprietorship, partnership or corporate pension or profit sharing plan established under Section 401(a) of the

Code.

"REGISTRATION STATEMENT" means the Registration Statement on Form S-11 filed by the Company with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, in order to register the Shares for sale to the public.

"REINVESTMENT PLAN" means the Company's Dividend Reinvestment Plan.

"RESIDUAL PROCEEDS" means any Sale Proceeds available for distribution to the shareholders after the shareholders have first received distributions of Sale Proceeds in an amount equal to 100% of their Invested Capital plus their Common Return (reduced by all prior distributions of Cash Available for Distribution) and after the Advisor has received distributions of Sale Proceeds in an amount equal to 100% of its capital contribution to the Operating Partnership.

"RETIREMENT PLANS" means Individual Retirement Accounts ("IRAs") established under Section 408 of the Code and Qualified Plans.

"SERVICE" means the U.S. Internal Revenue Service.

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"SHARES-IN-TRUST" MEANS THE EXCESS SHARES EXCHANGED FOR SHARES TRANSFERRED

OR PROPOSED TO BE TRANSFERRED IN EXCESS OF THE OWNERSHIP LIMITATION OR WHICH

WOULD OTHERWISE JEOPARDIZE THE COMPANY'S STATUS AS A REIT UNDER THE CODE.

"SPONSOR" MEANS ANY PERSON DIRECTLY OR INDIRECTLY INSTRUMENTAL IN

ORGANIZING, WHOLLY OR IN PART, A REIT OR ANY PERSON WHO WILL CONTROL, MANAGE OR

PARTICIPATE IN THE MANAGEMENT OF A REIT, AND ANY AFFILIATE OF SUCH PERSON

"UNIMPROVED REAL PROPERTY" means the properties of the Company which: (a) represent an equity interest in real property which was not acquired for the purpose of producing rental or other operating income, (b) has no development or construction in process on such land, and (c) no development or construction on such land is planned in good faith to commence on such land within one year.

"WELLS CAPITAL" means Wells Capital, Inc., a Georgia corporation which serves as the Company's Advisor.

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APPENDIX I

WELLS REAL ESTATE INVESTMENT TRUST, INC.

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 1997

TOGETHER WITH
AUDITORS' REPORT

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholder of
Wells Real Estate Investment Trust, Inc.:

We have audited the accompanying CONSOLIDATED balance sheet of WELLS REAL ESTATE

INVESTMENT TRUST, INC. as of DECEMBER 31, 1997. This CONSOLIDATED balance

sheet is the responsibility of the Company's management. Our responsibility is
to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards.
Those standards required that we plan and perform the audit to obtain reasonable
assurance about whether the CONSOLIDATED balance sheet is free of material

misstatement. An audit includes examining, on a test basis, evidence supporting
the amounts and disclosures in the CONSOLIDATED balance sheet. An audit also

includes assessing the accounting principles used and significant estimates made
by management, as well as evaluating the overall financial statement
presentation. We believe that our audit provides a reasonable basis for our
opinion.

In our opinion, the CONSOLIDATED balance sheet referred to above presents

fairly, in all material respects, the financial position of Wells Real Estate
Investment Trust, Inc. as of DECEMBER 31, 1997 in conformity with generally

accepted accounting principles.

ARTHUR ANDERSEN LLP

Atlanta, Georgia

JANUARY 13, 1998

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WELLS REAL ESTATE INVESTMENT TRUST, INC.

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1997

ASSETS

CASH	\$201,000 =====
DEFERRED OFFERING COSTS	\$289,073 -----
TOTAL ASSETS	\$490,073

-----	-----
LIABILITIES AND SHAREHOLDER'S EQUITY	

LIABILITIES:	

DUE TO AFFILIATE	\$289,073
-----	-----
MINORITY INTEREST OF UNIT HOLDER IN OPERATING PARTNERSHIP	200,000
-----	-----
SHAREHOLDER'S EQUITY:	
Common shares, \$.01 par value;	
5,000 shares authorized, 100	1
shares issued and outstanding	=====
ADDITIONAL PAID-IN CAPITAL	999
-----	-----
TOTAL SHAREHOLDER'S EQUITY	1,000
-----	-----
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$490,073
-----	-----

The accompanying notes are an integral part of this CONSOLIDATED balance sheet.

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WELLS REAL ESTATE INVESTMENT TRUST, INC.

NOTES TO CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1997

(1)<*> ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wells Real Estate Investment Trust, Inc. (the "Company"), is a newly formed Maryland corporation that intends to qualify as a real estate investment trust ("REIT"). The Company intends to offer for sale a maximum of 15,000,000 (exclusive of 1,500,000 shares available pursuant to the Company's dividend reinvestment plan) SHARES OF COMMON STOCK, \$.01 PAR

VALUE PER SHARE, at a price of \$10 per share. As of December 31, 1997, the

Company had sold 100 shares to Wells Capital, Inc. (the "Advisor"), at the initial public offering price of \$10 per share. The Company will seek to acquire and operate commercial properties, including, but not limited to, office buildings, shopping centers, business and industrial parks, and other commercial and industrial properties, including properties which are under construction or development, are newly constructed, or have been constructed and have operating histories. All such properties may be acquired, developed and operated by the Company alone or jointly with another party. The Company is likely to enter into one or more joint ventures with affiliated entities for the acquisition of properties. In connection WITH THIS, the Company may enter into joint ventures for the

acquisition of properties with prior or future real estate limited partnership programs sponsored by the Advisor or its affiliates.

SUBSTANTIALLY ALL OF THE COMPANY'S BUSINESS WILL BE CONDUCTED THROUGH

WELLS OPERATING PARTNERSHIP, L.P. (THE "OPERATING PARTNERSHIP"), A DELAWARE

LIMITED PARTNERSHIP. AT DECEMBER 31, 1997, THE OPERATING PARTNERSHIP HAD

ISSUED 20,000 LIMITED PARTNER UNITS TO THE ADVISOR IN EXCHANGE FOR

\$200,000. THE COMPANY IS THE SOLE GENERAL PARTNER IN THE OPERATING

PARTNERSHIP AND POSSESS FULL LEGAL CONTROL AND AUTHORITY OVER THE

OPERATIONS OF THE OPERATING PARTNERSHIP; CONSEQUENTLY, THE ACCOMPANYING

CONSOLIDATED BALANCE SHEET OF THE COMPANY INCLUDES THE AMOUNTS OF THE

COMPANY AND THE OPERATING PARTNERSHIP.

AS OF DECEMBER 31, 1997, THE COMPANY HAS NEITHER PURCHASED NOR

CONTRACTED TO PURCHASE ANY PROPERTIES, NOR HAS THE ADVISOR IDENTIFIED ANY

PROPERTIES IN WHICH THERE IS A REASONABLE PROBABILITY THAT THE COMPANY WILL

INVEST.

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USE OF ESTIMATES

THE PREPARATION OF THE CONSOLIDATED BALANCE SHEET IN CONFORMITY WITH

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES REQUIRES MANAGEMENT TO MAKE

ESTIMATES AND ASSUMPTIONS THAT AFFECT THE REPORTED AMOUNTS OF ASSETS AND

LIABILITIES AND DISCLOSURE OF CONTINGENT ASSETS AND LIABILITIES AT THE DATE

OF THE CONSOLIDATED BALANCE SHEET. ACTUAL RESULTS COULD DIFFER FROM THOSE

ESTIMATES.

(2) INCOME TAXES

The Company expects to qualify as a REIT under the Internal Revenue Code of 1986, as amended. As a REIT, the Company generally will not be subject to federal income tax on net income that it distributes to its shareholders. The Company intends to make timely distributions sufficient to satisfy the annual distribution requirements.

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EXHIBIT A
PRIOR PERFORMANCE TABLES

The following Prior Performance Tables (the "Tables") provide information relating to real estate investment programs sponsored by the Advisor and its Affiliates ("Prior Programs") which have investment objectives similar to the Company.

Prospective investors should read these Tables carefully together with the summary information concerning the Prior Programs as set forth in "PRIOR PERFORMANCE SUMMARY" elsewhere in this Prospectus.

INVESTORS IN THE COMPANY WILL NOT OWN ANY INTEREST IN THE PRIOR PROGRAMS

AND SHOULD NOT ASSUME THAT THEY WILL EXPERIENCE RETURNS, IF ANY, COMPARABLE TO THOSE EXPERIENCED BY INVESTORS IN THE PRIOR PROGRAMS.

These Tables present actual results of Wells Prior Public Programs that have investment objectives similar to those of the Company. The Company's investment objectives are to maximize Net Cash From Operations; to preserve original Capital Contributions; and to realize capital appreciation over a period of time. All of the Wells Prior Public Programs have used a substantial amount of capital and not acquisition indebtedness to acquire their properties.

The Advisor is responsible for the acquisition, operation, maintenance and resale of the Partnership Properties. The financial results of the Prior Programs thus provide an indication of the Advisor's performance of its obligations during the periods covered. However, general economic conditions affecting the real estate industry and other factors contribute significantly to financial results.

The following tables are included herein:

TABLE I - Experience in Raising and Investing Funds (As a Percentage of Investment)

TABLE II - Compensation to Sponsor (in Dollars)

TABLE III - Annual Operating Results of Prior Programs

TABLE IV (Results of completed programs) and TABLE V (sales or disposals of property) have been omitted since none of the Prior Programs have sold any of their properties to date.

Additional information relating to the acquisition of properties by the Prior Programs is contained in TABLE VI, which is included in the Registration Statement which the Company has filed with the Securities and Exchange Commission. As described above, no Wells Prior Public Program has sold or disposed of any property held by it. Copies of any or all information will be provided to prospective investors at no charge upon request, including copies of the Form 10-K Annual Report for any or all of the Prior Programs for any available year.

The following are definitions of certain terms used in the Tables:

"ACQUISITION FEES" shall mean fees and commissions paid by a partnership in connection with its purchase or development of a property, except Development fees paid to a person not affiliated with the partnership or with a general partner of the partnership in connection with the actual development of a project after acquisition of the land by the partnership.

"ORGANIZATION EXPENSES" shall include legal fees, accounting fees, securities filing fees, printing and reproduction expenses and fees paid to the general partners or their affiliates in connection with the planning and formation of the partnership.

"UNDERWRITING FEES" shall include selling commissions and wholesaling fees paid to broker-dealers for services provided by the broker-dealers during the offering.

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TABLE I
(UNAUDITED)

EXPERIENCE IN RAISING AND INVESTING FUNDS

This Table provides a summary of the experience of the General Partners and their Affiliates in Prior Programs for which offerings have been completed since December 31, 1993. Information is provided with regard to the manner in which the proceeds of the offerings have been applied. Also set forth is information pertaining to the timing and length of these offerings, the time period over which the proceeds have been invested in the properties, as well as the percentage of offerings sold and the expenses related to the offerings.

	Wells Real Estate Fund VI, L.P.	Wells Real Estate Fund VII, L.P.	Wells Real Estate Fund VIII, L.P.	Wells Real Estate Fund IX, L.P.
Dollar Amount Offered	\$25,000,000/(3)/	\$25,000,000/(4)/	\$35,000,000/(5)/	\$35,000,000/(6)/
Dollar Amount Raised	\$25,000,000/(3)/	\$24,180,174/(4)/	\$32,042,689/(5)/	\$35,000,000/(6)/
Percentage Amount Raised	100.0%/(3)/	96.7%/(4)/	91.6%/(5)/	100.0%/(6)/
Less Offering Expenses				
Underwriting Fees	10.0%	10.0%	10.0 %	10.0%
Organizational Expenses	5.0%	5.0%	5.0 %	5.0%
Reserves/(1)/	1.0%	1.0%	0.0 %	0.0%
Percent Available for Investment	84.0%	84.0%	85.0 %	85.0%
Acquisition and Development Costs				
Prepaid Items and Fees related to				
Purchase of Property	0.3%	0.0%	0.0 %	0.0%
Cash Down Payment	40.4%	16.3%	6.3 %	7.0%
Acquisition Fees/(2)/	3.7%	3.5%	4.0 %	4.0%
Development and Construction Costs	39.6%	64.2%	50.3 %	30.0%
Reserve for Payment of Indebtedness	0.0%	0.0%	0.0 %	0.0%
Total Acquisition and Development Cost	84.0%	84.0%	60.6%/(7)/	41.0%/(8)/
Percent Leveraged	0.0%	0.0%	0.0 %	0.0%
Date Offering Began	04/05/93	04/24/94	01/06/95	1/5/96
Length of Offering	12 mo.	12 mo.	12 mo.	12 mo.
Months to Invest 90% of Amount	15 mo.	12 mo.	/(7)/	/(8)/
Available for Investment (Measured from Beginning of Offering)				
Number of Investors	1,791	1,865	2,086	2,098

- (1) Does not include General Partner contributions held as part of reserves.
- (2) Includes development fees, real estate commissions, general contractor fees and/or architectural fees paid to Affiliates of the General Partners.
- (3) Total dollar amount registered and available to be offered was \$25,000,000. Wells Real Estate Fund VI, L.P. closed its offering on April 4, 1994 and the total dollar amount raised was \$25,000,000.
- (4) Total dollar amount registered and available to be offered was \$25,000,000. Wells Real Estate Fund VII, L.P. closed its offering on January 5, 1995 and the total dollar amount raised was \$24,180,174.
- (5) Total dollar amount registered and available to be offered was \$35,000,000. Wells Real Estate Fund VIII, L.P. closed its offering on January 4, 1996 and the total dollar amount raised was \$32,042,689.
- (6) Total dollar amount registered and available to be offered was \$35,000,000. Wells Real Estate Fund IX, L.P. closed its offering on December 30, 1996 and the total dollar amount raised was \$35,000,000.
- (7) As of December 31, 1996, Wells Real Estate Fund VIII, L.P. had not yet invested 90% of the amount available for investment. The amount invested in properties (including Acquisition Fees paid but not yet associated with a specific property) at December 31, 1996 was 44% of the total dollar amount raised. The amount invested and/or committed to be invested in properties (including Acquisition Fees paid but not yet associated with a specific property) at December 31, 1996 was 60.6% of the total dollar amount raised.
- (8) As of December 31, 1996, Wells Real Estate Fund IX, L.P. had not yet invested 90% of the amount available for investment. The amount invested in properties (including Acquisition Fees paid but not yet associated with a specific property) at December 31, 1996 was 17% of the total dollar amount raised. The amount invested and/or committed to be invested in properties (including Acquisition Fees paid but not yet associated with a specific property) at December 31, 1996 was 41.0% of the total dollar amount raised.

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TABLE II
(UNAUDITED)

COMPENSATION TO SPONSOR

The following sets forth the compensation received by General Partners or Affiliates of the General Partners, including compensation paid out of offering proceeds and compensation paid in connection with the ongoing operations of Prior Programs having similar or identical investment objectives the offerings

of which have been completed since December 31, 1993. These partnerships have not sold or refinanced any of their properties to date. All figures are as of December 31, 1996.

	Wells Real Estate Fund VI, L.P.	Wells Real Estate Fund VII, L.P.	Wells Real Estate Fund VIII, L.P.	Wells Real Estate Fund IX, L.P.	Other Public Programs/(1)/
Date Offering Commenced	04/05/93	04/06/94	01/06/95	01/05/96	--
Dollar Amount Raised to Sponsor from Proceeds of Offering:	\$25,000,000	\$24,180,174	\$32,042,689	\$35,000,000	\$125,018,232
Underwriting Fees/(2)/ Acquisition Fees	\$ 119,936	\$ 178,122	\$ 174,295	\$ 309,556	\$ 451,803
Real Estate Commissions/(5)/ Acquisition and Advisory Fees/(3)/	--	--	--	--	--
Dollar Amount of Cash Generated from Operations Before Deducting Payments to Sponsor/(4)/	\$ 932,216	\$ 846,306	\$ 1,281,708	\$ 1,400,000	\$ 7,099,169
Amount Paid to Sponsor from Operations: Property Management Fee/(1)/	\$ 2,780,262	\$ 1,943,504	\$ 1,228,747	\$ 161,427	\$ 21,533,226
Partnership Management Fee Reimbursements/(6)/ Leasing Commissions/(1)/ General Partner Distributions Other	\$ 78,975	\$ 58,433	\$ 26,780	\$ 486	\$ 791,998
Dollar Amount of Property Sales and Refinancing Payments to Sponsors:	--	--	--	--	--
Cash	\$ 92,825	\$ 90,160	\$ 48,429	\$ 8,332	\$ 1,138,583
Notes	\$ 41,428	\$ 39,494	\$ 25,209	\$ 1,459	\$ 817,520
Amount Paid to Sponsor from Property Sales and Refinancing:Real Estate Commissions	--	--	--	--	15,205
Incentive Fees	--	--	--	--	--
Other	--	--	--	--	--

- (1) Includes compensation paid to General Partners from Wells Real Estate Fund II, Wells Real Estate Fund II-OW, Wells Real Estate Fund III, L.P., Wells Real Estate Fund IV, L.P. and Wells Real Estate Fund V, L.P. during the past three years. General Partners of Wells Real Estate Fund I are entitled to certain property management and leasing fees but have elected to defer the payment of such fees until a later year on properties owned by Fund I and properties owned jointly by Fund I and Fund II. At December 31, 1996, the amount of such fees due the General Partners totaled \$1,897,184 and are not included in Table II.
- (2) Includes net underwriting compensation and commissions paid to Wells Investment Securities, Inc. in connection with the offerings of Wells Real Estate Funds VI, VII, VIII and IX, which were not reallocated to participating broker-dealers.
- (3) Fees paid to the General Partners or their Affiliates for acquisition advisory services in connection with the review and evaluation of potential real property acquisitions.
- (4) Includes \$125,314 in net cash used by operating activities, \$2,692,348 in distributions paid to limited partners and \$213,228 in payments to sponsors for Wells Real Estate Fund VI, L.P.; \$32,869 in net cash used by operating activities, \$1,732,250 in distributions paid to limited partners and \$188,087 in payments to sponsor for Wells Real Estate Fund VII, L.P.; \$2,443 in net cash used by operating activities, \$1,130,772 in distributions paid to limited partners and \$100,418 in payments to sponsor for Wells Real Estate Fund VIII, L.P.; \$1,725 in net cash provided by operating activities, \$149,425 in distributions paid to limited partners and \$10,277 in payments to sponsor for Wells Real Estate Fund IX, L.P.; and \$855,331 in net cash provided by operating activities, \$19,618,669 in distributions paid to limited partners and \$2,763,306 in payments to sponsor for other public programs.

- (5) The sponsor does not receive any real estate commission for the acquisition of any property.
- (6) Certain salaries and other employee-related expenses, travel and other out-of-pocket expenses of personnel (other than controlling persons of the General Partner or their Affiliates) may be reimbursed to the extent such expenses are directly related to a specific Partnership Property.

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TABLE III

(UNAUDITED)

The tables on the following five (5) pages set forth operating results of prior programs sponsored by the General Partners the offerings of which have been completed since December 31, 1991. The information relates only to public programs with investment objectives similar to those of the Partnership. All figures are as of December 31 of the year indicated.

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TABLE III

(UNAUDITED)

OPERATING RESULTS OF PRIOR PROGRAMS
WELLS REAL ESTATE FUND V, L.P.

	1996	1995	1994	1993	1992
Gross Revenues/(1)/	\$ 590,839	764,624	\$ 656,958	\$ 458,213	\$ 58,640
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	78,939	68,735	88,987	96,964	71,521
Depreciation and Amortization/(3)/	6,250	6,250	6,250	6,250	5,208
Net Income (Loss) GAAP Basis/(4)/	\$ 505,650	\$ 689,639	\$ 561,721	\$ 354,999	\$ (18,089)
Taxable Income (Loss): Operations	\$ 666,780	\$ 676,367	\$ 528,025	\$ 280,000	\$ (18,089)
Cash Generated (Used By):Operations	(65,728)	(46,235)	(10,395)	112,594	(33,006)
Joint Ventures	1,072,835	1,020,905	653,729	54,154	--
	\$1,007,107	\$ 974,670	\$ 643,334	\$ 166,748	\$ (33,006)
Less Cash Distributions to Investors:Operating Cash Flow	1,007,107	\$ 969,011	643,334	151,336	--
Return of Capital	--	--	44,257	--	--
Undistributed Cash Flow from Prior Year Operations	3,672	--	5,412	--	--
Cash Generated (Deficiency) after Cash Distributions	\$ (3,672)	\$ 5,659	\$ (59,669)	\$ 15,412	\$ (33,006)
Special Items (not including sales and financing):Source of Funds:					
General Partner Contributions	--	--	--	--	--
Limited Partner Contributions	--	--	--	5,589,786	11,416,234
	--	\$ 5,659	\$ (59,699)	\$ 5,605,198	\$11,383,228
Use of Funds:					
Sales Commissions and Offering Expenses	--	--	--	764,599	1,377,645
Return of Original Limited Partner's Investment	--	--	--	--	100
Property Acquisitions and Deferred Project Costs	(225)	(233,501)	2,366,507	7,755,116	4,181,338
Cash Generated (Deficiency) after Cash Distributions and Special Items	\$ (3,897)	\$ (227,842)	\$ (2,426,206)	\$ (2,914,517)	\$ 5,824,145
Net Income and Distributions Data per \$1,000 Invested:Net Income on GAAP Basis:Ordinary Income (Loss)					
- Operations Class A Units	71	73	58	29	0
- Operations Class B Units	(378)	(272)	(180)	(54)	(65)
Capital Gain (Loss)Tax and	0	0	0	0	0
Distributions Data per \$1,000 Invested:Federal Income Tax Results:Ordinary Income (Loss)					
- Operations Class A Units	69	69	55	36	--
- Operations Class B Units	(260)	(246)	(181)	(58)	(21)
Capital Gain (Loss)	--	--	--	--	--
Cash Distributions to Investors:Source (on GAAP Basis)					
- Investment Income Class A Units	65	63	46	10	--
- Return of Capital Class A Units	--	--	--	--	--
- Return of Capital Class B Units	--	--	--	--	--
Source (on Cash Basis)					
- Operations Class A Units	65	63	43	10	--

- - Return of Capital Class A Units	--	--	3	--	--
- - Operations Class B Units	--	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program Properties at the end of the Last Year Reported in the Table	100%				

(See notes on following page)

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- (1) Includes \$19,125 in equity in loss of joint ventures and \$77,765 from investment of reserve funds in 1992; \$207,234 in equity in earnings of joint ventures and \$250,979 from investment of reserve funds in 1993; \$592,902 in equity in earnings of joint ventures and \$64,056 from investment of reserve funds in 1994; \$745,173 in equity in earnings of joint ventures and \$19,451 from investment of reserve funds in 1995; and \$577,128 in equity in earnings of joint ventures and \$13,711 from investment of reserve funds in 1996. At December 31, 1996, the leasing status of all developed property was 92%.
- (2) Includes partnership administrative expenses.
- (3) Included in equity in earnings of joint ventures in gross revenue is depreciation and amortization of \$100,796 for 1993, \$324,578 for 1994, \$440,333 for 1995 and \$591,390 for 1996.
- (4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated as follows: \$(17,908) to Class B Limited Partners and \$(181) to General Partners for 1992; \$442,135 to Class A Limited Partners, \$(87,868) to Class B Limited Partners and \$732 to General Partners for 1993; \$879,232 to Class A Limited Partners, \$(316,460) to Class B Limited Partners and \$(1,051) to General Partners for 1994; \$1,124,203 to Class A Limited Partners and \$(434,564) to Class B Limited Partners and \$0 for 1995; and \$1,095,296 to Class A Limited Partners and \$(589,646) to Class B Limited Partners for 1996.

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TABLE III

(UNAUDITED)

OPERATING RESULTS OF PRIOR PROGRAMS

WELLS REAL ESTATE FUND VI, L.P.

	1996	1995	1994	1993	1992
Gross Revenues/(1)/	\$ 675,782	\$ 1,002,567	\$ 819,535	\$ 82,723	N/A
Profit on Sale of Properties	--	--	--	--	--
Less: Operating Expenses/(2)/	80,479	94,489	112,389	46,608	
Depreciation and Amortization/(3)/	6,250	6,250	6,250	4,687	
Net Income (Loss) GAAP Basis/(4)/	\$ 589,053	\$ 901,828	\$ 700,896	\$ 31,428	
Taxable Income (Loss): Operations	\$ 809,389	\$ 916,531	\$ 667,682	\$ 31,428	
Cash Generated (Used By):Operations	(2,716)	(278,728)	(276,376)	(2,478)	
Joint Ventures	1,044,891	766,212	203,543	--	
Less Cash Distributions to Investors:Operating Cash Flow	\$1,042,175	\$ 1,044,940	\$ 479,919	\$ (2,478)	
Return of Capital	125,314	--	--	--	
Undistributed Cash Flow from Prior Year Operations	18,027	216,092	--	--	
Cash Generated (Deficiency) after Cash Distributions	\$ (143,341)	\$ (216,092)	\$ 234,119	\$ (2,478)	
Special Items (not including sales and financing):Source of Funds:					
General Partner Contributions	--	--	--	--	
Limited Partner Contributions	--	--	12,163,461	12,836,539	
	\$ --	\$ --	\$12,397,580	\$12,834,061	

Use of Funds:				
Sales Commissions and Offering Expenses	--	--	1,776,909	1,781,724
Return of Original Limited Partner's Investment	--	--	--	100
Property Acquisitions and Deferred Project Costs	234,924	10,721,376	5,912,454	3,856,239
Cash Generated (Deficiency) after Cash Distributions and Special Items	\$ (378,265)	\$ (10,937,468)	\$ (4,708,217)	\$ (7,195,998)
Net Income and Distributions Data per \$1,000 Invested:Net Income on GAAP Basis:Ordinary Income (Loss)				
- Operations Class A Units	59	57	43	9
- Operations Class B Units	(160)	(60)	(12)	(5)
Capital Gain (Loss)Tax and Distributions Data per \$1,000 Invested:Federal Income Tax Results:Ordinary Income (Loss)	--	--	--	0
- Operations Class A Units	56	56	41	1
- Operations Class B Units	(99)	(51)	(22)	--
Capital Gain (Loss)	--	--	--	--
Cash Distributions to Investors:Source (on GAAP Basis)				
- - Investment Income Class A Units	56	57	14	--
- - Return of Capital Class A Units	--	4	--	--
- - Return of Capital Class B Units	--	--	--	--
Source (on Cash Basis)				
- - Operations Class A Units	50	61	14	--
- - Return of Capital Class A Units	6	--	--	--
- - Operations Class B Units	--	--	--	--
Amount (in Percentage Terms) Remaining Invested in Program	100%			
Properties at the end of the Last Year Reported in the Table				

(See notes on following page)

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- (1) Includes \$3,436 in equity in loss of joint ventures and \$86,159 from investment of reserve funds in 1993, \$285,711 in equity in earnings of joint ventures and \$533,824 from investment of reserve funds in 1994, \$681,033 in equity in earnings of joint ventures and \$321,534 from investment of reserve funds in 1995 and \$607,214 in equity in earnings of joint ventures and \$68,568 from investment of reserve funds in 1996. At December 31, 1996, the leasing status was 93%.
- (2) Includes partnership administrative expenses.
- (3) Included in equity in loss of joint ventures in gross revenues is depreciation of \$3,436 for 1993, \$107,807 for 1994, and \$264,866 for 1995 and \$648,478 for 1996.
- (4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated \$39,551 to Class A Limited Partners, \$(8,042) to Class B Limited Partners and \$(81) to the General Partner for 1993; \$762,218 to Class A Limited Partners, \$(62,731) to Class B Limited Partners and \$1,409 to the General Partners for 1994; \$1,172,944 to Class A Limited Partners, \$(269,288) to Class B Limited Partners and \$(1,828) to the General Partners for 1995; and \$1,234,717 to Class A Limited Partners, \$(645,664) to Class B Limited Partners and \$0 to the General Partners for 1996.

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TABLE III (UNAUDITED)

OPERATING RESULTS OF PRIOR PROGRAMS

WELLS REAL ESTATE FUND VII, L.P.

	1996	1995	1994	1993	1992
	-----	-----	-----	-----	-----
Gross Revenues/(1)/	\$ 543,291	925,246	\$ 286,371	N/A	N/A
Profit on Sale of Properties	--		--		

Less: Operating Expenses/(2)/	84,265	114,953	78,420
Depreciation and Amortization/(3)/	6,250	6,250	4,688
	-----	-----	-----
Net Income (Loss) GAAP Basis/(4)/	\$ 452,776	\$ 804,043	\$ 203,263
	=====	=====	=====
Taxable Income (Loss): Operations	\$ 657,443	\$ 812,402	\$ 195,067
	=====	=====	=====
Cash Generated (Used By):Operations	20,883	431,728	47,595
Joint Ventures	760,628	424,304	14,243
	-----	-----	-----
	\$ 781,511	\$ 856,032	\$ 61,838
Less Cash Distributions to	781,511	\$ 856,032	52,195
Investors:Operating Cash Flow			
Return of Capital	10,805	22,064	--
Undistributed Cash Flow from Prior	--	9,643	--
Year Operations	-----	-----	-----
Cash Generated (Deficiency) after Cash	\$ (10,805)	\$ (31,707)	\$ (9,643)
Distributions			
Special Items (not including sales and			
financing):Source of Funds:			
General Partner Contributions		--	--
Limited Partner Contributions	\$	805,212	23,374,961
	-----	-----	-----
	\$ --	\$ 773,505	\$ 23,384,604
Use of Funds:			
Sales Commissions and Offering Expenses	--	244,207	3,351,569
Return of Original Limited Partner's	--	100	--
Investment			
Property Acquisitions and Deferred	736,960	14,971,002	4,477,765
Project Costs	-----	-----	-----
Cash Generated (Deficiency) after Cash	\$ (747,765)	\$ (14,441,804)	\$ (15,555,270)
Distributions and Special Items	=====	=====	=====
Net Income and Distributions Data per			
\$1,000 Invested:Net Income on GAAP			
Basis:Ordinary Income (Loss)			
- Operations Class A Units	62	57	29
- Operations Class B Units	(98)	(20)	(9)
Capital Gain (Loss)Tax and	--	--	--
Distributions Data per \$1,000			
Invested:Federal Income Tax			
Results:Ordinary Income (Loss)			
- Operations Class A Units	55	55	28
- Operations Class B Units	(58)	(16)	(17)
Capital Gain (Loss)	--	--	--
Cash Distributions to Investors:Source			
(on GAAP Basis)			
- - Investment Income Class A Units	43	52	7
- - Return of Capital Class A Units	--	--	--
- - Return of Capital Class B Units	--	--	--
Source (on Cash Basis)			
- - Operations Class A Units	42	51	7
- - Return of Capital Class A Units	1	1	--
- - Operations Class B Units	--	--	--
Source (on a Priority Distribution			
Basis)/(5)/- Investment income Class A	29	30	4
Units			
- - Return of Capital Class A Units	14	22	3
- - Return of Capital Class B Units	--	--	--
Amount (in Percentage Terms) Remaining	100%		
Invested in Program			
Properties at the end of the Last Year			
Reported in the Table			

(See notes on following page)

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- (1) Includes \$78,799 in equity in earnings of joint ventures and \$207,572 from investment of reserve funds in 1994, and \$403,325 in equity in earnings of joint ventures and \$521,921 from investment of reserve funds in 1995 and \$457,144 in equity in earnings of joint ventures and \$86,147 from investment of reserve funds in 1996. At December 31, 1996, the leasing status was 90% including developed property in initial lease up.
- (2) Includes partnership administrative expenses.
- (3) Included in equity in earnings of joint ventures in gross revenues is depreciation of \$25,468 for 1994, \$140,533 for 1995 and \$605,247 for 1996.
- (4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated \$233,337 to Class A Limited Partners, \$(29,854) to Class B Limited Partners and \$(220) to the General

Partner for 1994; \$950,826 to Class A Limited Partners, \$(146,503) to Class B Limited Partners and \$(280) to the General Partners for 1995; and \$1,062,605 to Class A Limited Partners, \$(609,829) to Class B Limited Partners and \$0 to the General Partners for 1996.

- (5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per Unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1996, the aggregate amount of

such priority distributions payable to Class B Limited Partners
 TOTALED \$659,487.

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TABLE III
 (UNAUDITED)
 OPERATING RESULTS OF PRIOR PROGRAMS
 WELLS REAL ESTATE FUND VIII, L.P.

	1996	1995	1994	1993	1992
	-----	-----	----	----	----
Gross Revenues/(1)/	\$ 1,057,694	\$ 402,428	N/A	N/A	N/A
Profit on Sale of Properties	--				
Less: Operating Expenses/(2)/	114,854	122,264			
Depreciation and Amortization/(3)/	6,250	6,250			
Net Income (Loss) GAAP Basis/(4)/	\$ 936,590	\$ 273,914			
Taxable Income (Loss): Operations	\$ 1,001,974	\$ 404,348			
Cash Generated (Used By):Operations	623,268	204,790			
Joint Ventures	279,984	20,287			
Less Cash Distributions to Investors:Operating Cash Flow	\$ 903,252	\$ 225,077			
Return of Capital	2,443	--			
Undistributed Cash Flow from Prior Year Operations	\$ 222,077	\$ --			
Cash Generated (Deficiency) after Cash Distributions	\$ (227,520)	\$ 225,077			
Special Items (not including sales and financing):Source of Funds:					
General Partner Contributions	--	--			
Limited Partner Contributions	1,898,147	30,144,542			
	\$ 1,670,627	\$ 30,369,619			
Use of Funds:					
Sales Commissions and Offering Expenses	464,760	4,310,028			
Return of Original Limited Partner's Investment	--	--			
Property Acquisitions and Deferred Project Costs	7,931,566	6,618,273			
Cash Generated (Deficiency) after Cash Distributions and Special Items	\$ (6,725,699)	\$ (19,441,318)			
Net Income and Distributions Data per \$1,000 Invested:Net Income on GAAP Basis:Ordinary Income (Loss)					
- Operations Class A Units	46	28			
- Operations Class B Units	(47)	(3)			
Capital Gain (Loss)Tax and Distributions Data per \$1,000 Invested:Federal Income Tax Results:Ordinary Income (Loss)					
- Operations Class A Units	46	17			
- Operations Class B Units	(33)	(3)			
Capital Gain (Loss)	--	--			
Cash Distributions to Investors:Source					

(on GAAP Basis)		
- - Investment Income Class A Units	43	--
- - Return of Capital Class A Units	--	--
- - Return of Capital Class B Units	--	--
Source (on Cash Basis)		
- - Operations Class A Units	32	--
- - Return of Capital Class A Units	11	--
- - Operations Class B Units	--	--
Source (on a Priority Distribution Basis) / (5) /		
- Investment Income Class A Units	33	--
- Return of Capital Class A Units	10	--
- Return of Capital Class B Units	--	--
Amount (in Percentage Terms) Remaining Invested in Program	100%	
Properties at the end of the Last Year Reported in the Table		

(See notes on following page)

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- (1) Includes \$28,377 in equity in earnings of joint ventures and \$374,051 from investment of reserve funds in 1995 and \$241,819 in equity in earnings of joint ventures and \$815,875 from investment of reserve funds in 1996. At December 31, 1996, the leasing status was 93% including developed property in initial lease up.
- (2) Includes partnership administrative expenses.
- (3) Included in equity in earnings of joint ventures in gross revenues is depreciation of \$14,058 for 1995 and \$265,259 for 1996.
- (4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated \$294,221 to Class A Limited Partners, \$(20,104) to Class B Limited Partners and \$(203) to the General Partners for 1995; and \$1,207,540 to Class A Limited Partners, \$(270,653) to Class B Limited Partners and \$(297) to the General Partners for 1996.
- (5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per Unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1996, the aggregate amount of such priority distributions payable to Class B Limited Partners TOTALED

\$250,776.

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TABLE III
(UNAUDITED)
OPERATING RESULTS OF PRIOR PROGRAMS
WELLS REAL ESTATE FUND IX, L.P.

	1996	1995	1994	1993	1992
	----	----	----	----	----
Gross Revenues/(1)/	\$ 406,891	N/A	N/A	N/A	N/A
Profit on Sale of Properties	--				
Less: Operating Expenses/(2)/	101,885				
Depreciation and Amortization/(3)/	6,250				

Net Income (Loss) GAAP Basis/(4)/	\$ 298,756				
	=====				
Taxable Income (Loss): Operations	\$ 304,552				
	=====				
Cash Generated (Used By): Operations	151,150				

Joint Ventures	--

	\$ 151,150
Less Cash Distributions to Investors:Operating Cash Flow	149,425

Cash Generated (Deficiency) after Cash Distributions	\$ 1,725
Special Items (not including sales and financing):Source of Funds:	
General Partner Contributions	--
Limited Partner Contributions	35,000,000

	\$35,001,725
Use of Funds:	
Sales Commissions and Offering Expenses	4,900,321
Return of Original Limited Partner's Investment	--
Property Acquisitions and Deferred Project Costs	6,544,019

Cash Generated (Deficiency) after Cash Distributions and Special Items	\$23,557,385
	=====
Net Income and Distributions Data per \$1,000 Invested:Net Income on GAAP Basis:Ordinary Income (Loss)	
- Operations Class A Units	28
- Operations Class B Units	(11)
Capital Gain (Loss)Tax and Distributions Data per \$1,000 Invested:Federal Income Tax Results:Ordinary Income (Loss)	--
- Operations Class A Units	26
- Operations Class B Units	(48)
Capital Gain (Loss)	--
Cash Distributions to Investors:Source (on GAAP Basis)	
- - Investment Income Class A Units	13
- - Return of Capital Class A Units	--
- - Return of Capital Class B Units	--
Source (on Cash Basis)	
- - Operations Class A Units	13
- - Return of Capital Class A Units	--
- - Operations Class B Units	--
Source (on a Priority Distribution Basis)/(5)/	
- Investment Income Class A Units	10
- Return of Capital Class A Units	3
- Return of Capital Class B Units	--
Amount (in Percentage Terms) Remaining Invested in Program	100%
Properties at the end of the Last Year Reported in the Table	

-
- (1) Includes \$23,077 in equity in earnings of joint ventures and \$383,884 from investment of reserve funds in 1996. At December 31, 1996, the leasing status was 100% including developed property in initial lease up.
 - (2) Includes partnership administrative expenses.
 - (3) Included in equity in earnings of joint ventures in gross revenues is depreciation of \$25,286 for 1996.
 - (4) In accordance with the partnership agreement, net income or loss, depreciation and amortization are allocated \$330,270 to Class A Limited Partners, \$(31,220) to Class B Limited Partners and \$(294) to the General Partners for 1996.
 - (5) Pursuant to the terms of the partnership agreement, an amount equal to the cash distributions paid to Class A Limited Partners is payable as priority distributions out of the first available net proceeds from the sale of partnership properties to Class B Limited Partners. The amount of cash distributions paid per Unit to Class A Limited Partners is shown as a return of capital to the extent of such priority distributions payable to Class B Limited Partners. As of December 31, 1996, the aggregate amount of such
- priority distributions payable to Class B Limited Partners TOTALED

\$36,355.

EXHIBIT B
SUBSCRIPTION AGREEMENT

To: Wells Real Estate Investment Trust, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

Ladies and Gentlemen:

The undersigned, by signing and delivering a copy of the attached Subscription Agreement Signature Page, hereby tenders this subscription and applies for the purchase of the number of shares of common stock of ("Shares") in Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "Company"), set forth on such Subscription Agreement Signature Page. Payment for the Shares is hereby made by check payable to "NationsBank, N.A., as ESCROW Agent."
- - - - -

Payments for Shares will be held in escrow until the Company has received and accepted subscriptions for 125,000 Shares (\$1,250,000), except with respect to residents of the States of New York and Pennsylvania, whose payments for Shares will be held in escrow until the Company has received and accepted subscriptions for 250,000 Shares (\$2,500,000) from all investors.

I hereby acknowledge receipt of the Prospectus for the Company dated _____, 1998 (the "Prospectus").

I agree that if this subscription is accepted, it will be held, together with the accompanying payment, on the terms described in the Prospectus. Subscriptions may be rejected in whole or in part by the Company in its sole and absolute discretion.

Prospective investors are hereby advised of the following:

(a) The assignability and transferability of the Shares is restricted and will be governed by the Company's Articles of Incorporation and Bylaws and all applicable laws as described in the Prospectus.

(b) Prospective investors should not invest in Shares unless they have an adequate means of providing for their current needs and personal contingencies and have no need for liquidity in this investment.

(c) There will be no public market for the Shares, and accordingly, it may not be possible to readily liquidate an investment in the Company.

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SPECIAL NOTICE FOR CALIFORNIA RESIDENTS ONLY
CONDITIONS RESTRICTING TRANSFER OF SHARES

260.141.11 Restrictions on Transfer.

(a) The issuer of any security upon which a restriction on transfer has been imposed pursuant to Sections 260.102.6, 260.141.10 or 260.534 of the Rules (the "Rules") adopted under the California Corporate Securities Law (the "Code") shall cause a copy of this section to be delivered to each issuee or transferee of such security at the time the certificate evidencing the security is delivered to the issuee or transferee.

(b) It is unlawful for the holder of any such security to consummate a sale or transfer of such security, or any interest therein, without the prior written

consent of the Commissioner (until this condition is removed pursuant to Section 260,141.12 of the Rules), except:

(1) to the issuer;

(2) pursuant to the order or process of any court;

(3) to any person described in subdivision (i) of Section 25102 of the Code or Section 260.105.14 of the Rules;

(4) to the transferor's ancestors, descendants or spouse, or any custodian or trustee for the account of the transferor or the transferor's ancestors, descendants or spouse; or to a transferee by a trustee or custodian for the account of the transferee or the transferee's ancestors, descendants or spouse;

(5) to holders of securities of the same class of the same issuer;

(6) by way of gift or donation inter vivos or on death;

(7) by or through a broker-dealer licensed under the Code (either acting as such or as a finder) to a resident of a foreign state, territory or country who is neither domiciled in this state to the knowledge of the broker-dealer, nor actually present in this state if the sale of such securities is not in violation of any securities laws of the foreign state, territory or country concerned;

(8) to a broker-dealer licensed under the Code in a principal transaction, or as an underwriter syndicate or selling group;

(9) if the interest sold or transferred is a pledge or other lien given by the purchaser to the seller upon a sale of the security for which the Commissioner's written consent is obtained or under this rule not required;

(10) by way of a sale qualified under Sections 25111, 25112, 25113 or 25121 of the Code, of the securities to be transferred, provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

(11) by a corporation to a wholly owned subsidiary of such corporation, or by a wholly owned subsidiary of a corporation to such corporation;

(12) by way of an exchange qualified under Section 25111, 25112 or 25113 of the Code provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

(13) between residents of foreign states, territories or countries who are neither domiciled or actually present in this state;

(14) to the State Controller pursuant to the Unclaimed Property Law or to the administrator of the unclaimed property law of another state;

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(15) by the State Controller pursuant to the Unclaimed Property Law or by the administrator of the unclaimed property law of another state if, in either such case, such person (i) discloses to potential purchasers at the sale that transfer of the securities is restricted under this rule, (ii) delivers to each purchaser a copy of this rule, and (iii) advises the Commissioner of the name of each purchaser;

(16) by a trustee to a successor trustee when such transfer does not involve a change in the beneficial ownership of the securities;

(17) by way of an offer and sale of outstanding securities in an issuer transaction that is subject to the qualification requirement of Section

25110 of the Code but exempt from that qualification requirement by subdivision (f) of Section 25102; provided that any such transfer is on the condition that any certificate evidencing the security issued to such transferee shall contain the legend required by this section.

(c) The certificates representing all such securities subject to such a restriction on transfer, whether upon initial issuance or upon any transfer thereof, shall bear on their face a legend, prominently stamped or printed thereon in capital letters of not less than 10-point size, reading as follows:

"IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES."

[Last amended effective January 21, 1988.]

SPECIAL NOTICE FOR MASSACHUSETTS AND MINNESOTA RESIDENTS ONLY

In no event may a subscription for Shares be accepted until at least five business days after the date the subscriber received the Prospectus. Residents of the State of Massachusetts who first received the Prospectus only at the time of subscription may receive a refund of the subscription amount upon request to the Company within five days of the date of subscription.

SPECIAL NOTICE FOR NEBRASKA RESIDENTS ONLY

NO PERSON OR ENTITY SELLING SHARES ON BEHALF OF THE COMPANY MAY COMPLETE A

SALE OF THE SHARE UNTIL AT LEAST FIVE BUSINESS DAYS AFTER THE DATE THE

PROSPECTIVE INVESTOR RECEIVES A PROSPECTUS.

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STANDARD REGISTRATION REQUIREMENTS

The following requirements have been established for the various forms of registration. Accordingly, complete Subscription Agreements and such supporting material as may be necessary must be provided.

TYPE OF OWNERSHIP AND SIGNATURE(S) REQUIRED

- (3) INDIVIDUAL: One signature required.
- (4) JOINT TENANTS WITH RIGHT OF SURVIVORSHIP: All parties must sign.
- (5) TENANTS IN COMMON: All parties must sign.
- (6) COMMUNITY PROPERTY: Only one investor signature required.
- (7) PENSION OR PROFIT SHARING PLANS: The trustee signs the Signature Page.
- (8) TRUST: The trustee signs the Signature Page. Provide the name of the trust, the name of the trustee and the name of the beneficiary.
- (9) COMPANY: Identify whether the entity is a general or limited partnership. The general partners must be identified and their signatures obtained on the Signature Page. In the case of an investment by a general partnership, all partners must sign (unless a "managing partner") has been designated for the partnership, in which case he may sign on behalf of the partnership

if a certified copy of the document granting him authority to invest on behalf of the partnership is submitted).

- (10) CORPORATION: The Subscription Agreement must be accompanied by (1) a certified copy of the resolution of the Board of Directors designation the officer(s) of the corporation authorized to sign on behalf of the corporation and (2) a certified copy of the Board's resolution authorizing the investment.
- (11) IRA AND IRA ROLLOVERS: Requires signature of authorized signer (e.g., an officer) of the bank, trust company, or other fiduciary. The address of the trustee must be provided in order for the trustee to receive checks and other pertinent information regarding the investment.
- (12) KEOGH (HR 10): Same rules as those applicable to IRAs.
- (13) UNIFORM GIFT TO MINORS ACT (UGMA) or UNIFORM TRANSFERS TO MINORS ACT (UTMA): The required signature is that of the custodian, not of the parent (unless the parent has been designated as the custodian). Only one child is permitted in each investment under UGMA or UTMA. In addition, designate the state under which the gift is being made.

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INSTRUCTIONS TO SUBSCRIPTION AGREEMENT SIGNATURE PAGE

TO WELLS REAL ESTATE INVESTMENT TRUST, INC. SUBSCRIPTION AGREEMENT

INVESTMENT INSTRUCTIONS

Please follow these instructions carefully. Failure to do so may result in the rejection of your subscription. All information on the Subscription Agreement Signature Page should be completed as follows:

1. INVESTMENT

A minimum investment of \$1,000 (100 Shares) is required, except for certain states which require a higher minimum investment. A CHECK FOR THE FULL PURCHASE PRICE OF THE SHARES SUBSCRIBED FOR SHOULD BE MADE PAYABLE TO THE ORDER OF "NATIONSBANK, N.A., AS ESCROW AGENT"

Shares may be purchased only by persons meeting the standards set forth under the Section of the Prospectus entitled "INVESTOR SUITABILITY

STANDARDS." Please indicate the state in which the sale was made.

2. TYPE OF OWNERSHIP

Please check the appropriate box to indicate the type of entity or type of individuals subscribing.

3. REGISTRATION NAME
AND ADDRESS

Please enter the exact name in which the Shares are to be held. For joint tenants with right of survivorship or tenants in common, include the names of both investors. In the case of partnerships or corporations, include the name of an individual to whom correspondence will be addressed. Trusts should include the name of the trustee. All investors must complete the space provided for taxpayer identification

number or social security number. By signing in Section 6, the investor is certifying that this number is correct. Enter the mailing address and telephone numbers of the registered owner of this investment. In the case of a Qualified Plan or trust, this will be the address of the trustee. Indicate the birthday and occupation of the registered owner unless the registered owner is a partnership, corporation or trust.

4. INVESTOR NAME AND ADDRESS

Complete this Section only if the investor's name and address is different from the registration name and address provided in Section 4. If the Shares are registered in the name of a trust, enter the name, address, telephone number, social security number, birthdate and occupation of the beneficial owner of the trust.

5. SUBSCRIBER SIGNATURE

Please separately initial each representation made by the investor where indicated. Except in the case of fiduciary accounts, the investor may not grant any person a power of attorney to make such representations on his or her behalf. Each investor must sign and date this Section. If title is to be held jointly, all parties must sign. If the registered owner is a partnership, corporation or trust, a general partner, officer or trustee of the entity must sign. PLEASE NOTE THAT THESE SIGNATURES DO NOT HAVE TO BE NOTARIZED.

6. ADDITIONAL INVESTMENTS

Please check if you plan to make one or more additional investments in the Company. All additional investments must be increments of at least \$25. Additional investments by residents of Maine must be for the minimum amounts stated under "INVESTOR SUITABILITY STANDARDS" in the

Prospectus, and residents of Maine must execute a new Subscription Agreement Signature Page to make additional investments in the Company. If additional investments in the Company are made, the investor agrees to notify the Company and the Broker-Dealer named on the Subscription Agreement Signature Page in writing if at any time he fails to meet the applicable suitability standards or he is unable to make any other representations or warranties set forth in the Prospectus or the Subscription Agreement. The investor acknowledges that the Broker-Dealer named in the Subscription Agreement Signature Page may receive a commission not to exceed 7%

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of any such additional investments in the Company.

7. DISTRIBUTIONS

a. DISTRIBUTION REINVESTMENT PLAN: By electing the Distribution Reinvestment Plan, the investor elects to reinvest all distributions of Cash Available for Distribution in the Company. The investor agrees to notify the Company and the Broker-Dealer named on the Subscription Agreement Signature Page in writing if at any time he fails to meet the applicable suitability standards or he is unable to make

any other representations and warranties as set forth in the Prospectus or Subscription Agreement. The investor acknowledges that the Broker-Dealer named in the Subscription Agreement Signature Page may receive a commission not to exceed 8% of any reinvested distributions. b. DISTRIBUTION ADDRESS: If cash distributions are to be sent to an address other than that provided in Section 5 (i.e., a bank, brokerage firm or savings and loan, etc.), please provide the name, account number and address.

8. BROKER-DEALER

This Section is to be completed by the Registered Representative. Please complete all BROKER-DEALER information contained in Section 9 including suitability certification. SIGNATURE PAGE MUST BE SIGNED BY AN AUTHORIZED REPRESENTATIVE.

The Subscription Agreement Signature Page, which has been delivered with this Prospectus, together with a check for the full purchase price, should be delivered or mailed to your Broker-Dealer. Only original, completed copies of Subscription Agreements can be accepted. Photocopied or otherwise duplicated Subscription Agreements cannot be accepted by the Company.

IF YOU NEED FURTHER ASSISTANCE IN COMPLETING THIS
SUBSCRIPTION AGREEMENT SIGNATURE PAGE,
PLEASE CALL 1-800-448-1010

WELLS REAL ESTATE INVESTMENT TRUST, INC.

SUBSCRIPTION AGREEMENT SIGNATURE PAGE

1. INVESTMENT

Make Investment Check Payable to:

of Shares Total \$ Invested
(#Shares x \$10.00 = \$ Invested)

NationsBank, N.A. as Escrow Agent

2. TYPE OF OWNERSHIP

OWNERSHIP

- | | |
|---|--|
| <input type="checkbox"/> IRA (06) | <input type="checkbox"/> Individual (01) |
| <input type="checkbox"/> Keogh (10) | <input type="checkbox"/> Joint Tenants With Right of Survivorship (02) |
| <input type="checkbox"/> Qualified Pension Plan (11) | <input type="checkbox"/> Community Property (03) |
| <input type="checkbox"/> Qualified Profit Sharing Plan (12) | <input type="checkbox"/> Tenants in Common (04) |

Other Trust Custodian: A Custodian
For _____ under
For the Benefit of _____ the Uniform Gift to Minors Act
of the State of _____ (08)
 Partnership (15) _____
Other _____

3. _____ REGISTRATION NAME AND
ADDRESS _____
Please print name(s) in which Shares are to be registered. Include trust

name, if applicable.

 Mr. Mrs. Ms. MD Ph.D DDS Other _____ Taxpayer
Identification Number _____ -

Social Security Number
_____ - -

Street Address _____

or P.O. Box _____

City _____ State _____ Zip Code _____

Home () _____ Business () _____
Telephone No. _____ Telephone No. _____

Birthdate _____ Occupation _____

4. _____ INVESTOR NAME AND
ADDRESS _____
Please print name(s) in which Shares are to be registered. Include trust

name, if applicable.

(Complete only if different from registration name and address.)

Mr. Mrs. Ms. MD Ph.D DDS Other _____ Taxpayer
Name _____

Social Security Number
_____ - -

Street Address _____

or P.O. Box _____

City _____ State _____ Zip Code _____

Home () _____ Business () _____

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Telephone No. _____ Telephone No. _____

Birthdate _____ Occupation _____

5. _____ SUBSCRIBER
SIGNATURES _____

Please separately initial each of the representations below. Except in the case of fiduciary accounts, you may not grant any person a power of attorney to make such representations on your behalf. In order to indicate the Company to accept this subscription, I hereby represent and warrant to you as follows:

(a) I have received the Prospectus

Initials

Initials

(b) I have (i) a net worth (exclusive of home, home furnishings and automobiles) of \$150,000 or more, or (ii) a net worth (as described above) of at least \$45,000 and had during the last tax year or estimate that I will have during the current tax year a minimum of \$45,000 annual gross income, or that I meet the higher suitability requirements imposed by my state of primary resident as set forth in the Prospectus under "INVESTOR-SUITABILITY STANDARDS".

Initials

Initials

(c) If I am a California resident or if the Person to whom I subsequently propose to assign or transfer any Shares is a California resident, I may not consummate a sale or transfer to my Shares, or any interest therein, or receive any consideration therefor, without the prior written consent of the Commissioner of the Department of Corporations of the State of California, except as permitted in the Commissioner's Rules, and I understand that my Shares, or any document evidencing my Shares, will bear a legend reflecting the substance of the foregoing understanding.

Initials

Initials

(d) ARKANSAS AND TEXAS RESIDENTS ONLY: I am purchasing the Shares for my own account and acknowledge that the investment is not liquid.

Initials

Initials

I declare that the information supplied above is true and correct and may be relied upon the Company in connection with my investment in the Company. Under penalties, perjury, by signing this Signature Page, I hereby certify that (a) I have provided herein my correct Taxpayer Identification Number, and (b) I am not

subject to back-up withholding as a result of a failure to report all interest

or dividends, or the Internal Revenue Service has notified me that I am no

longer subject to back-up withholding.

Signature of Investor or Trustee Signature of Joint Owner, if applicable Date

(MUST BE SIGNED BY TRUSTEE(S) IF IRA, KEOGH OR QUALIFIED PLAN).

6. _____ ADDITIONAL
INVESTMENTS _____

Please check if you plan to make additional investments in the Company:

(If additional investments are made, please include social security number or

other taxpayer identification number on your check).

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(All additional investments must be made in increments of at least \$10.)

7. _____ DISTRIBUTIONS _____

7(a). Check the following box to participate in the Distribution Reinvestment
Plan.

7(b). Complete following section only to direct distributions to a party
other than registered owner:

Name

Account Number

Street Address

or P.O. Box

City

State

Zip Code

8. _____ BROKER-
DEALER _____

(TO BE COMPLETED BY REGISTERED REPRESENTATIVE)

The Broker-Dealer or authorized representative must sign below to complete

order. Broker-Dealer warrants that it is a duly licensed Broker-Dealer and may

lawfully offer Shares in the state designated as the investor's address or the

state in which the sale was made, if different. The Broker-Dealer or

authorized representative warrants that he has reasonable grounds to believed

this investment is suitable for the subscriber as defined in Section 3(b) of

Appendix F (Attachment No. 1 to Dealer Manager Agreement) and that he has

informed subscriber of all aspects of liquidity and marketability of this

investment as required by Section 4 of Appendix F (Attachment No. 1 to Dealer

Manager Agreement).

Broker-Dealer Name Telephone No. ()

Broker-Dealer Street

Address or P.O. Box

City State Zip Code

Registered

Representative Name Telephone No.

Reg. Rep. Street

Address or P.O. Box

City State Zip Code

Broker-Dealer Signature, if applicable

Registered Representative Signature

Please mail completed Subscription Agreement (with all signatures) and check(s)

made payable to NationsBank, N.A., as Escrow Agent

Wells Investment Securities, Inc.

800-448-1010 or 770-449-7800

Overnight address:

Mailing address:

3885 Holcomb Bridge Road
Norcross, Georgia 30092-9209

P.O. Box 926040
Norcross, Georgia 30092-9209

Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "Company"), pursuant to its Articles of Incorporation, as amended and restated to date (the "Articles"), has adopted a Dividend Reinvestment PLAN (the "DRP"), the terms and conditions of which are set forth below. Capitalized terms shall have the same meaning as set forth in the Articles unless otherwise defined herein.

1. As agent for stockholders ("Stockholders") of the Company who purchase shares of the Company's common stock (the "Shares") pursuant to the Company's public offering which will commence immediately upon declaration of effectiveness of its Registration Statement filed with the SEC July 25, 1997, which offering is expected to be completed within one year from the date of such effectiveness (the "Offering") and who elect to participate in the DRP (the "Participants"), the Company will apply all dividends and other distributions declared and paid in respect of the Shares held by each Participant (the "Distributions"), including Distributions paid with respect to any full or fractional Shares acquired under the DRP, to the purchase of the Shares for such Participants directly, if permitted under state securities laws and, if not, through the Dealer-Manager for Participating Dealers registered in the Participant's state of residence. Neither the Company nor its Affiliates will receive a fee for selling Shares under the DRP.

2. Procedure for Participation. Any Stockholder who purchased Shares pursuant to the Company's Offering may elect to become a Participant by completing and executing the Subscription Agreement, ENROLLMENT FORM or other appropriate authorization form as may be available from the Company, the Dealer-Manager or Soliciting Dealer. Participation in the DRP will begin with the next Distribution payable after receipt of a Participant's subscription or authorization. Shares will be purchased under the DRP on the record date for the Distribution used to purchase the Shares. Distributions for Shares acquired under the DRP are currently paid monthly and are calculated with a daily record and Distribution declaration date. Each Participant agrees that if, at any time prior to listing of the Shares on a national stock exchange or inclusion of the Shares for quotation on the National Association of Securities Dealers, Inc. Automated Quotation System ("Nasdaq"), he or she fails to meet the suitability requirements for making an investment in the Company or cannot make the other representations or warranties set forth in the Subscription Agreement, he will promptly so notify the Company in writing.

3. Purchase of Shares. Participants will acquire Shares from the Company at a fixed price of \$10 per Share until ALL 1,500,000 INITIAL DRP SHARES (AS DEFINED) ARE ISSUED. Participants in the DRP may also purchase fractional Shares so that 100% of the Distributions will be used to acquire Shares. However, a Participant will not be able to acquire Shares under the DRP to the extent such purchase would cause it to exceed the Ownership Limit.

Shares to be distributed by the Company in connection with the DRP may (but are not required to) be supplied from: (a) 1,500,000 Shares which were registered for the DRP in the Offering (THE "INITIAL DRP SHARES"), (b) shares of the Company's stock purchased by the Company for the DRP in a secondary market (if available) or on a stock exchange or Nasdaq (if listed) (collectively, the "Secondary Market"), or (c) shares registered by the Company with the SEC for use in the DRP (a "Secondary Registration").

Shares purchased on the Secondary Market as set forth in (b) above will be purchased at the then-prevailing market price, which price will be utilized for purposes of purchases of Shares in the DRP. Shares acquired by the Company on the Secondary Market or registered in a Secondary Registration for use in the DRP may be at prices lower or higher than the \$10 per Share price which will be paid for the INITIAL DRP SHARES.

If the Company acquires shares in the Secondary Market for use in the DRP, the Company shall use reasonable efforts to acquire Shares for use in the DRP at the lowest price then reasonably available. However, the Company does not in any respect guarantee or warrant that the Shares so acquired and purchased by the Participant in the DRP will be at the lowest possible price. Further, irrespective of the Company's ability to acquire Shares in the Secondary Market or to complete a Secondary Registration for shares to be used in the DRP, the Company is in no way obligated to do either, in its sole discretion.

It is understood that reinvestment of Distributions does not relieve a Participant of any income tax liability which may be payable on the Distributions.

4. Share Certificates. THE OWNERSHIP OF THE Shares purchased through

the DRP will be in book-entry form

ONLY UNTIL THE COMPANY BEGINS TO ISSUE CERTIFICATES FOR ALL ITS OUTSTANDING

COMMON STOCK.

5. Reports. Within 90 days after the end of the Company's fiscal year,

the Company will provide each Participant with an individualized report on his or her investment, including the purchase date(s), purchase price and number of Shares owned, as well as the dates of distribution and amounts of Distributions received during the prior fiscal year. The individualized statement to Stockholders will include receipts and purchases relating to each Participant's participation in the DRP including the tax consequences relative thereto.

6. Termination by Participant. A Participant may terminate participation

in the DRP at any time, without penalty, by delivering to the Company a written notice. Prior to listing of the Shares on a stock exchange or Nasdaq, any transfer of Shares by a Participant to a non-Participant will terminate participation in the DRP with respect to the transferred Shares. If a Participant terminates DRP participation, the Company will provide the terminating Participant with a certificate evidencing the whole shares in his or her account and a check for the cash value of any fractional share in such account. Upon termination of DRP participation, Distributions will be distributed to the Stockholder in cash.

7. Amendment or Termination of DRP by the Company. The Directors of the

Company may by majority vote (including a majority of the Independent Directors) amend or terminate the DRP for any reason upon 30 days' written notice to the Participants.

8. Liability of the Company. The Company shall not be liable for any act

done in good faith, or for any good faith omission to act, including, without limitation, any claims or liability: (a) arising out of failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing of such death; and (b) with respect to the time and the prices at which Shares are purchased or sold for a Participant's account. To the extent that indemnification may apply to liabilities arising under the Securities Act of 1933, as amended or the securities act of a state, the Company has been advised that, in the opinion of the Securities and Exchange Commission and certain state securities commissioners, such indemnification is contrary to public policy and, therefore, unenforceable.

9. Governing Law. This DRP shall be governed by the laws of the State

of Maryland.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

P R O S P E C T U S

FOR

DIVIDEND REINVESTMENT PLAN

PURSUANT TO ITS REVISED DIVIDEND REINVESTMENT PLAN (THE "PLAN"), WELLS REAL ESTATE INVESTMENT TRUST, INC., A DELAWARE CORPORATION (THE "COMPANY"), HEREBY OFFERS TO HOLDERS OF ITS COMMON STOCK, \$.01 PAR VALUE PER SHARE (THE "COMMON STOCK") THE OPPORTUNITY TO PURCHASE, THROUGH REINVESTMENT OF DIVIDENDS OR BY ADDITIONAL CASH PAYMENTS, ADDITIONAL SHARES OF COMMON STOCK, ON THE TERMS, SUBJECT TO THE CONDITIONS AND AT THE PRICES HEREIN STATED.

THE PLAN WAS IMPLEMENTED INITIALLY IN CONNECTION WITH THE COMPANY'S REGISTERED PUBLIC OFFERING OF 16,500,000 SHARES OF ITS COMMON STOCK (THE "INITIAL OFFERING"), OF WHICH AMOUNT 1,500,000 SHARES WERE REGISTERED AND RESERVED FOR DISTRIBUTION PURSUANT TO THE PLAN.

DIVIDENDS REINVESTED PURSUANT TO THE PLAN WILL BE APPLIED TO THE PURCHASE OF SHARES OF COMMON STOCK AT A PRICE OF \$10.00 PER SHARE UNTIL ALL 1,500,000 SHARES RESERVED INITIALLY FOR THE PLAN (THE "INITIAL PLAN SHARES") HAVE BEEN PURCHASED. THEREAFTER, THE COMPANY MAY IN ITS SOLE DISCRETION ACQUIRE ADDITIONAL SHARES FOR PURCHASE UNDER THE PLAN MAY EITHER THROUGH PURCHASES ON THE OPEN MARKET, THROUGH THE COMPANY'S SHARE REPURCHASE PROGRAM AND/OR ADDITIONAL REGISTRATIONS OF COMMON STOCK FOR USE IN THE PLAN. IN ANY CASE, THE PER SHARE PURCHASE PRICE UNDER THE PLAN FOR SUCH ADDITIONALLY ACQUIRED SHARES WILL EQUAL THE THEN-PREVAILING MARKET PRICE OF THE STOCK AS DETERMINED BY THE COMPANY'S BOARD OF DIRECTORS, WHICH IF THE COMPANY'S STOCK IS LISTED SHALL EQUAL THE PRICE ON THE APPLICABLE STOCK EXCHANGE, NASDAQ OR OVER-THE-COUNTER MARKET.

THIS PROSPECTUS RELATES TO 1,500,000 SHARES OF COMMON STOCK THAT HAVE BEEN REGISTERED FOR SALE UNDER THE PLAN. PLEASE RETAIN THIS PROSPECTUS FOR FUTURE REFERENCE.

THE EXECUTIVE OFFICES OF THE COMPANY ARE LOCATED AT 3885 HOLCOMB BRIDGE RD., NORCROSS, GEORGIA 30092, AND ITS TELEPHONE NUMBER IS (770) 449-7800.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAVE SUCH REGULATORS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE DATE OF THIS PROSPECTUS IS _____, 1998.

AUTHORIZATION

NO PERSON has been authorized to give any information or to make

representations not contained in this Prospectus REGARDING THE COMPANY OR THE

OFFERING MADE HEREBY and, if given or made, such information or representations

must not be relied upon as having been authorized by the Company. This

Prospectus does not constitute an offer TO SELL or a solicitation of an offer

to buy ANY SECURITIES OTHER THAN THE SECURITIES TO WHICH IT RELATES, NOR DOES

IT CONSTITUTE AN OFFER TO OR SOLICITATION OF any person in any jurisdiction IN

WHICH such offer or solicitation would be unlawful. Neither delivery of

this Prospectus nor any sale made hereunder shall create an implication that
information contained herein is correct as of any time subsequent to the date
hereof.

AVAILABLE INFORMATION

THE COMPANY IS SUBJECT TO THE INFORMATIONAL REQUIREMENTS OF THE SECURITIES

EXCHANGE ACT OF 1934 (THE "1934 ACT") AND FILES REPORTS, PROXY STATEMENTS AND

OTHER INFORMATION WITH THE SECURITIES AND EXCHANGE COMMISSION (THE

"COMMISSION"). REPORTS, PROXY STATEMENTS, AND OTHER INFORMATION CONCERNING THE

COMPANY CAN BE INSPECTED AND COPIED AT THE PUBLIC REFERENCE FACILITIES

MAINTAINED BY THE COMMISSION AT ROOM 1024, 450 FIFTH STREET, N.W., WASHINGTON,

D.C. 20549, AND AT ITS REGIONAL OFFICES IN NEW YORK (SUITE 1300, 7 WORLD TRADE

CENTER, NEW YORK, NEW YORK 10048) AND CHICAGO (SUITE 1400, 500 WEST MADISON

STREET, CHICAGO, ILLINOIS 60661). COPIES OF SUCH MATERIAL CAN BE OBTAINED BY

MAIL FROM THE PUBLIC REFERENCE SECTION OF THE COMMISSION AT 450 FIFTH STREET,

N.W., WASHINGTON, D.C. 20549, AT PRESCRIBED RATES.

INCORPORATION OF DOCUMENTS BY REFERENCE

THE FOLLOWING DOCUMENTS (OR APPLICABLE PORTIONS THEREOF), FILED WITH THE

COMMISSION PURSUANT TO THE 1934 ACT OR THE SECURITIES ACT OF 1933, AS AMENDED

(THE "1933 ACT"), ARE INCORPORATED BY REFERENCE IN THIS PROSPECTUS:

1. THE DESCRIPTION OF THE COMMON STOCK CONTAINED IN THE COMPANY'S REGISTRATION

STATEMENT ON FORM S-11, AS AMENDED.

2. [THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31,

1998.]

3. [THE COMPANY'S QUARTERLY REPORTS ON FORM 10-Q FOR THE QUARTER[S] ENDED

MARCH 31, [JUNE 30] [AND SEPTEMBER 30], 1998.]

ALL DOCUMENTS FILED PURSUANT TO SECTIONS L3(A), L3(C), L4 OR L5(D) OF THE
L934 ACT AFTER THE DATE OF THIS PROSPECTUS AND BEFORE TERMINATION OF THIS
OFFERING ARE INCORPORATED BY REFERENCE INTO THIS PROSPECTUS FROM THE DATE OF
FILING OF THOSE DOCUMENTS. ANY STATEMENT CONTAINED IN A DOCUMENT INCORPORATED
OR DEEMED TO BE INCORPORATED BY REFERENCE HEREIN SHALL BE DEEMED TO BE MODIFIED
OR SUPERSEDED FOR PURPOSES OF THIS PROSPECTUS TO THE EXTENT THAT A STATEMENT
CONTAINED HEREIN OR IN ANY OTHER SUBSEQUENTLY FILED DOCUMENT WHICH IS DEEMED TO
BE INCORPORATED BY REFERENCE HEREIN MODIFIES OR SUPERSEDES SUCH STATEMENT. ANY
SUCH STATEMENT SO MODIFIED OR SUPERSEDED SHALL NOT BE DEEMED, EXCEPT AS SO
MODIFIED OR SUPERSEDED, TO CONSTITUTE A PART OF THE PROSPECTUS. ANYONE
RECEIVING A COPY OF THIS PROSPECTUS MAY OBTAIN, WITHOUT CHARGE, A COPY OF ANY OF
THE DOCUMENTS INCORPORATED BY REFERENCE, EXCEPT FOR THE EXHIBITS, IF ANY, TO
THOSE DOCUMENTS. TELEPHONE OR MAIL YOUR REQUEST TO:

WELLS REAL ESTATE INVESTMENT TRUST, INC.

3885 HOLCOMB BRIDGE RD.

NORCROSS, GEORGIA 30092

ATTENTION: SECRETARY

(770) 449-7800

THE COMPANY

THE COMPANY, FOUNDED IN 1997, IS A MARYLAND CORPORATION THAT OWNS AND
OPERATES INCOME PRODUCING REAL ESTATE, PRIMARILY COMMERCIAL OFFICE BUILDINGS.
THE COMPANY IS STRUCTURED AND OPERATED IN A MANNER INTENDED TO ENABLE IT TO
QUALIFY AS A REAL ESTATE INVESTMENT TRUST UNDER THE INTERNAL REVENUE CODE OF
1986, AS AMENDED (THE "CODE").

THE PLAN

THE PLAN PROVIDES YOU WITH A SIMPLE AND CONVENIENT WAY TO INVEST YOUR CASH
DIVIDENDS IN ADDITIONAL SHARES OF COMMON STOCK. AS A PARTICIPANT IN THE PLAN,
YOU MAY PURCHASE SHARES AT A PRICE OF \$10.00 PER SHARE UNTIL ALL 1,500,000
INITIAL PLAN SHARES HAVE BEEN PURCHASED. THEREAFTER, ADDITIONAL SHARES FOR
PURCHASE WITHIN THE PLAN MAY (BUT DO NOT HAVE TO), BE ACQUIRED BY THE COMPANY IN

ITS SOLE DISCRETION EITHER THROUGH PURCHASES ON THE OPEN MARKET, PURCHASES

PURSUANT TO THE COMPANY'S SHARE REPURCHASE PROGRAM AND/OR ADDITIONAL

REGISTRATIONS OF COMMON STOCK RELATING TO THE PLAN. IN ANY CASE OTHER THAN

PURCHASE OF THE INITIAL PLAN SHARES, THE PER SHARE PURCHASE PRICE UNDER THE PLAN

WILL EQUAL THE THEN-PREVAILING MARKET PRICE OF THE STOCK, WHICH IF THE COMPANY'S

STOCK IS LISTED SHALL EQUAL THE PRICE ON THE APPLICABLE STOCK EXCHANGE, NASDAQ

OR OVER-THE-COUNTER MARKET.

YOU RECEIVE FREE CUSTODIAL SERVICE FOR THE SHARES YOU HOLD THROUGH THE PLAN.

SHARES FOR THE PLAN WILL BE PURCHASED DIRECTLY FROM THE COMPANY. SUCH

SHARES WILL BE AUTHORIZED AND MAY BE EITHER PREVIOUSLY ISSUED OR UNISSUED

SHARES. PROCEEDS FROM THE SALE OF THE PLAN SHARES PROVIDE THE COMPANY WITH

FUNDS FOR GENERAL CORPORATE PURPOSES.

ELIGIBILITY

HOLDERS OF RECORD OF COMMON ARE ELIGIBLE TO PARTICIPATE IN THE PLAN WITH

RESPECT TO ANY WHOLE NUMBER OF THEIR SHARES. IF YOUR SHARES ARE HELD OF RECORD

BY A BROKER OR NOMINEE AND YOU WANT TO PARTICIPATE IN THE PLAN, YOU MUST MAKE

APPROPRIATE ARRANGEMENTS WITH YOUR BROKER OR NOMINEE.

THE COMPANY MAY REFUSE PARTICIPATION IN THE PLAN TO SHAREHOLDERS RESIDING

IN STATES WHERE SHARES OFFERED PURSUANT TO THE PLAN ARE NEITHER REGISTERED UNDER

APPLICABLE SECURITIES LAWS NOR EXEMPT FROM REGISTRATION.

ADMINISTRATION

AS OF THE DATE OF THIS PROSPECTUS, THE PLAN IS ADMINISTERED BY THE COMPANY

OR AN AFFILIATE OF THE COMPANY (THE "PLAN ADMINISTRATOR"), BUT A DIFFERENT

ENTITY MAY ACT AS PLAN ADMINISTRATOR IN THE FUTURE. THE PLAN ADMINISTRATOR WILL

KEEP ALL RECORDS OF YOUR PLAN ACCOUNT AND SENDS STATEMENTS OF YOUR ACCOUNT TO

YOU. SHARES OF COMMON STOCK PURCHASED UNDER THE PLAN ARE REGISTERED IN THE NAME

OF EACH PARTICIPATING SHAREHOLDER.

ENROLLMENT

YOU MAY JOIN THE PLAN BY SIGNING THE ENROLLMENT FORM ENCLOSED WITH THIS

PROSPECTUS AND RETURNING IT TO THE COMPANY.

YOUR PARTICIPATION IN THE PLAN WILL BEGIN WITH THE FIRST DIVIDEND PAYMENT

AFTER YOUR SIGNED CARD IS RECEIVED, PROVIDED YOUR CARD IS RECEIVED ON OR BEFORE

TEN DAYS PRIOR TO THE RECORD DATE ESTABLISHED FOR THAT DIVIDEND. RECORD DATES

FOR DIVIDENDS ARE ORDINARILY ON OR ABOUT THE 15TH DAY OF MARCH, JUNE, SEPTEMBER

AND DECEMBER, BUT MAY BE CHANGED FROM TIME TO TIME IN THE DISCRETION OF THE

COMPANY'S MANAGEMENT. IF YOUR ENROLLMENT FORM IS RECEIVED AFTER THE RECORD DATE

FOR ANY DIVIDEND AND BEFORE PAYMENT OF THAT DIVIDEND, THAT DIVIDEND WILL BE PAID

TO YOU IN CASH AND REINVESTMENT OF YOUR DIVIDENDS WILL NOT BEGIN UNTIL THE NEXT

DIVIDEND PAYMENT DATE.

COSTS

PARTICIPANTS IN THE PLAN PAY NO SERVICE CHARGES OR OTHER FEES FOR PURCHASES

MADE UNDER THE PLAN. ALL COSTS OF ADMINISTRATION OF THE PLAN ARE PAID BY THE

COMPANY. HOWEVER, ANY INTEREST EARNED ON DIVIDENDS ON SHARES WITHIN THE PLAN

WILL BE PAID TO THE COMPANY TO DEFRAY CERTAIN COSTS RELATING TO THE PLAN. IF

YOU TERMINATE PARTICIPATION IN THE PLAN OR ASK THAT YOUR PLAN SHARES BE SOLD,

YOU WILL PAY CERTAIN CHARGES AS EXPLAINED IN "TERMINATION OF PARTICIPATION"

BELOW. EXCEPT AS DESCRIBED BELOW, THE COMPANY WILL PAY THE FOLLOWING

COMMISSIONS AND FEES TO CERTAIN AFFILIATES OF THE COMPANY IN CONNECTION WITH

SHARES OF COMMON STOCK SOLD TO PARTICIPANTS UNDER THE PLAN (EXPRESSED AS A

PERCENTAGE OF THE PURCHASE PRICE PROCEEDS): (A) A SELLING

COMMISSION OF 7% (THE "SELLING COMMISSION"), ALL OF WHICH MAY BE REALLOWED TO
THE BROKERS AND DEALERS OF SUCH SHARES; (B) A MARKETING AND DUE DILIGENCE FEE
(THE "DUE DILIGENCE FEE") OF 2.5%; AND (C) AN ACQUISITION AND ADVISORY FEE
(("ACQUISITION AND ADVISORY FEE") OF 3%, WHICH AFTER SALE OF THE INITIAL PLAN
SHARES WILL BE PAID ONLY IN THE EVENT THAT PROCEEDS OF THE SALE OF SUCH SHARES
ARE USED TO ACQUIRE PROPERTIES. IN OHIO, ONLY THE ACQUISITION AND ADVISORY FEE
MAY BE PAID IN CONNECTION WITH SALES OF STOCK UNDER THE PLAN.

PURCHASES AND PRICE OF SHARES

COMMON STOCK DIVIDENDS WILL BE INVESTED WITHIN 30 DAYS AFTER THE DATE ON

WHICH COMMON STOCK DIVIDENDS ARE PAID EACH QUARTER (THE "INVESTMENT DATE").

PAYMENT DATES FOR COMMON STOCK DIVIDENDS ARE ORDINARILY ON OR ABOUT THE LAST

CALENDAR DAY OF MARCH, JUNE, SEPTEMBER AND DECEMBER, BUT MAY BE CHANGED FROM

TIME TO TIME IN THE DISCRETION OF THE COMPANY.

YOU BECOME AN OWNER OF SHARES PURCHASED UNDER THE PLAN AS OF THE INVESTMENT
DATE. NO SHARES WILL BE PURCHASED UNDER THE PLAN AT LESS THAN THEIR PAR VALUE
(\$.01 PER SHARE). DIVIDENDS PAID ON SHARES HELD IN THE PLAN (LESS ANY REQUIRED
WITHHOLDING TAX) WILL BE CREDITED TO YOUR PLAN ACCOUNT. DIVIDENDS ARE PAID ON
BOTH FULL AND FRACTIONAL SHARES HELD IN YOUR ACCOUNT AND ARE AUTOMATICALLY
REINVESTED.

REINVESTED DISTRIBUTIONS. YOU MAY ELECT DIVIDEND REINVESTMENT WITH RESPECT
TO ANY WHOLE NUMBER OF SHARES REGISTERED IN YOUR NAME ON THE RECORDS OF THE
COMPANY. SPECIFY ON THE ENROLLMENT FORM THE NUMBER OF SHARES FOR WHICH YOU WANT
DIVIDENDS REINVESTED. DIVIDENDS ON ALL SHARES PURCHASED PURSUANT TO THE PLAN
WILL BE AUTOMATICALLY REINVESTED. THE NUMBER OF SHARES PURCHASED FOR YOU AS A
PARTICIPANT IN THE PLAN DEPENDS ON THE AMOUNT OF YOUR DIVIDENDS ON THESE SHARES
(LESS ANY REQUIRED WITHHOLDING TAX) AND THE PURCHASE PRICE OF THE COMMON STOCK.
YOUR ACCOUNT WILL BE CREDITED WITH THE NUMBER OF SHARES, INCLUDING FRACTIONS
COMPUTED TO FOUR DECIMAL PLACES, EQUAL TO THE TOTAL AMOUNT INVESTED DIVIDED BY
THE PURCHASE PRICE PER SHARE.

SHARES OF COMMON STOCK FOR PARTICIPANTS WILL BE PURCHASED FROM THE COMPANY
AT A PRICE PER SHARE OF \$10 FOR ALL OF THE INITIAL PLAN SHARES, AND THEREAFTER
(IF AVAILABLE) AT PRICES EQUAL TO THE THEN-PREVAILING MARKET PRICE OF THE STOCK
AS DETERMINED BY THE COMPANY'S BOARD OF DIRECTORS, WHICH IF THE COMPANY'S STOCK
IS LISTED SHALL EQUAL THE CLOSING PRICE ON THE APPLICABLE STOCK EXCHANGE, NASDAQ
OR OVER-THE-COUNTER MARKET ON THE TRADING DAY IMMEDIATELY PRIOR TO THE
INVESTMENT DATE.

OPTIONAL CASH PURCHASES. UNTIL DETERMINED OTHERWISE BY THE COMPANY, PLAN
PARTICIPANTS MAY NOT MAKE ADDITIONAL CASH PAYMENTS FOR THE PURCHASE OF COMMON
STOCK UNDER THE PLAN.

DIVIDENDS ON SHARES HELD IN PLAN

DIVIDENDS PAID ON SHARES HELD IN THE PLAN (LESS ANY REQUIRED WITHHOLDING
TAX) WILL BE CREDITED TO YOUR PLAN ACCOUNT. DIVIDENDS ARE PAID ON BOTH FULL AND
FRACTIONAL SHARES HELD IN YOUR ACCOUNT AND ARE AUTOMATICALLY REINVESTED.

ACCOUNT STATEMENTS

YOU WILL RECEIVE A STATEMENT OF YOUR ACCOUNT WITHIN 60 DAYS AFTER EACH

INVESTMENT DATE. THE STATEMENTS WILL CONTAIN A REPORT OF ALL TRANSACTIONS SINCE

THE LAST STATEMENT, INCLUDING INFORMATION WITH RESPECT TO THE NUMBER OF SHARES

ALLOCATED TO YOUR ACCOUNT, THE AMOUNT OF DIVIDENDS RECEIVED WHICH ARE ALLOCABLE

TO YOU, THE AMOUNT OF COMMON STOCK PURCHASED THEREWITH AND THE PRICE PAID.

THESE STATEMENTS ARE YOUR CONTINUING RECORD OF THE COST OF YOUR PURCHASE AND

SHOULD BE RETAINED FOR INCOME TAX PURPOSES.

CERTIFICATES FOR SHARES

AS OF THE DATE OF THIS PROSPECTUS, THE COMPANY IS NOT ISSUING CERTIFICATES

FOR SHARES PURCHASED UNDER THE PLAN, AND YOUR OWNERSHIP OF SUCH SHARES WILL BE

EVIDENCED ON THE BOOKS OF THE COMPANY IN YOUR ACCOUNT. THE NUMBER OF SHARES

PURCHASED WILL BE SHOWN ON YOUR STATEMENT OF ACCOUNT. THIS FEATURE PERMITS

OWNERSHIP OF FRACTIONAL SHARES, PROTECTS AGAINST LOSS, THEFT OR DESTRUCTION OF

STOCK CERTIFICATES, AND REDUCES THE COSTS OF THE PLAN.

AFTER THE DATE THE COMPANY BEGINS ISSUING CERTIFICATES FOR THE OUTSTANDING

SHARES OF ITS COMMON STOCK, CERTIFICATES FOR ANY NUMBER OF WHOLE SHARES CREDITED

TO YOUR ACCOUNT WILL BE ISSUED IN YOUR NAME UPON YOUR WRITTEN REQUEST TO THE

PLAN ADMINISTRATOR. CERTIFICATES FOR FRACTIONAL SHARES WILL NOT BE ISSUED.

SHOULD YOU WANT YOUR CERTIFICATES ISSUED IN A DIFFERENT NAME, YOU MUST NOTIFY

THE PLAN ADMINISTRATOR IN WRITING AND COMPLY WITH APPLICABLE TRANSFER

REQUIREMENTS. IF YOU WISH TO SELL ANY WHOLE SHARES CREDITED TO YOUR ACCOUNT

UNDER THE PLAN, YOU WILL HAVE THE OPTION OF EITHER (I) RECEIVING A CERTIFICATE

FOR SUCH WHOLE NUMBER OF SHARES, OR (II) REQUESTING THAT SUCH SHARES HELD IN

YOUR ACCOUNT BE SOLD, IN WHICH CASE THE SHARES WILL BE SOLD ON THE OPEN MARKET

AS SOON AS

PRACTICABLE. BROKERAGE COMMISSIONS ON SUCH SALES WILL NOT BE PAID BY THE

COMPANY, AND WILL BE DEDUCTED FROM THE SALES PROCEEDS. SEE "TERMINATION OF

PARTICIPATION." IF YOU WISH TO PLEDGE SHARES CREDITED TO YOUR ACCOUNT, YOU MUST

FIRST HAVE THE CERTIFICATE FOR THOSE SHARES ISSUED IN YOUR NAME.

TERMINATION OF PARTICIPATION

YOU MAY DISCONTINUE REINVESTMENT OF DIVIDENDS UNDER THE PLAN WITH RESPECT

TO ALL, BUT NOT LESS THAN ALL, OF YOUR SHARES (INCLUDING SHARES HELD FOR YOUR

ACCOUNT IN THE PLAN) AT ANY TIME BY NOTIFYING THE PLAN ADMINISTRATOR IN WRITING

NO LESS THAN TEN DAYS PRIOR TO THE NEXT RECORD DATE. A NOTICE OF TERMINATION

RECEIVED BY THE PLAN ADMINISTRATOR AFTER SUCH CUTOFF DATE WILL NOT BE EFFECTIVE

UNTIL THE NEXT FOLLOWING INVESTMENT DATE. PARTICIPANTS WHO TERMINATE THEIR

PARTICIPATION IN THE PLAN MAY THEREAFTER REJOIN THE PLAN BY NOTIFYING THE

COMPANY AND COMPLETING ALL NECESSARY FORMS AND OTHERWISE AS REQUIRED BY THE

COMPANY.

IF YOU NOTIFY THE PLAN ADMINISTRATOR OF YOUR TERMINATION OF PARTICIPATION

IN THE PLAN OR IF YOUR PARTICIPATION IN THE PLAN IS TERMINATED BY THE COMPANY,

THE COMPANY'S STOCK OWNERSHIP RECORDS WILL BE UPDATED TO INCLUDE THE NUMBER OF

WHOLE SHARES IN YOUR PLAN ACCOUNT. FOR ANY FRACTIONAL SHARES OF STOCK IN YOUR

PLAN ACCOUNT, THE PLAN ADMINISTRATOR MAY EITHER (I) SEND YOU A CHECK IN PAYMENT

FOR ANY FRACTIONAL SHARES IN YOUR ACCOUNT, OR (II) CREDIT YOUR STOCK OWNERSHIP

ACCOUNT WITH ANY SUCH FRACTIONAL SHARES.

A PARTICIPANT WHO CHANGES HIS OR HER ADDRESS MUST PROMPTLY NOTIFY THE PLAN

ADMINISTRATOR. IF A PARTICIPANT MOVES HIS RESIDENCE TO A STATE WHERE SHARES

OFFERED PURSUANT TO THE PLAN ARE NEITHER REGISTERED NOR EXEMPT FROM REGISTRATION

UNDER APPLICABLE SECURITIES LAWS, THE COMPANY MAY DEEM THE PARTICIPANT TO HAVE

TERMINATED PARTICIPATION IN THE PLAN.

AMENDMENT AND TERMINATION OF PLAN -----

THE COMPANY MAY, IN ITS SOLE DISCRETION, AMEND ANY ASPECT OF THE PLAN

WITHOUT THE CONSENT OF PARTICIPANTS OR OTHER STOCKHOLDERS, PROVIDED THAT NOTICE

OF ANY MATERIAL AMENDMENT IS SENT TO PARTICIPANTS AT LEAST 30 DAYS PRIOR TO THE

EFFECTIVE DATE THEREOF. THE COMPANY MAY ALSO, IN ITS SOLE DISCRETION, TERMINATE

THE PLAN FOR ANY REASON AT ANY TIME WITH TEN DAYS PRIOR WRITTEN NOTICE OF SUCH

TERMINATION TO ALL PARTICIPANTS. YOU WILL BE NOTIFIED IF THE PLAN IS TERMINATED

OR MATERIALLY AMENDED. THE COMPANY MAY ALSO TERMINATE ANY PARTICIPANT'S

PARTICIPATION IN THE PLAN AT ANY TIME BY NOTICE TO SUCH PARTICIPANT IF CONTINUED

PARTICIPATION WILL, IN THE OPINION OF THE BOARD OF DIRECTORS, JEOPARDIZE THE

STATUS OF THE COMPANY AS A REAL ESTATE INVESTMENT TRUST UNDER THE CODE.

VOTING OF SHARES HELD UNDER THE PLAN

YOU WILL BE ABLE TO VOTE ALL SHARES OF COMMON STOCK (INCLUDING FRACTIONAL

SHARES) CREDITED TO YOUR ACCOUNT UNDER THE PLAN AT THE SAME TIME THAT YOU VOTE

THE SHARES REGISTERED IN YOUR NAME ON THE RECORDS OF THE COMPANY.

STOCK DIVIDENDS, STOCK SPLITS AND RIGHTS OFFERINGS

YOUR PLAN ACCOUNT WILL BE AMENDED TO REFLECT THE EFFECT OF ANY STOCK

DIVIDENDS, SPLITS, REVERSE SPLITS OR OTHER COMBINATIONS OR RECAPITALIZATIONS BY

THE COMPANY ON SHARES HELD IN THE PLAN FOR YOU. IF THE COMPANY ISSUES TO ITS

SHAREHOLDERS RIGHTS TO SUBSCRIBE TO ADDITIONAL SHARES, SUCH RIGHTS WILL BE

ISSUED TO YOU BASED ON YOUR TOTAL SHARE HOLDINGS, INCLUDING SHARES HELD IN YOUR

PLAN ACCOUNT.

RESPONSIBILITY OF THE PLAN ADMINISTRATOR AND THE COMPANY UNDER THE PLAN

THE PLAN ADMINISTRATOR WILL NOT BE LIABLE FOR ANY CLAIM BASED ON AN ACT

DONE IN GOOD FAITH OR A GOOD FAITH OMISSION TO ACT. THIS INCLUDES, WITHOUT

LIMITATION, ANY CLAIM OF LIABILITY ARISING OUT OF FAILURE TO TERMINATE A

PARTICIPANT'S ACCOUNT UPON A PARTICIPANT'S DEATH, THE PRICES AT WHICH SHARES ARE

PURCHASED, THE TIMES WHEN PURCHASES ARE MADE, OR FLUCTUATIONS IN THE MARKET

PRICE OF COMMON STOCK.

ALL NOTICES FROM THE PLAN ADMINISTRATOR TO A PARTICIPANT WILL BE MAILED TO

THE PARTICIPANT AT HIS LAST ADDRESS OF RECORD WITH THE PLAN ADMINISTRATOR, WHICH

WILL SATISFY THE PLAN ADMINISTRATOR'S DUTY TO GIVE NOTICE. PARTICIPANTS MUST

PROMPTLY NOTIFY THE PLAN ADMINISTRATOR OF ANY CHANGE IN ADDRESS.

YOU SHOULD RECOGNIZE THAT NEITHER THE COMPANY NOR THE PLAN ADMINISTRATOR

CAN PROVIDE ANY ASSURANCE OF A PROFIT OR PROTECTION AGAINST LOSS ON ANY SHARES

PURCHASED UNDER THE PLAN.

INTERPRETATION AND REGULATION OF THE PLAN

THE COMPANY RESERVES THE RIGHT, WITHOUT NOTICE TO PARTICIPANTS, TO

INTERPRET AND REGULATE THE PLAN AS IT DEEMS NECESSARY OR DESIRABLE IN CONNECTION

WITH ITS OPERATION. ANY SUCH INTERPRETATION AND REGULATION SHALL BE CONCLUSIVE.

FEDERAL INCOME TAX CONSEQUENCES OF PARTICIPATION IN THE PLAN

THE FOLLOWING DISCUSSION SUMMARIZES THE PRINCIPAL FEDERAL INCOME TAX

CONSEQUENCES, UNDER CURRENT LAW, OF PARTICIPATION IN THE PLAN. IT DOES NOT

ADDRESS ALL POTENTIALLY RELEVANT FEDERAL INCOME TAX MATTERS, INCLUDING

CONSEQUENCES PECULIAR TO PERSONS SUBJECT TO SPECIAL PROVISIONS OF FEDERAL INCOME

TAX LAW (SUCH AS TAX-EXEMPT ORGANIZATIONS, INSURANCE COMPANIES, FINANCIAL

INSTITUTIONS, BROKER-DEALERS AND FOREIGN PERSONS). THE DISCUSSION IS BASED ON

VARIOUS RULINGS OF THE INTERNAL REVENUE SERVICE REGARDING SEVERAL TYPES OF

DIVIDEND REINVESTMENT PLANS. NO RULING, HOWEVER, HAS BEEN ISSUED OR REQUESTED

REGARDING THE PLAN. THE FOLLOWING DISCUSSION IS FOR YOUR GENERAL INFORMATION

ONLY, AND YOU MUST CONSULT YOUR OWN TAX ADVISOR TO DETERMINE THE PARTICULAR TAX

CONSEQUENCES (INCLUDING THE EFFECTS OF ANY CHANGES IN LAW) THAT MAY RESULT FROM

YOUR PARTICIPATION IN THE PLAN AND THE DISPOSITION OF ANY SHARES PURCHASED

PURSUANT TO THE PLAN.

REINVESTED DIVIDENDS. STOCKHOLDERS SUBJECT TO FEDERAL INCOME TAXATION WHO

ELECT TO PARTICIPATE IN THE PLAN WILL INCUR A TAX LIABILITY FOR DISTRIBUTIONS

ALLOCATED TO THEM EVEN THOUGH THEY HAVE ELECTED NOT TO RECEIVE THEIR DIVIDENDS

IN CASH BUT RATHER TO HAVE THEIR DIVIDENDS HELD PURSUANT TO THE PLAN.

SPECIFICALLY, PARTICIPANTS WILL BE TREATED AS IF THEY RECEIVED THE DISTRIBUTION

FROM THE COMPANY AND THEN APPLIED SUCH DISTRIBUTION TO PURCHASE THE SHARES IN

THE PLAN. A STOCKHOLDER DESIGNATING A DISTRIBUTION FOR REINVESTMENT WILL BE

TAXED ON THE AMOUNT OF SUCH DISTRIBUTION AS ORDINARY INCOME TO THE EXTENT SUCH

DISTRIBUTION IS FROM CURRENT OR ACCUMULATED EARNINGS AND PROFITS, UNLESS THE

COMPANY HAS DESIGNATED ALL OR A PORTION OF THE DISTRIBUTION AS CAPITAL GAIN

DIVIDEND. IN SUCH CASE, SUCH DESIGNATED PORTION OF THE DISTRIBUTION WILL BE

TAXED AS A CAPITAL GAIN. THE AMOUNT TREATED AS A DISTRIBUTION TO YOU WILL

CONSTITUTE A DIVIDEND FOR FEDERAL INCOME TAX PURPOSES TO THE SAME EXTENT AS A

CASH DISTRIBUTION.

RECEIPT OF SHARE CERTIFICATES AND CASH. YOU WILL NOT REALIZE ANY INCOME IF

YOU RECEIVE CERTIFICATES FOR WHOLE SHARES CREDITED TO YOUR ACCOUNT UNDER THE

PLAN. ANY CASH RECEIVED FOR A FRACTIONAL SHARE HELD IN YOUR ACCOUNT WILL BE

TREATED AS AN AMOUNT REALIZED ON THE SALE OF THE FRACTIONAL SHARE. YOU

THEREFORE WILL RECOGNIZE GAIN OR LOSS EQUAL TO ANY DIFFERENCE BETWEEN THE AMOUNT

OF CASH RECEIVED FOR A FRACTIONAL SHARE AND YOUR TAX BASIS IN THE FRACTIONAL

SHARE.

INDEMNIFICATION OF DIRECTORS AND OFFICERS OF THE COMPANY

DIRECTORS AND OFFICERS OF THE COMPANY SHALL BE INDEMNIFIED AGAINST

LIABILITIES, FINES, PENALTIES, AND CLAIMS IMPOSED UPON OR ASSERTED AGAINST THEM

FOR ACTIONS IN THEIR CAPACITIES AS DIRECTORS AND/OR OFFICERS OF THE CORPORATION

TO THE FULLEST EXTENT PERMITTED UNDER THE DELAWARE GENERAL CORPORATION LAW

("DGCL"). THIS INDEMNIFICATION COVERS ALL COSTS AND EXPENSES REASONABLY

INCURRED BY A DIRECTOR OR OFFICER. IN ADDITION, THE DGCL AND THE COMPANY'S

AMENDED AND RESTATED ARTICLES OF INCORPORATION MAY, UNDER CERTAIN CIRCUMSTANCES,

ELIMINATE THE LIABILITY OF DIRECTORS AND OFFICERS IN A SHAREHOLDER OR DERIVATIVE

PROCEEDING.

INSOFAR AS INDEMNIFICATION FOR LIABILITIES ARISING UNDER THE L933 ACT MAY

BE PERMITTED TO DIRECTORS, OFFICERS, OR CONTROLLING PERSONS OF THE COMPANY

PURSUANT TO THE FOREGOING PROVISIONS, THE COMPANY HAS BEEN INFORMED THAT IN THE

OPINION OF THE SECURITIES AND EXCHANGE COMMISSION SUCH INDEMNIFICATION IS

AGAINST PUBLIC POLICY AS EXPRESSED IN THE L933 ACT AND IS THEREFORE

UNENFORCEABLE. IN THE EVENT THAT A CLAIM FOR INDEMNIFICATION AGAINST SUCH

LIABILITIES IS ASSERTED BY SUCH DIRECTOR OR OFFICER, THE COMPANY WILL, UNLESS IN

THE OPINION OF ITS COUNSEL THE MATTER HAS BEEN SETTLED BY CONTROLLING PRECEDENT,

SUBMIT TO A COURT OF APPROPRIATE JURISDICTION THE QUESTION WHETHER SUCH

INDEMNIFICATION BY IT IS AGAINST PUBLIC POLICY AS EXPRESSED IN THE L933 ACT AND

WILL BE GOVERNED BY THE FINAL ADJUDICATION OF SUCH ISSUE.

EXPERTS

THE FINANCIAL STATEMENTS OF THE COMPANY INCORPORATED BY REFERENCE FROM

ITS REGISTRATION STATEMENT ON FORM S-11 HAVE BEEN AUDITED BY ARTHUR ANDERSEN

LLP, INDEPENDENT AUDITORS, AS SET FORTH IN THEIR REPORT THEREON INCLUDED THEREIN

AND INCORPORATED HEREIN BY REFERENCE. SUCH FINANCIAL STATEMENTS ARE

INCORPORATED HEREIN BY REFERENCE IN RELIANCE UPON SUCH REPORT GIVEN UPON THE

AUTHORITY OF SUCH FIRM AS EXPERTS IN ACCOUNTING AND AUDITING.

PLAN ADMINISTRATOR; INQUIRIES REGARDING THE PLAN

CHANGES IN NAME OR ADDRESS, NOTICES OF TERMINATION, REQUESTS TO PARTICIPATE

IN THE PLAN, QUESTIONS ABOUT THE PLAN AND YOUR PARTICIPATION THEREIN, AND ALL

OTHER MATTERS REGARDING THE PLAN SHOULD BE DIRECTED TO:

WELLS REAL ESTATE INVESTMENT TRUST, INC.

DIVIDEND REINVESTMENT PLAN

3885 HOLCOMB BRIDGE RD.

NORCROSS, GA 30092

E N R O L L M E N T F O R M

WELLS REAL ESTATE INVESTMENT TRUST, INC.

DIVIDEND REINVESTMENT PLAN

TO JOIN THE PLAN:

(1) COMPLETE THIS CARD. BE SURE TO INCLUDE YOUR SOCIAL SECURITY OR TAX

IDENTIFICATION NUMBER AND SIGNATURE.

(2) STAPLE OR TAPE THE CARD CLOSED SO THAT YOUR SIGNATURE IS ENCLOSED.

I HEREBY APPOINT WELLS REAL ESTATE INVESTMENT TRUST, INC. (THE "COMPANY")

(OR ANY SUCCESSOR), ACTING AS PLAN ADMINISTRATOR, AS MY AGENT TO RECEIVE CASH

DIVIDENDS THAT MAY HEREAFTER BECOME PAYABLE TO ME ON SHARES OF COMMON STOCK OF

THE COMPANY REGISTERED IN MY NAME AS SET FORTH BELOW, AND AUTHORIZE THE COMPANY

TO APPLY SUCH DIVIDENDS TO THE PURCHASE OF FULL SHARES AND FRACTIONAL INTERESTS

IN SHARES OF THE COMPANY'S COMMON STOCK.

I UNDERSTAND THAT THE PURCHASES WILL BE MADE UNDER THE TERMS AND CONDITIONS

OF THE DIVIDEND REINVESTMENT PLAN AS DESCRIBED IN THE PROSPECTUS AND THAT I MAY

REVOKE THIS AUTHORIZATION AT ANY TIME BY NOTIFYING THE PLAN ADMINISTRATOR, IN

WRITING, OF MY DESIRE TO TERMINATE MY PARTICIPATION.

PLEASE INDICATE YOUR PARTICIPATION BELOW. RETURN THIS CARD ONLY

IF YOU WISH TO PARTICIPATE IN THE PLAN

YES, I WOULD LIKE TO PARTICIPATE IN THE DIVIDEND REINVESTMENT

PLAN FOR ALL MY SHARES OF COMMON STOCK.

PLEASE PRINT FULL LEGAL NAME(S) :

SOCIAL SECURITY OR TAX IDENTIFICATION NUMBER:

DATE: _____

IF YOUR SHARES ARE HELD OF RECORD BY A BROKER OR NOMINEE, YOU MUST MAKE

APPROPRIATE ARRANGEMENTS WITH THE BROKER OR NOMINEE TO PARTICIPATE IN THE

PLAN.

NO DEALER, SALESPERSON OR OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY

INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS AND,

IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS

HAVING BEEN AUTHORIZED BY THE COMPANY OR THE DEALER MANAGER. THIS PROSPECTUS

DOES NOT CONSTITUTE AN OFFER OF ANY SECURITIES OTHER THAN THOSE TO WHICH IT

RELATES OR AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, TO ANY PERSON

IN ANY JURISDICTION WHERE SUCH AN OFFER OR SOLICITATION WOULD BE UNLAWFUL.

NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER

ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THE INFORMATION CONTAINED HEREIN

IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF. IN THE EVENT OF

MATERIAL CHANGES, THIS PROSPECTUS WILL BE AMENDED TO REFLECT SUCH CHANGES.

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Until _____, 1998 (90 days after the date of this Prospectus), all dealers

effecting transactions in the registered securities, whether or not
participating in this distribution, may be required to deliver a Prospectus.
This is in addition to the obligation of dealers to deliver a prospectus when
acting as Soliciting Sealers.

15,000,000 Shares of Common Stock

WELLS REAL ESTATE
INVESTMENT TRUST, INC.

PROSPECTUS

WELLS INVESTMENT SECURITIES, INC.

, 1998

<*>

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

TABLE VI

Acquisition of Properties by Programs.

The information contained on the following pages relates to acquisition of properties within the past three (3) years by five (5) prior public partnerships with which the General Partners and their Affiliates have been affiliated and which have substantially similar investment objectives to the Partnership. This table provides the potential investor with information regarding the general nature and location of the properties and the manner in which the properties were acquired. None of the information in Table VI has been audited.

II-1

TABLE VI

Wells Real Estate Funds V, VI and VII

Name of property	Stockbridge Village III
Location of property	Georgia State Route 138 and Mt. Zion Road Stockbridge, Clayton County, Georgia
Type of property	Two retail/restaurant buildings
Size of parcel	3.27 acres
Gross leasable space	18,200 square feet
Date of commencement of operations 1	Fund VI - May 17, 1993 Fund VII - April 26, 1994
Date of purchase	April 7, 1994
Mortgage financing at date of purchase	N/A
Cash down payment	\$983,300
Contract purchase price plus Acquisition Fee	1,059,833
Other cash expenditures expensed	N/A
Other cash expenditures capitalized 2	\$1,902,739
Total Acquisition Cost	\$2,962,572

1 The date minimum offering proceeds were obtained and funds became available to be used for partnership purposes.

2 Includes improvements made after acquisitions through August 31, 1997.

II-2

TABLE VI

Wells Real Estate Funds VI and VII

Name of property	Marathon Building
Location of property	2323 East Capitol Drive Appleton, Outagamie County, Wisconsin
Type of property	Three-story office building
Size of parcel	6.2 acres
Gross leasable space	74,860 sq. feet
Date of commencement of operations 1	Fund V - April 27, 1992 Fund VI - May 17, 1993 Fund VII - April 26, 1994
Date of purchase	September 16, 1994
Mortgage financing at date of purchase	N/A
Cash down payment	\$100,000
Contract purchase price plus Acquisition Fee	\$8,280,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized 2	\$403,074
Total Acquisition Cost	\$8,683,074

1 The date minimum offering proceeds were obtained and funds became available to be used for partnership purposes.

2 Includes improvements made after acquisitions through August 31, 1997.

II-3

TABLE VI

Wells Real Estate Funds VII and VIII

Name of property	Hannover Retail
Location of property	7355 Hannover Parkway, North Stockbridge, Clayton County, Georgia

Type of property	Retail center
Size of parcel	1.01 acres
Gross leasable space	12,000 sq. feet
Date of commencement of operations 1	Fund VII - April 26, 1994 Fund VIII - February 24, 1995
Date of purchase	November 30, 1994
Mortgage financing at date of purchase	N/A
Cash down payment	\$500,000
Contract purchase price plus Acquisition Fee	\$512,000
Other cash expenditures expensed	N/A
Other cash expenditures capitalized 2	\$1,003,500
Total Acquisition Cost	\$1,515,500

1 The date minimum offering proceeds were obtained and funds became available to be used for partnership purposes.

2 Includes improvements made after acquisitions through August 31, 1997.

II-4

TABLE VI (CONTINUED)

Wells Real Estate Funds VII and VIII

Name of property	CH2M Hill Building
Location of property	3011 S.W. Wiliston Road Gainesville, Alachua County, Florida
Type of property	Two-story office building
Size of parcel	5 acres
Gross leasable space	62,000 sq. feet
Date of commencement of operations 1	Fund VII - April 26, 1994 Fund VIII - February 24, 1995
Date of purchase	January 20, 1995
Mortgage financing at date of purchase	N/A
Cash down payment	\$222,627

Contract purchase price plus Acquisition Fee	\$4,668,308
Other cash expenditures expensed	N/A
Other cash expenditures capitalized 2	\$196,657
Total Acquisition Cost	\$5,087,592

1 The date minimum offering proceeds were obtained and funds became available to be used for partnership purposes.

2 Includes improvements made after acquisitions through August 31, 1997.

II-5

TABLE VI

Wells Real Estate Funds VI, VII and VIII

Name of property	BellSouth Building
Location of property	10375 Centurion Pkwy North Jacksonville, Duval County, Florida
Type of property	Four-story office building
Size of parcel	5.55 acres
Gross leasable space	92,964 square feet
Date of commencement of operations 1	Fund VI - May 17, 1993 Fund VII - April 26, 1994 Fund VIII - February 24, 1995
Date of purchase	April 25, 1995
Mortgage financing at date of purchase	N/A
Cash down payment	\$15,000
Contract purchase price plus Acquisition Fee	\$1,245,049
Other cash expenditures expensed	N/A
Other cash expenditures capitalized 2	\$7,352,234
Total Acquisition Cost	\$8,597,283

1 The date minimum offering proceeds were obtained and funds became available to be used for partnership purposes.

2 Includes improvements made after acquisitions through August 31, 1997.

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TABLE VI

Wells Real Estate Funds VI, VII and VIII

Name of property	Tanglewood Commons
Location of property	Harper Road & Highway 158 Clemmons, Forsyth County, North Carolina
Type of property	Retail shopping center
Size of parcel	14.68 acres
Gross leasable space	67,320 square feet
Date of commencement of operations 1	Fund VI - May 17, 1993 Fund VII - April 26, 1994 Fund VIII - February 24, 1995
Date of purchase	May 31, 1995
Mortgage financing at date of purchase	N/A
Cash down payment	\$50,000
Contract purchase price plus Acquisition Fee	\$3,020,041
Other cash expenditures expensed	N/A
Other cash expenditures capitalized 2	\$3,072,244
Total Acquisition Cost	\$6,092,285

1 The date minimum offering proceeds were obtained and funds became available to be used for partnership purposes.

2 Includes improvements made after acquisitions through August 31, 1997.

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TABLE VI

Wells Real Estate Funds VI and VII

Name of property	Stockbridge Village I Expansion
------------------	---------------------------------

Location of property	3576 Highway 138 Stockbridge, Clayton County, Georgia
Type of property	Multi-tenant shopping center
Size of parcel	3.38 acres
Gross leasable space	29,200 square feet
Date of commencement of operations 1	Fund VI - May 17, 1993 Fund VII - April 26, 1994
Date of purchase	June 7, 1995
Mortgage financing at date of purchase	N/A
Cash down payment	\$ 675,200
Contract purchase price plus Acquisition Fee	\$ 718,489
Other cash expenditures expensed	N/A
Other cash expenditures capitalized 2	\$2,238,650
Total Acquisition Cost	\$2,957,139

- 1 The date minimum offering proceeds were obtained and funds became available to be used for partnership purposes.
- 2 Includes improvements made after acquisitions through August 31, 1997.

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TABLE VI

Wells Real Estate Funds VIII and IX

Name of property	Cellular One Building
Location of property	5117 West Terrace Drive Madison, Dade County, Wisconsin
Type of property	Four-story office building
Size of parcel	7.09 acres
Gross leasable space	101727 square feet
Date of commencement of operations 1	Fund VIII - February 24, 1995 Fund IX - February 12, 1996
Date of purchase	June 19, 1996

Mortgage financing at date of purchase	N/A
Cash down payment	\$25,000
Contract purchase price plus Acquisition Fee	\$859,255
Other cash expenditures expensed	N/A
Other cash expenditures capitalized 2	\$9,159,736
Total Acquisition Cost	\$10,018,991

- 1 The date minimum offering proceeds were obtained and funds became available to be used for partnership purposes.
- 2 Includes improvements made after acquisitions through August 31, 1997.

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TABLE VI

Wells Real Estate Funds VIII and XI

Name of property	TCI Building
Location of property	1565 Chenault Street Farmer's Branch, Dallas County, Texas
Type of property	One-story office building
Size of parcel	4.864 acres
Gross leasable space	40,000 square feet
Date of commencement of operations 1	Fund VIII - February 24, 1995 Fund IX - February 12, 1996
Date of purchase	October 10, 1996
Mortgage financing at date of purchase	N/A
Cash down payment	\$4,473,060
Contract purchase price plus Acquisition Fee	\$4,473,060
Other cash expenditures expensed	N/A
Other cash expenditures capitalized 2	\$193,806
Total Acquisition Cost	\$4,666,866

- 1 The date minimum offering proceeds were obtained and funds became available to be used for partnership purposes.
- 2 Includes improvements made after acquisitions through August 31, 1997.

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TABLE VI

Wells Real Estate Funds VIII and IX

Name of property	Matsushita Building
Location of property	15233 Bake Parkway Irvine, Orange County, California
Type of property	Two-story office building
Size of parcel	4.4 acres
Gross leasable space	65,006
Date of commencement of operations 1	Fund VIII - February 24, 1995 Fund IX - February 12, 1996
Date of purchase	January 10, 1997
Mortgage financing at date of purchase	N/A
Cash down payment	\$100,000
Contract purchase price plus Acquisition Fee	\$7,211,145
Other cash expenditures expensed	N/A
Other cash expenditures capitalized 2	\$401,588
Total Acquisition Cost	\$7,612,733

- 1 The date minimum offering proceeds were obtained and funds became available to be used for partnership purposes.
- 2 Includes improvements made after acquisitions through August 31, 1997.

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TABLE VI

Wells Real Estate Funds VIII and IX

Name of property	Cirrus Logic Building
Location of property	305 Interlochen Parkway Broomfield, Boulder County, Colorado
Type of property	Two-story office building
Size of parcel	4.26 acres
Gross leasable space	49,460 square feet
Date of commencement of operations 1	Fund VIII - February 24, 1995 Fund IX - February 12, 1996
Date of purchase	February 20, 1997
Mortgage financing at date of purchase	N/A
Cash down payment	\$50,000
Contract purchase price plus Acquisition Fee	\$7,064,550
Other cash expenditures expensed	N/A
Other cash expenditures capitalized 2	\$402,096
Total Acquisition Cost	\$7,466,646

1 The date minimum offering proceeds were obtained and funds became available to be used for partnership purposes.

2 Includes improvements made after acquisitions through August 31, 1997.

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ITEM 31. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

Set forth below is an estimate of the approximate amount of the fees and expenses (other than underwriting commissions and discounts) payable by the Registrant in connection with the issuance and distribution of the Shares.

Securities and Exchange Commission, registration fee.....	\$	50,000
NASD filing fee.....		17,000
Printing and mailing.....		150,000
Accountant's fees and expenses.....		30,000
Blue Sky fees and expenses.....		100,000
Counsel fees and expenses.....		160,000
Miscellaneous.....		4,440,000
Total.....		4,947,000

ITEM 32. SALES TO SPECIAL PARTIES

See Item 32.

ITEM 33. RECENT SALES OF UNREGISTERED SECURITIES

Wells Capital, Inc. has agreed to purchase 20,000 units of limited partnership interest ("Units") in Wells Operating Partnership, L.P. for a purchase price of \$10 per Unit for an aggregate purchase price of \$200,000. The Units will be purchased for investment and for the purpose of organizing the Company. The Company is issuing these Units in reliance on an exemption from registration under Section 4(2) of the Securities Act.

ITEM 34. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The MGCL permits a Maryland corporation to include in its Articles of Incorporation a provision limiting the liability of its directors and officers to the CORPORATION and its STOCKHOLDERS for money damages except for

liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action.

SUBJECT TO THE CONDITIONS SET FORTH BELOW, THE Articles of Incorporation

PROVIDES THAT THE COMPANY SHALL INDEMNIFY AND HOLD HARMLESS A DIRECTOR,

ADVISOR OR AFFILIATE AGAINST ANY OR ALL LOSSES OR LIABILITIES REASONABLY

INCURRED BY SUCH DIRECTOR, ADVISOR OR AFFILIATE IN CONNECTION WITH OR BY REASON

OF ANY ACT OR OMISSION PERFORMED OR OMITTED TO BE PERFORMED ON BEHALF OF THE

COMPANY IN SUCH CAPACITY.

UNDER THE COMPANY'S Articles of Incorporation, THE COMPANY SHALL NOT

INDEMNIFY ITS DIRECTORS, ADVISOR OR ANY AFFILIATE FOR ANY LIABILITY OR LOSS

SUFFERED BY THE DIRECTORS, ADVISORS OR AFFILIATES, NOR SHALL IT PROVIDE THAT THE

DIRECTORS, ADVISORS OR AFFILIATES BE HELD HARMLESS FOR ANY LOSS OR LIABILITY

SUFFERED BY THE COMPANY, UNLESS ALL OF THE FOLLOWING CONDITIONS ARE MET: (I) THE

DIRECTORS, ADVISOR OR AFFILIATES HAVE DETERMINED, IN GOOD FAITH, THAT THE COURSE

OF CONDUCT WHICH CAUSED THE LOSS OR LIABILITY WAS IN THE BEST INTERESTS OF THE

COMPANY; (II) THE DIRECTORS, ADVISOR OR AFFILIATES WERE ACTING ON BEHALF OF OR

PERFORMING SERVICES OF THE COMPANY; (III) SUCH LIABILITY OR LOSS WAS NOT THE

RESULT OF (A) NEGLIGENCE OR MISCONDUCT BY THE DIRECTORS, EXCLUDING THE

INDEPENDENT DIRECTORS, ADVISORS OR AFFILIATES; OR (B) GROSS NEGLIGENCE OR

WILLFUL MISCONDUCT BY THE INDEPENDENT DIRECTORS; (IV) SUCH INDEMNIFICATION OR

AGREEMENT TO HOLD HARMLESS IS RECOVERABLE ONLY OUT OF THE COMPANY'S NET ASSETS

AND NOT FROM SHAREHOLDERS. NOTWITHSTANDING THE FOREGOING, THE DIRECTORS,

ADVISORS OR AFFILIATES AND ANY PERSONS ACTING AS A BROKER-DEALER SHALL NOT BE

INDEMNIFIED BY THE COMPANY FOR ANY LOSSES, LIABILITY OR EXPENSES ARISING FROM OR

OUT OF AN ALLEGED VIOLATION OF FEDERAL OR STATE SECURITIES LAWS BY SUCH PARTY

UNLESS ONE OR MORE OF THE FOLLOWING CONDITIONS ARE MET: (I) THERE HAS BEEN A

SUCCESSFUL ADJUDICATION ON THE MERITS OF EACH COUNT INVOLVING ALLEGED SECURITIES

LAW VIOLATIONS AS TO THE PARTICULAR INDEMNITEE; (II) SUCH CLAIMS HAVE BEEN

DISMISSED WITH PREJUDICE ON THE MERITS BY A COURT OF COMPETENT JURISDICTION AS

TO THE PARTICULAR INDEMNITEE; (III) A COURT OF COMPETENT JURISDICTION APPROVES A

SETTLEMENT OF THE CLAIMS AGAINST A PARTICULAR INDEMNITEE AND FINDS THAT

INDEMNIFICATION OF THE SETTLEMENT AND THE RELATED COSTS SHOULD BE MADE, AND THE

COURT CONSIDERING THE REQUEST FOR INDEMNIFICATION HAS BEEN ADVISED OF THE

POSITION OF THE SEC AND OF THE PUBLISHED POSITION OF ANY STATE

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SECURITIES REGULATORY AUTHORITY IN WHICH SECURITIES OF THE COMPANY WERE OFFERED

OR SOLD AS TO INDEMNIFICATION FOR VIOLATIONS OF SECURITIES LAWS.

The Articles of Incorporation PROVIDES THAT THE ADVANCEMENT OF COMPANY

FUNDS TO THE DIRECTORS, ADVISORS OR AFFILIATES FOR LEGAL EXPENSES AND OTHER

COSTS INCURRED AS A RESULT OF ANY LEGAL ACTION FOR WHICH INDEMNIFICATION IS

BEING SOUGHT IS PERMISSIBLE ONLY IF ALL OF THE FOLLOWING CONDITIONS ARE

SATISFIED: (I) THE LEGAL ACTION RELATES TO ACTS OR OMISSIONS WITH RESPECT TO THE

PERFORMANCE OF DUTIES OR SERVICES ON BEHALF OF THE COMPANY; (II) THE LEGAL

ACTION IS INITIATED BY A THIRD PARTY WHO IS NOT A SHAREHOLDER OR THE LEGAL

ACTION IS INITIATED BY A SHAREHOLDER ACTING IN HIS OR HER CAPACITY AS SUCH AND A

COURT OF COMPETENT JURISDICTION SPECIFICALLY APPROVES SUCH ADVANCEMENT; (III)

THE DIRECTORS, ADVISOR OR AFFILIATES UNDERTAKE TO REPAY THE ADVANCED FUNDS TO

THE COMPANY TOGETHER WITH THE APPLICABLE LEGAL RATE OF INTEREST THEREON, IN

CASES IN WHICH SUCH DIRECTORS, ADVISOR OR AFFILIATES ARE FOUND NOT TO BE

ENTITLED TO INDEMNIFICATION.

THE MGCL REQUIRES A MARYLAND CORPORATION (UNLESS ITS ARTICLES OF

INCORPORATION PROVIDE OTHERWISE, WHICH THE COMPANY'S ARTICLES OF INCORPORATION

DO NOT) TO INDEMNIFY A DIRECTOR or officer who has been successful, on the

merits or otherwise, in the defense of any proceeding to which he is made a party by reason of his service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, UNDER THE MGCL a Maryland corporation may not indemnify for

an adverse judgment in a suit by or in the right of the corporation OR FOR A

JUDGMENT OF LIABILITY ON THE BASIS THAT PERSONAL BENEFIT WAS IMPROPERLY

RECEIVED, UNLESS IN EITHER CASE A COURT ORDERS INDEMNIFICATION AND THEN ONLY FOR

EXPENSES. IN ADDITION, THE MGCL PERMITS A CORPORATION TO ADVANCE REASONABLE

EXPENSES TO A DIRECTOR OR OFFICER UPON THE CORPORATION'S RECEIPT OF (a) a

written affirmation by the DIRECTOR or officer of his good faith belief that

he has met the standard of conduct necessary for indemnification by the Company as authorized by the Bylaws and (b) a written UNDERTAKING by or on his behalf

to repay the amount paid or reimbursed by the Company if it shall ultimately be determined that the standard of conduct was not met. INDEMNIFICATION UNDER THE

PROVISIONS OF THE MGCL IS NOT DEEMED EXCLUSIVE OF ANY OTHER RIGHTS, BY

INDEMNIFICATION OR OTHERWISE, TO WHICH AN OFFICER OR DIRECTOR MAY BE ENTITLED

UNDER THE COMPANY'S ARTICLES OF INCORPORATION OR BYLAWS, OR UNDER RESOLUTIONS OF

STOCKHOLDERS OR DIRECTORS, CONTRACT OR OTHERWISE. IT IS THE POSITION OF THE

COMMISSION THAT INDEMNIFICATION OF DIRECTORS AN OFFICERS FOR LIABILITIES ARISING

UNDER THE SECURITIES ACT IS AGAINST PUBLIC POLICY AND IS UNENFORCEABLE PURSUANT

TO SECTION 14 OF THE SECURITIES ACT.

THE COMPANY ALSO HAS PURCHASED AND MAINTAINS INSURANCE ON BEHALF OF ALL OF

ITS DIRECTORS AND EXECUTIVE OFFICERS AGAINST LIABILITY ASSERTED AGAINST OR

INCURRED BY THEM IN THEIR OFFICIAL CAPACITIES WITH THE COMPANY, WHETHER OR NOT

THE COMPANY IS REQUIRED OR HAS THE POWER TO INDEMNIFY THEM AGAINST THE SAME

LIABILITY.

ITEM 35. TREATMENT OF PROCEEDS FROM SHARES BEING REGISTERED

None.

ITEM 36. FINANCIAL STATEMENTS AND EXHIBITS

Balance Sheet as of DECEMBER 31, 1997 (audited).

ITEM 37. UNDERTAKINGS

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to trustees, officers and controlling persons of the Registrant pursuant to the provisions referred to in Item 33 of this Registration Statement, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a trustee, officer, or controlling person of the Registrant in the successful defense of any action, suit, or proceeding) is asserted by such trustee, officer, or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by

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controlling precedent, submit to a court of appropriate jurisdiction the question as to whether such indemnification by it is against public policy as expressed in the Act, and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes to provide to the Dealer Manager at the closing specified in the Dealer Manager Agreement certificates in such denominations and registered in such names as required by the Dealer Manager to permit prompt delivery to each purchaser.

The undersigned Registrant hereby undertakes that:

(1) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of Prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(2) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933:

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(3) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof

(4) To remove from registration by means of a post-effective amendment any

of the securities being registered which remain unsold at the termination of the offering.

(5) The undersigned registrant hereby undertakes to provide to the Dealer Manager at the closing specified in the Dealer Manager Agreement, certificates in such denominations and registered in such names as required by the Dealer Manager to permit prompt delivery to each purchaser.

(6) All post-effective amendments will comply with the applicable forms, rules and regulations of the Commission in effect at the time such post-effective amendments are filed.

(7) The registrant will send to each STOCKHOLDER at least on an annual

basis a detailed statement of any transactions with the Advisor or its Affiliates, and of fees, commissions, compensation and other benefits paid, or accrued to the Advisor or its Affiliates for the fiscal year completed, showing the amount paid or accrued to each recipient and the services performed.

(8) The registrant will provide to the STOCKHOLDERS the financial

statements required by Form 10-K for the first full fiscal year of operations of the Company.

(9) The registrant will file a sticker supplement pursuant to Rule 424(c) under the Act during the distribution period describing each property not identified in the prospectus at such time as there arises a reasonable probability that such property will be acquired and to consolidate all such stickers into a post-effective amendment filed at least once every three months, with the information contained in such amendment provided simultaneously to the existing STOCKHOLDERS. Each sticker supplement should disclose all

compensation and fees received by the Advisor and its Affiliates in connection with any such acquisition. The post-

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effective amendment shall include audited financial statements meeting the requirements of Rule 3-14 of Regulation S-X only for properties acquired during the distribution period.

(10) The registrant will file, after the end of the distribution period, a current report on Form 8-K containing the financial statements and any additional information required by Rule 3-14 of Regulation S-X, to reflect each commitment (i.e., the signing of a binding purchase agreement) made after the end of the distribution period involving the use of 10 percent or more (on a cumulative basis) of the net proceeds of the Offering, and to provide the information contained in such report to the STOCKHOLDERS at least once each

quarter after the distribution period of the Offering has ended.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this Amendment No. 4

-
to the Registration Statement to be signed on its behalf by the undersigned thereunto duly authorized, in the City of Norcross, State of Georgia, on JANUARY 23, 1998.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

a Maryland corporation
(Registrant)

By: /s/ Leo F. Wells, III

President

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Leo F. Wells, III and Brian M. Conlon, or either of them, his true and lawful attorney-in-fact, for him and in his name, place and stead, to sign any and all amendments (including post-effective amendments) to this Registration Statement or any additional Registration Statement filed pursuant to Rule 462 and to cause the same to be filed with the Securities and Exchange Commission, hereby granting to said attorneys-in-fact full power and authority to do and perform all and every act and thing whatsoever requisite or desirable to be done in and about the premises as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact may do or cause to be done by virtue of these presents.

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 4 to the Registration Statement has been signed below on JANUARY 23, -----
1998 by the following persons in the capacities indicated.

SIGNATURE

TITLE

/s/ Leo F. Wells

Leo F. Wells, III

President and Director
(Principal Executive Officer)

/s/ Brian M. Conlon

Brian M. Conlon

Executive Vice President and Director
(Principal Financial and Accounting
Officer)

/s/ WALTER W. SESSOMS DIRECTOR

WALTER W. SESSOMS

/S/ JOHN L. BELL DIRECTOR

JOHN L. BELL

/S/ RICHARD W. CARPENTER DIRECTOR

RICHARD W. CARPENTER

EXHIBIT INDEX

Exhibits

- **1.1 Form of Dealer Manager Agreement
 -
 - *3.1-- Form of Amended and Restated Articles of Incorporation of the

Registrant
 - *3.2-- Bylaws of the Registrant
 -
 - **4.2-- Form of Dividend Reinvestment Plan
 - *5.1-- Opinion of Hunton & Williams
 -
 - ** 8.1-- Form of Opinion of Hunton & Williams as to Tax Matters
 - * 10.1-- Form of Agreement of Limited Partnership of Wells Operating Partnership, L.P.
 -
 - **10.2 Form of Escrow Agreement
 -
 - **10.3 Form of Advisory Agreement
 - *10.4 Form of Management Agreement
 - *10.5 Form of Leasing and Tenant Coordinating Agreement
 - * 23.1-- Consent of Hunton & Williams (included in Exhibits
5.1 and 8.1)
 - * 23.2 Consent of Arthur Andersen LLP
 -
 - **24.1-- Powers of Attorney (included on signature page)
 - **27.1 Financial Data Schedule
-

* -- Filed herewith

** -- Previously filed

***-- Included in the Prospectus as Exhibit C and incorporated herein by
reference.

ARTICLES OF AMENDMENT AND RESTATEMENT
OF
WELLS REAL ESTATE INVESTMENT TRUST, INC.

Wells Real Estate Investment Trust, Inc., a Maryland corporation having its principal office at 3885 Holcomb Bridge Road, Norcross, Georgia 30092 (hereinafter, the "Company"), hereby certifies to the Department of Assessments and Taxation of the State of Maryland, that:

FIRST: The Company desires to amend and restate its articles of incorporation as currently in effect.

SECOND: The provisions of the articles of incorporation which are now in effect and as amended hereby, dated _____ in accordance with the Maryland General Corporation Law (the "MGCL"), are as follows:

AMENDED AND RESTATED

ARTICLES OF INCORPORATION

OF

WELLS REAL ESTATE INVESTMENT TRUST, INC.

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(i)

ARTICLE I

THE COMPANY; DEFINITIONS

SECTION 1.1 NAME. The name of the corporation (the "Company") is:

Wells Real Estate Investment Trust, Inc.

So far as may be practicable, the business of the Company shall be conducted and transacted under that name, which name (and the word "Company" wherever used in these Articles of Amendment and Restatement of Wells Real Estate Investment Trust, Inc. (these "Articles of Incorporation"), except where the context otherwise requires) shall refer to the Directors collectively but not individually or personally and shall not refer to the Stockholders or to any officers, employees or agents of the Company or of such Directors.

Under circumstances in which the Directors determine that the use of the name "Wells Real Estate Investment Trust, Inc." is not practicable, they may use any other designation or name for the Company.

SECTION 1.2 RESIDENT AGENT. The name and address of the resident agent for service of process of the Company in the State of Maryland is The Corporation Trust Incorporated, 32 South Street, Baltimore, Maryland 21202. The Company may have such principal office within the State of Maryland as the Directors may from time to time determine. The Company may also have such other offices or places of business within or without the State of Maryland as the Directors may from time to time determine.

SECTION 1.3 NATURE OF COMPANY. The Company is a Maryland corporation within the meaning of the MGCL.

SECTION 1.4 PURPOSE. The purposes for which the Company is formed are to conduct any business for which corporations may be organized under the laws of the State of Maryland including, but not limited to: (i) acquiring and operating commercial properties, including without limitation, office buildings, shopping centers, business and industrial parks and other commercial and industrial properties, including properties which are under construction or development, are newly constructed, or have been constructed and have operating histories; and (ii) entering into any partnership, joint venture or other similar arrangement to engage in any of the foregoing.

SECTION 1.5 DEFINITIONS. As used in these Articles of Incorporation, the following terms shall have the following meanings unless the context otherwise requires (certain other terms used in Article VII hereof are defined in Sections

7.2, 7.3, 7.6, and 7.7 hereof):

"ACQUISITION EXPENSES" means any and all expenses incurred by the Company, the Advisor, or any Affiliate of either in connection with the selection or acquisition of any Property, whether or not acquired, including, without limitation, legal fees and expenses, travel and communications expenses, costs of appraisals, nonrefundable option payments on property not acquired, accounting fees and expenses, and title insurance.

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"ACQUISITION FEE" means any and all fees and commissions, exclusive of Acquisition Expenses, paid by any Person or entity to any other Person or entity (including any fees or commissions paid by or to any Affiliate of the Company or the Advisor) in connection with the purchase, development or construction of a Property, including, without limitation, real estate commissions, acquisition fees, finder's fees, selection fees, development fees, construction fees, nonrecurring management fees, consulting fees, loan fees, points, or any other fees or commissions of a similar nature. Excluded shall be development fees and construction fees paid to any Person or entity not affiliated with the Advisor in connection with the actual development and construction of any Property.

"ADVISOR" or "ADVISORS" means the Person or Persons, if any, appointed, employed or contracted with by the Company pursuant to Section 4.1 hereof and responsible for directing or performing the day-to-day business affairs of the Company, including any Person to whom the Advisor subcontracts substantially all of such functions.

"ADVISORY AGREEMENT" means the agreement between the Company and the Advisor pursuant to which the Advisor will direct or perform the day-to-day business affairs of the Company.

"AFFILIATE" or "AFFILIATED" means, as to any individual, corporation, partnership, trust, limited liability company or other legal entity (other than the Trust), (i) any Person or entity directly or indirectly through one or more intermediaries controlling, controlled by, or under common control with another Person or entity; (ii) any Person or entity, directly or indirectly owning, controlling, or holding with power to vote ten percent (10%) or more of the outstanding voting securities of another Person or entity; (iii) any officer, director, general partner or trustee of such Person or entity; (iv) any Person ten percent (10%) or more of whose outstanding voting securities are directly or indirectly owned, controlled or held, with power to vote, by such other Person; and (v) if such other Person or entity is an officer, director, general partner, or trustee of a Person or entity, the Person or entity for which such Person or entity acts in any such capacity.

"ASSETS" means Properties.

"AVERAGE INVESTED ASSETS" means, for a specified period, the average of the aggregate book value of the assets of the Company invested, directly or indirectly, in equity interests in and loans secured by real estate before reserves for depreciation or bad debts or other similar non-cash reserves, computed by taking the average of such values at the end of each month during such period.

"BYLAWS" means the bylaws of the Company, as the same are in effect from time to time.

"CODE" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor provision thereto, as interpreted by any applicable regulations as in effect from time to time.

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"COMPANY PROPERTY" means any and all property, real, personal or otherwise, tangible or intangible, which is transferred or conveyed to the Company (including all rents, income, profits and gains therefrom), which is owned or held by, or for the account of, the Company.

"COMPETITIVE REAL ESTATE COMMISSION" means a real estate or brokerage commission for the purchase or sale of property which is reasonable, customary, and competitive in light of the size, type, and location of the property.

"CONSTRUCTION FEE" means a fee or other remuneration for acting as general contractor and/or construction manager to construct improvements, supervise and coordinate projects or to provide major repairs or rehabilitations on a Company Property.

"CONTRACT PRICE FOR THE PROPERTY" means the amount actually paid or allocated to the purchase, development, construction or improvement of a property exclusive of Acquisition Fees and Acquisition Expenses.

"DEALER MANAGER" means Wells Investment Securities, Inc., an Affiliate of the Advisor, or such other Person or entity selected by the Board of Directors to act as the dealer manager for the offering. Wells Investment Securities, Inc. is a member of the National Association of Securities Dealers, Inc.

"DEVELOPMENT FEE" means a fee for the packaging of a Property; including negotiating and approving plans, and undertaking to assist in obtaining zoning and necessary variances and financing for the specific Property, either initially or at a later date.

"DIRECTORS," "BOARD OF DIRECTORS" or "BOARD" means, collectively, the individuals named in Section 2.4 of these Amended and Restated Articles of Incorporation so long as they continue in office and all other individuals who have been duly elected and qualify as Directors of the Company hereunder.

"DISTRIBUTIONS" means any distributions of money or other property, pursuant to Section 7.2(iv) hereof, by the Company to owners of Shares, including distributions that may constitute a return of capital for federal income tax purposes. The Company will make no distributions other than distributions of money or readily marketable securities unless the requirements of Section 7.2(iv) hereof are satisfied.

"EQUITY SHARES" means transferable shares of beneficial interest of the Company of any class or series, including Common Shares or Preferred Shares.

"GROSS PROCEEDS" means the aggregate purchase price of all Shares sold for the account of the Company, without deduction for Selling Commissions, volume discounts, the marketing support and due diligence expense reimbursement fee or Organizational and Offering Expenses. For the purpose of computing Gross Proceeds, the purchase price of any Share for which reduced Selling Commissions are paid to the Dealer Manager or a Soliciting Dealer (where net proceeds to the Company are not reduced) shall be deemed to be \$10.00.

"INDEPENDENT DIRECTOR" means a Director who is not, and within the last two (2) years has not been, directly or indirectly associated with the Advisor by virtue of (i) ownership of an interest in the Advisor or its Affiliates, (ii) employment by the Advisor or its Affiliates, (iii) service as an officer or director of the Advisor or its Affiliates, (iv) performance of services, other than as a Director, for the Company, (v) service as a director or trustee of more than three (3) real estate investment trusts advised by the Advisor, or (vi) maintenance of a material business or professional relationship with the Advisor or any of its Affiliates. An indirect relationship shall include circumstances in which a Director's spouse, parents, children, siblings, mothers- or fathers-in-law, sons- or daughters-in-law or brothers- or sisters-in-law is or has been associated with the Advisor, any of its Affiliates or the Company. A business or professional relationship is considered material if the gross revenue derived by the Director from the Advisor and Affiliates exceeds

five percent (5%) of either the Director's annual gross revenue during either of the last two (2) years or the Director's net worth on a fair market value basis.

"INDEPENDENT EXPERT" means a Person or entity with no material current or prior business or personal relationship with the Advisor or the Directors and who is engaged to a substantial extent in the business of rendering opinions regarding the value of assets of the type held by the Company.

"INITIAL INVESTMENT" means that portion of the initial capitalization of the Company contributed by the Sponsor or its Affiliates pursuant to Section II.A. of the NASAA REIT Guidelines.

"INITIAL PUBLIC OFFERING" means the offering and sale of Equity Shares of the Company pursuant to the Company's first effective registration statement covering such Common Shares filed under the Securities Act of 1933, as amended.

"INVESTED CAPITAL" means the amount calculated by multiplying the total number of Shares purchased by Stockholders by the issue price, reduced by the portion of any Distribution that is attributable to Net Sales Proceeds and by any amounts paid by the Company to repurchase Shares pursuant to the Company's plan for repurchase of Shares.

"JOINT VENTURES" means those joint venture or general partnership arrangements in which the Company is a co-venturer or general partner which are established to acquire Properties.

"LEVERAGE" means the aggregate amount of indebtedness of the Company for money borrowed (including purchase money mortgage loans) outstanding at any time, both secured and unsecured.

"LISTING" means the listing of the Shares of the Company on a national securities exchange or over-the-counter market.

"MGCL" means the Maryland General Corporation Law.

"MORTGAGE" means mortgages, deeds of trust or other security interests on or applicable to Real Property.

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"NASAA REIT GUIDELINES" means the Statement of Policy Regarding Real Estate Investment Trusts published by the North American Securities Administrators Association.

"NET ASSETS" means the total assets of the Company (other than intangibles), at cost, before deducting depreciation or other non-cash reserves, less total liabilities, calculated quarterly by the Company on a basis consistently applied.

"NET INCOME" means for any period, the total revenues applicable to such period, less the total expenses applicable to such period excluding additions to reserves for depreciation, bad debts or other similar non-cash reserves; provided, however, Net Income for purposes of calculating total allowable Operating Expenses shall exclude the gain from the sale of the Company's assets.

"NET SALES PROCEEDS" means in the case of a transaction described in clause (i)(A) of the definition of Sale, the proceeds of any such transaction less the amount of all real estate commissions and closing costs paid by the Company. In the case of a transaction described in clause (i)(B) of such definition, Net Sales Proceeds means the proceeds of any such transaction less the amount of any legal and other selling expenses incurred in connection with such transaction. In the case of a transaction described in clause (i)(C) of such definition, Net Sales Proceeds means the proceeds of any such transaction actually distributed to the Company from the Joint Venture. In the case of a transaction or series of transactions described in clause (i)(D) of the definition of Sale, Net Sales Proceeds means the proceeds of any such transaction less the amount of all commissions and closing costs paid by the Company. In the case of a transaction

described in clause (ii) of the definition of Sale, Net Sales Proceeds means the proceeds of such transaction or series of transactions less all amounts generated thereby and reinvested in one or more Properties within one hundred eighty (180) days thereafter and less the amount of any real estate commissions, closing costs, and legal and other selling expenses incurred by or allocated to the Company in connection with such transaction or series of transactions. Net Sales Proceeds shall also include, in the case of any lease of a Property consisting of a building only, any amounts from tenants, borrowers or lessees that the Company determines, in its discretion, to be economically equivalent to the proceeds of a Sale. Net Sales Proceeds shall not include, as determined by the Company in its sole discretion, any amounts reinvested in one or more Properties, or other assets, to repay outstanding indebtedness, or to establish reserves.

"OPERATING EXPENSES" means all costs and expenses incurred by the Company, as determined under generally accepted accounting principles, which in any way are related to the operation of the Company or to Company business, including advisory fees, the Subordinated Incentive Fee and the Advisor's subordinated ten percent (10%) share of Net Sales Proceeds, but excluding (i) the expenses of raising capital such as Organizational and Offering Expenses, legal, audit, accounting, underwriting, brokerage, listing, registration, and other fees, printing and other such expenses and tax incurred in connection with the issuance, distribution, transfer, registration and Listing of the Shares, (ii) interest payments, (iii) taxes, (iv) non-cash expenditures such as depreciation, amortization and bad debt reserves, (v) Acquisition Fees and Acquisition Expenses, and (vi) real estate commissions on the Sale of property, and other expenses connected with the acquisition and ownership of real estate interests, mortgage loans, or other property (such as the

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costs of foreclosure, insurance premiums, legal services, maintenance, repair, and improvement of property).

"OPERATING PARTNERSHIP" means the partnership through which the Company will own the Properties.

"OP UNITS" means a unit of limited partnership interest in the Operating Partnership.

"ORGANIZATIONAL and OFFERING EXPENSES" means any and all costs and expenses, other than Selling Commissions and marketing support and due diligence expenses, incurred by the Company, the Advisor or any Affiliate of either in connection with the formation, qualification and registration of the Company, and the marketing and distribution of Shares, including, without limitation, the following: total underwriting and brokerage discounts and commissions (including fees of the underwriters' attorneys), expenses for printing, engraving, amending, supplementing, mailing and distributing costs, salaries of employees while engaged in sales activity, telegraph and telephone costs, all advertising and marketing expenses (including the costs related to investor and broker-dealer sales meetings), charges of transfer agents, registrars, trustees, escrow holders, depositories, experts, and fees, expenses and taxes related to the filing, registration and qualification of the sale of the securities under Federal and State laws, including accountants' and attorneys' fees.

"PERSON" means an individual, corporation, partnership, estate, trust (including a trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, or any government or any agency or political subdivision thereof, and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

"PROPERTY" or "PROPERTIES" means (i) the real properties, including the buildings located thereon, (ii) the real properties only, or (iii) the buildings only, which are acquired by the Company, either directly or through joint

venture arrangements or other partnerships.

"PROSPECTUS" means the same as that term is defined in Section 2(10) of the Securities Act of 1933, including a preliminary prospectus, an offering circular as described in Rule 256 of the General Rules and Regulations under the Securities Act of 1933 or, in the case of an intrastate offering, any document by whatever name known, utilized for the purpose of offering and selling securities to the public.

"REAL PROPERTY" or "REAL ESTATE" means land, rights in land (including leasehold interests), and any buildings, structures, improvements, furnishings, fixtures and equipment located on or used in connection with land and rights or interests in land.

"REIT" means a corporation, trust, association or other legal entity (other than a real estate syndication) which is engaged primarily in investing in equity interests in real estate (including fee ownership and leasehold interests) or in loans secured by real estate or both.

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"REIT PROVISIONS OF THE CODE" means Sections 856 through 860 of the Code and any successor or other provisions of the Code relating to real estate investment trusts (including provisions as to the attribution of ownership of beneficial interests therein) and the regulations promulgated thereunder.

"ROLL-UP ENTITY" means a partnership, real estate investment trust, corporation, trust or similar entity that would be created or would survive after the successful completion of a proposed Roll-Up Transaction.

"ROLL-UP TRANSACTION" means a transaction involving the acquisition, merger, conversion, or consolidation, directly or indirectly, of the Company and the issuance of securities of a Roll-Up Entity. Such term does not include: (i) a transaction involving securities of the Company that have been listed on a national securities exchange or included for quotation on the National Market System of the National Association of Securities Dealers Automated Quotation System for at least 12 months; or (ii) a transaction involving the conversion to corporate, trust, or association form of only the Company if, as a consequence of the transaction, there will be no significant adverse change in Stockholder voting rights, the term of existence of the Company, compensation to the Advisor or the investment objectives of the Company.

"SALE" or "SALES" (i) means any transaction or series of transactions whereby: (A) the Company sells, grants, transfers, conveys or relinquishes its ownership of any Property or portion thereof, including the lease of any Property consisting of the building only, and including any event with respect to any Property which gives rise to a significant amount of insurance proceeds or condemnation awards; (B) the Company sells, grants, transfers, conveys or relinquishes its ownership of all or substantially all of the interest of the Company in any Joint Venture in which it is a co-venturer or partner; (C) any Joint Venture in which the Company as a co-venturer or partner sells, grants, transfers, conveys or relinquishes its ownership of any Property or portion thereof, including any event with respect to any Property which gives rise to insurance claims or condemnation awards; or (D) the Company sells, grants, conveys, or relinquishes its interest in any asset, or portion thereof, including and event with respect to any asset which gives rise to a significant amount of insurance proceeds or similar awards, but (ii) shall not include any transaction or series of transactions specified in clause (i)(A), (i)(B), or (i)(C) above in which the proceeds of such transaction or series of transactions are reinvested in one or more Properties within one hundred eighty (180) days thereafter.

"SECURITIES" means Equity Shares, Shares-in-Trust, any other stock, shares or other evidences of equity or beneficial or other interests, voting trust certificates, bonds, debentures, notes or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest,

shares or participations in, temporary or interim certificates for, receipts for, guarantees of, or warrants, options or rights to subscribe to, purchase or acquire, any of the foregoing.

"SELLING COMMISSIONS" means any and all commissions payable to underwriters, dealer managers, or other broker-dealers in connection with the sale of Shares, including, without limitation, commissions payable to Wells Investment Securities, Inc.

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"SHARES" means the up to 16,500,000 Shares of common stock of the Company to be sold in the Initial Public Offering.

"SOLICITING DEALERS" means those broker-dealers that are members of the National Association of Securities Dealers, Inc., or that are exempt from broker-dealer registration, and that, in either case, enter into participating broker or other agreements with the Dealer Manager to sell Shares.

"SPONSOR" means any Person directly or indirectly instrumental in organizing, wholly or in part, the Company or any Person who will control, manage or participate in the management of the Company, and any Affiliate of such Person. Not included is any Person whose only relationship with the Company is that of an independent property manager of Company assets, and whose only compensation is as such. Sponsor does not include wholly independent third parties such as attorneys, accountants, and underwriters whose only compensation is for professional services. A Person may also be deemed a Sponsor of the Company by:

- a. taking the initiative, directly or indirectly, in founding or organizing the business or enterprise of the Company, either alone or in conjunction with one or more other Persons;
- b. receiving a material participation in the Company in connection with the founding or organizing of the business of the Company, in consideration of services or property, or both services and property;
- c. having a substantial number of relationships and contacts with the Company;
- d. possessing significant rights to control Company properties;
- e. receiving fees for providing services to the Company which are paid on a basis that is not customary in the industry; or
- f. providing goods or services to the Company on a basis which was not negotiated at arms length with the Company.

"STOCKHOLDERS" means the registered holders of the Company's Equity Shares.

"STOCKHOLDERS 8% RETURN" means an 8% per annum cumulative, noncompounding return on Invested Capital.

"SUBORDINATED INCENTIVE FEE" means the fee payable to the Advisor under certain circumstances if the Shares are listed on a national securities exchange or over-the-counter market.

"SUCCESSOR" means any successor in interest of the Company.

"TERMINATION DATE" means the date of termination of the Advisory Agreement.

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"TOTAL PROCEEDS" means Gross Proceeds from the Initial Public Offering.

"UNIMPROVED REAL PROPERTY" means Property in which the Company has an equity interest that is not acquired for the purpose of producing rental or other operating income, that has no development or construction in process and for which no development or construction is planned, in good faith, to commence within one year.

ARTICLE II

BOARD OF DIRECTORS

SECTION 2.1 NUMBER. The number of Directors initially shall be five (5), which number may be increased or decreased from time to time by resolution of the Directors then in office or by a majority vote of the Stockholders entitled to vote: provided, however, that the total number of Directors shall be not fewer than three (3) and not more than fifteen (15), subject to increase or decrease by the affirmative vote of 80% of the members of the entire Board of Directors. A majority of the Board of Directors will be Independent Directors except for a period of 60 days after the death, removal or resignation of an Independent Director. Any vacancies will be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum. Independent Directors shall nominate replacements for vacancies in the Independent Director positions. No reduction in the number of Directors shall cause the removal of any Director from office prior to the expiration of his term. For the purposes of voting for Directors, each Share of stock may be voted for as many individuals as there are directors to be elected and for whose election the Share is entitled to be voted, or as may otherwise be required by the MGCL or other applicable law as in effect from time to time. A director may be removed with or without cause by the vote of the holders of a majority of the outstanding shares of capital stock entitled to vote for the election of directors at a special meeting of the shareholders called for the purpose of removing such director.

SECTION 2.2 EXPERIENCE. A Director shall have had at least three (3) years of relevant experience demonstrating the knowledge and experience required to successfully acquire and manage the type of assets being acquired by the Company. At least one of the Independent Directors shall have three (3) years of relevant real estate experience.

SECTION 2.3 COMMITTEES. Subject to the MGCL, the Directors may establish such committees as they deem appropriate, in their discretion, provided that the majority of the members of each committee are Independent Directors.

SECTION 2.4 INITIAL BOARD; TERM. The initial Directors are Leo F. Wells, III, Brian M. Conlon, John L. Bell, Richard W. Carpenter and _____ . Each Director shall hold office for one (1) year, until the next annual meeting of Stockholders and until his successor shall have been duly elected and shall have qualified. Directors may be elected to an unlimited number of successive terms.

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SECTION 2.5 FIDUCIARY OBLIGATIONS. The Directors serve in a fiduciary capacity to the Company and have a fiduciary duty to the Stockholders of the Company, including a specific fiduciary duty to supervise the relationship of the Company with the Advisor.

SECTION 2.6 APPROVAL BY INDEPENDENT DIRECTORS. A majority of Independent Directors must approve all matters to which 2.1, 4.1, 4.2, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.12, 4.13, 4.14, 5.2, 5.4(xii), 5.4(xiv), 7.13, 8.1 and 9.2 herein apply.

SECTION 2.7 RESIGNATION, REMOVAL OR DEATH. Any Director may resign by written notice to the Board of Directors, effective upon execution and delivery to the Company of such written notice or upon any future date specified in the notice. A Director may be removed from office with or without cause only at a meeting of the Stockholders called for that purpose, by the affirmative vote of the holders of not less than a majority of the Equity Shares then outstanding

and entitled to vote, subject to the rights of any Preferred Shares to vote for such Directors. The notice of such meeting shall indicate that the purpose, or one of the purposes, of such meeting is to determine if a Director should be removed.

SECTION 2.8 BUSINESS COMBINATION STATUTE. Notwithstanding any other provision of these Articles of Incorporation or any contrary provision of law, the Maryland Business Combination Statute, found in Title 3, subtitle 6 of the MGCL, as amended from time to time, or any successor statute thereto, shall not apply to any "business combination" (as defined in Section 3-601(e) of the MGCL, as amended from time to time, or any successor statute thereto) of the Company and any Person.

SECTION 2.9 CONTROL SHARE ACQUISITION STATUTE. Notwithstanding any other provision of these Articles of Incorporation or any contrary provision of law, the Maryland Control Share Acquisition Statute, found in Title 3, subtitle 7 of the MGCL, as amended from time to time, or any successor statute thereto shall not apply to any acquisition of Securities of the Company by any Person.

ARTICLE III

POWERS OF DIRECTORS

SECTION 3.1 GENERAL. Subject to the express limitations herein or in the Bylaws and to the general standard of care required of directors under the MGCL and other applicable law, (i) the business and affairs of the Company shall be managed under the direction of the Board of Directors and (ii) the Directors shall have full, exclusive and absolute power, control and authority over the Company Property and over the business of the Company as if they, in their own right, were the sole owners thereof, except as otherwise limited by these Articles of Incorporation. The Directors have established the written policies on investments and borrowing set forth in this Article III and Article V hereof and shall monitor the administrative procedures, investment operations and performance of the Company and the Advisor to assure that such policies are carried out. The Directors may take any actions that, in their sole judgment and discretion, are necessary or desirable to conduct the business of the Company. A majority of the

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Board of Directors, including a majority of Independent Directors, hereby ratify these Articles of Incorporation, which shall be construed with a presumption in favor of the grant of power and authority to the Directors. Any construction of these Articles of Incorporation or determination made in good faith by the Directors concerning their powers and authority hereunder shall be conclusive. The enumeration and definition of particular powers of the Directors included in this Article III shall in no way be limited or restricted by reference to or inference from the terms of this or any other provision of these Articles of Incorporation or construed or deemed by inference or otherwise in any manner to exclude or limit the powers conferred upon the Directors under the general laws of the State of Maryland as now or hereafter in force.

SECTION 3.2 SPECIFIC POWERS AND AUTHORITY. Subject only to the express limitations herein, and in addition to all other powers and authority conferred by these Articles of Incorporation or by law, the Directors, without any vote, action or consent by the Stockholders, shall have and may exercise, at any time or times, in the name of the Company or on its behalf the following powers and authorities:

(i) INVESTMENTS. Subject to Article V and Section 9.5 hereof, to invest in, purchase or otherwise acquire and to hold real, personal or mixed, tangible or intangible, property of any kind wherever located, or rights or interests therein or in connection therewith, all without regard to whether such property, interests or rights are authorized by law for the investment of funds held by trustees or other fiduciaries, or whether obligations the Company acquires have a term greater or lesser than the term of office of the Directors

or the possible termination of the Company, for such consideration as the Directors may deem proper (including cash, property of any kind or Securities of the Company); provided, however, that the Directors shall take such actions as they deem necessary and desirable to comply with any requirements of the MGCL relating to the types of assets held by the Company.

(ii) REIT QUALIFICATION. The Board of Directors shall use its best efforts to cause the Company and its Stockholders to qualify for U.S. federal income tax treatment in accordance with the provisions of the Code applicable to REITs (as those terms are defined in Section 1.5 hereof). In furtherance of the foregoing, the Board of Directors shall use its best efforts to take such actions as are necessary, and may take such actions as it deems desirable (in its sole discretion) to preserve the status of the Company as a REIT; provided, however, that in the event that the Board of Directors determines, by vote of at least two-thirds (2/3) of the Directors, that it no longer is in the best interests of the Company to qualify as a REIT, the Board of Directors shall take such actions as are required by the Code, the MGCL and other applicable law, to cause the matter of termination of qualification as a REIT to be submitted to a vote of the Stockholders of the Company pursuant to Section 8.2.

(iii) SALE, DISPOSITION AND USE OF COMPANY PROPERTY. Subject to Article V and Sections 9.5 and 10.3 hereof, the Board of Directors shall have the authority to sell, rent, lease, hire, exchange, release, partition, assign, mortgage, grant security interests in, encumber, negotiate, dedicate, grant easements in and options with respect to, convey, transfer (including transfers to entities wholly or partially owned by the Company or the Directors) or otherwise dispose of any or all of the Company Property by deeds (including deeds in lieu of foreclosure with or without consideration), trust deeds, assignments, bills of sale, transfers, leases,

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mortgages, financing statements, security agreements and other instruments for any of such purposes executed and delivered for and on behalf of the Company or the Directors by one or more of the Directors or by a duly authorized officer, employee, agent or nominee of the Company, on such terms as they deem appropriate; to give consents and make contracts relating to the Company Property and its use or other property or matters; to develop, improve, manage, use, alter or otherwise deal with the Company Property; and to rent, lease or hire from others property of any kind; provided, however, that the Company may not use or apply land for any purposes not permitted by applicable law.

(iv) FINANCINGS. To borrow or, in any other manner, raise money for the purposes and on the terms they determine, which terms may (i) include evidencing the same by issuance of Securities of the Company and (ii) may have such provisions as the Directors determine; to reacquire such Securities of the Trust; to enter into other contracts or obligations on behalf of the Trust; to guarantee, indemnify or act as surety with respect to payment or performance of obligations of any Person; to mortgage, pledge, assign, grant security interests in or otherwise encumber the Company Property to secure any such Securities of the Company, contracts or obligations (including guarantees, indemnifications and suretyships); and to renew, modify, release, compromise, extend, consolidate or cancel, in whole or in part, any obligation to or of the Company or participate in any reorganization of obligors to the Company; provided, however, that the Company's Leverage on an aggregate basis may not exceed 50% of the Company's Properties' aggregate value; provided, that Leverage on individual Properties may exceed such limit.

(v) LENDING. Subject to all applicable limitations in these Articles of Incorporation, to lend money or other Company Property on such terms, for such purposes and to such Persons as they may determine.

(vi) ISSUANCE OF SECURITIES. Subject to the provisions of Article VII hereof, to create and authorize and direct the issuance (on either a pro rata or a non-pro rata basis) by the Company, in shares, units or amounts of one or more types, series or classes, of Securities of the Company, which may have such voting rights, dividend or interest rates, preferences, subordinations,

conversion or redemption prices or rights; maturity dates, distribution, exchange, or liquidation rights or other rights as the Directors may determine, without vote of or other action by the Stockholders, to such Persons for such consideration, at such time or times and in such manner and on such terms as the Directors determine, to list any of the Securities of the Company on any securities exchange; and to purchase or otherwise acquire, hold, cancel, reissue, sell and transfer any Securities of the Company.

(vii) EXPENSES AND TAXES. To pay any charges, expenses or liabilities necessary or desirable, in the sole discretion of the Directors, for carrying out the purposes of these Articles of Incorporation and conducting the business of the Company, including compensation or fees to Directors, officers, employees and agents of the Company, and to Persons contracting with the Company, and any taxes, levies, charges and assessments of any kind imposed upon or chargeable against the Company, the Company Property or the Directors in connection therewith; and to prepare and file any tax returns, reports or other documents and take any other appropriate action relating to the payment of any such charges, expenses or liabilities.

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(viii) COLLECTION AND ENFORCEMENT. To collect, sue for and receive money or other property due to the Company; to consent to extensions of the time for payment, or to the renewal, of any Securities or obligations; to engage or to intervene in, prosecute, defend, compound, enforce, compromise, release, abandon or adjust any actions, suits, proceedings, disputes, claims, demands, security interests or things relating to the Company, the Company Property or the Company's affairs; to exercise any rights and enter into any agreements and take any other action necessary or desirable in connection with the foregoing.

(ix) DEPOSITS. To deposit funds or Securities constituting part of the Company Property in banks, trust companies, savings and loan associations, financial institutions and other depositories, whether or not such deposits will draw interest, subject to withdrawal on such terms and in such manner as the Directors determine.

(x) ALLOCATION; ACCOUNTS. To determine whether moneys, profits or other assets of the Company shall be charged or credited to, or allocated between, income and capital, including whether or not to amortize any premium or discount and to determine in what manner any expenses or disbursements are to be borne as between income and capital (regardless of how such items would normally or otherwise be charged to or allocated between income and capital without such determination); to treat any dividend or other distribution on any investment as, or apportion it between, income and capital; in their discretion to provide reserves for depreciation, amortization, obsolescence or other purposes in respect of any Company Property in such amounts and by such methods as they determine what constitutes net earnings, profits or surplus; to determine the method or form in which the accounts and records of the Company shall be maintained; and to allocate to the Stockholders' equity account less than all of the consideration paid for Securities and to allocate the balance to paid-in capital or capital surplus.

(xi) VALUATION OF PROPERTY. To determine the value of all or any part of the Company Property and of any services, Securities, property or other consideration to be furnished to or acquired by the Company, and to revalue all or any part of the Company Property, all in accordance with such appraisals or other information as are reasonable, in their sole judgment.

(xii) OWNERSHIP AND VOTING POWERS. To exercise all of the rights, powers, options and privileges pertaining to the ownership of any Mortgages, Securities, Real Estate and other Company Property to the same extent that an individual owner might, including without limitation to vote or give any consent, request or notice or waive any notice, either in person or by proxy or power of attorney, which proxies and powers of attorney may be for any general or special meetings or action, and may include the exercise of discretionary powers.

(xiii) OFFICERS, ETC.; DELEGATION OF POWERS. To elect, appoint or employ such officers for the Company and such committees of the Board of Directors with such powers and duties as the Directors may determine, the Company's Bylaws provide or the MGCL requires; to engage, employ or contract with and pay compensation to any Person (including subject to Section 9.5 hereof, any Director and any Person who is an Affiliate of any Director) as agent, representative, Advisor, member of an advisory board, employee or independent contractor (including advisors, consultants, transfer agents, registrars, underwriters, accountants, attorneys-

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at-law, real estate agents, property and other managers, appraisers, brokers, architects, engineers, construction managers, general contractors or otherwise) in one or more capacities, to perform such services on such terms as the Directors may determine; to delegate to one or more Directors, officers or other Persons engaged or employed as aforesaid or to committees of Directors or to the Advisor, the performance of acts or other things (including granting of consents), the making of decisions and the execution of such deeds, contracts, leases or other instruments, either in the names of the Company, the Directors or as their attorneys or otherwise, as the Directors may determine; and to establish such committees as they deem appropriate.

(xiv) ASSOCIATIONS. Subject to Section 9.5 hereof, to cause the Company to enter into joint ventures, general or limited partnerships, participation or agency arrangements or any other lawful combinations, relationships or associations of any kind.

(xv) REORGANIZATIONS, ETC. Subject to Sections 10.2 and 10.3 hereof, to cause to be organized or assist in organizing any Person under the laws of any jurisdiction to acquire all or any part of the Company Property, carry on any business in which the Company shall have an interest or otherwise exercise the powers the Directors deem necessary, useful or desirable to carry on the business of the Company or to carry out the provisions of these Articles of Incorporation, to merge or consolidate the Company with any Person; to sell, rent, lease, hire, convey, negotiate, assign, exchange or transfer all or any part of the Company Property to or with any Person in exchange for Securities of such Person or otherwise; and to lend money to, subscribe for and purchase the Securities of, and enter into any contracts with, any Person in which the Company holds, or is about to acquire, Securities or any other interests.

(xvi) INSURANCE. To purchase and pay for out of Company Property insurance policies insuring the Stockholders, Company and the Company Property against any and all risks, and insuring the Directors, Advisors and Affiliates of the Company individually (each an "Insured") against all claims and liabilities of every nature arising by reason of holding or having held any such status, office or position or by reason of any action alleged to have been taken or omitted by the Insured in such capacity, whether or not the Company would have the power to indemnify against such claim or liability, provided that such insurance be limited to the indemnification permitted by Section 9.2 hereof in regard to any liability or loss resulting from negligence, gross negligence, misconduct, willful misconduct or an alleged violation of federal or state securities laws. Nothing contained herein shall preclude the Company from purchasing and paying for such types of insurance, including extended coverage liability and casualty and workers' compensation, as would be customary for any Person owning comparable assets and engaged in a similar business, or from naming the Insured as an additional insured party thereunder, provided that such addition does not add to the premiums payable by the Company. The Board of Directors' power to purchase and pay for such insurance policies shall be limited to policies that comply with all applicable state laws and the NASAA REIT Guidelines.

(xvii) DISTRIBUTIONS. To declare and pay dividends or other Distributions to Stockholders, subject to the provisions of Section 7.2 hereof.

(xviii) DISCONTINUE OPERATIONS; BANKRUPTCY. To discontinue the operations of the Company (subject to Section 10.2 hereof); to petition or apply

for relief under

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any provision of federal or state bankruptcy, insolvency or reorganization laws or similar laws for the relief of debtors; to permit any Company Property to be foreclosed upon without raising any legal or equitable defenses that may be available to the Company or the Directors or otherwise defending or responding to such foreclosure; to confess judgment against the Trust (as hereinafter defined); or to take such other action with respect to indebtedness or other obligations of the Directors, the Company Property or the Company as the Directors, in such capacity, and in their discretion may determine.

(xix) TERMINATION of STATUS. To terminate the status of the Company as a real estate investment trust under the REIT Provisions of the Code; provided, however, that the Board of Directors shall take no action to terminate the Company's status as a real estate investment trust under the REIT Provisions of the Code until such time as (i) the Board of Directors adopts a resolution recommending that the Company terminate its status as a real estate investment trust under the REIT Provisions of the Code, (ii) the Board of Directors presents the resolution at an annual or special meeting of the Stockholders and (iii) such resolution is approved by the holders of a majority of the issued and outstanding Common Shares (as defined in Section 7.2(ii) hereof).

(xx) FISCAL YEAR. Subject to the Code, to adopt, and from time to time change, a fiscal year for the Company.

(xxi) SEAL. To adopt and use a seal, but the use of a seal shall not be required for the execution of instruments or obligations of the Company.

(xxii) BYLAWS. To adopt, implement and from time to time alter, amend or repeal the Bylaws of the Company relating to the business and organization of the Company, provided that such amendments are not inconsistent with the provisions of these Articles of Incorporation, and further provided that the Directors may not amend the Bylaws, without the affirmative vote of a majority of the Equity Shares, to the extent that such amendments adversely affect the rights, preferences and privileges of Stockholders.

(xxiii) LISTING SHARES. To cause the Listing of the Shares at any time after completion of the Initial Public Offering but in no event shall such Listing occur more than ten (10) years after completion of the offering.

(xxiv) FURTHER POWERS. To do all other acts and things and execute and deliver all instruments incident to the foregoing powers, and to exercise all powers which they deem necessary, useful or desirable to carry on the business of the Company or to carry out the provisions of these Articles of Incorporation, even if such powers are not specifically provided hereby.

SECTION 3.3 DETERMINATION OF BEST INTEREST OF COMPANY. In determining what is in the best interest of the Company, a Director shall consider the interests of the Stockholders of the Company and, in his or her sole and absolute discretion, may consider (i) the interests of the Company's employees, suppliers, creditors and customers, (ii) the economy of the nation, (iii) community and societal interests, and (iv) the long-term as well as short-term

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interests of the Company and its Stockholders, including the possibility that these interests may be best served by the continued independence of the Company.

ARTICLE IV

ADVISOR

SECTION 4.1 APPOINTMENT AND INITIAL INVESTMENT OF ADVISOR. The Directors are responsible for setting the general policies of the Company and for the

general supervision of its business conducted by officers, agents, employees, advisors or independent contractors of the Company. However, the Directors are not required personally to conduct the business of the Company, and they may (but need not) appoint, employ or contract with any Person (including a Person Affiliated with any Director) as an Advisor and may grant or delegate such authority to the Advisor as the Directors may, in their sole discretion, deem necessary or desirable. The term of retention of any Advisor shall not exceed one (1) year, although there is no limit to the number of times that a particular Advisor may be retained. The Advisor shall make an initial investment of \$200,000 in the Operating Partnership. The Advisor or any Affiliate may not sell this initial investment while the Advisor remains a Sponsor but may transfer the initial investment to other Affiliates.

SECTION 4.2 SUPERVISION OF ADVISOR. The Directors shall evaluate the performance of the Advisor before entering into or renewing an advisory contract and the criteria used in such evaluation shall be reflected in the minutes of meetings of the Board. The Directors may exercise broad discretion in allowing the Advisor to administer and regulate the operations of the Company, to act as agent for the Company, to execute documents on behalf of the Company and to make executive decisions which conform to general policies and principles established by the Directors. The Directors shall monitor the Advisor to assure that the administrative procedures, operations and programs of the Company are in the best interests of the Stockholders and are fulfilled. The Independent Directors are responsible for reviewing the fees and expenses of the Company at least annually or with sufficient frequency to determine that the expenses incurred are reasonable in light of the investment performance of the Company, its Net Assets, its Net Income and the fees and expenses of other comparable unaffiliated REITs. Each such determination shall be reflected in the minutes of the meetings of the Board of Directors. In addition, from time to time, but at least annually, a majority of the Independent Directors and a majority of Directors not otherwise interested in the transaction must approve each transaction with the Advisor or its Affiliates. The Independent Directors also will be responsible for reviewing the performance of the Advisor and determining that compensation to be paid to the Advisor is reasonable in relation to the nature and quality of services performed and the investment performance of the Company and that the provisions of the Advisory Agreement are being carried out. Specifically, the Independent Directors will consider factors such as the Net Assets and Net Income of the Company, the amount of the fee paid to the Advisor in relation to the size, composition and performance of the Company's portfolio, the success of the Advisor in generating opportunities that meet the investment objectives of the Company, rates charged to other REITs and to investors other than REITs by advisors performing the same or similar services, additional revenues realized by the Advisor and its Affiliates through their relationship

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with the Company, whether paid by the Company or by others with whom the Company does business, the quality and extent of service and advice furnished by the Advisor, the performance of the investment portfolio of the Company, including income, conservation or appreciation of capital, frequency of problem investments and competence in dealing with distress situations, and the quality of the portfolio of the Company relative to the investments generated by the Advisor for its own account. The Independent Directors may also consider all other factors which they deem relevant and the findings of the Independent Directors on each of the factors considered shall be recorded in the minutes of the Board of Directors. The Board of Directors shall determine whether any successor Advisor possesses sufficient qualifications to perform the advisory function for the Company and whether the compensation provided for in its contract with the Company is justified.

SECTION 4.3 FIDUCIARY OBLIGATIONS. The Advisor has a fiduciary responsibility to the Company and to the Stockholders.

SECTION 4.4 AFFILIATION AND FUNCTIONS. The Directors, by resolution or in the Bylaws, may provide guidelines, provisions, or requirements concerning the affiliation and functions of the Advisor.

SECTION 4.5 TERMINATION. Either a majority of the Independent Directors or the Advisor may terminate the advisory contract on sixty (60) days' written notice without cause or penalty, and, in such event, the Advisor will cooperate with the Company and the Directors in making an orderly transition of the advisory function.

SECTION 4.6 REAL ESTATE COMMISSION ON SALE OF PROPERTY. The Company shall pay the Advisor a deferred, subordinated real estate disposition fee upon Sale of one or more Properties, in an amount equal to the lesser of (i) one-half (1/2) of a Competitive Real Estate Commission, or (ii) three percent (3%) of the sales price of such Property or Properties. In addition, the amount paid when added to the sums paid to unaffiliated parties in such a capacity shall not exceed the lesser of the Competitive Real Estate Commission or an amount equal to 6% of the sales price of such Property or Properties. Payment of such fee shall be made only if the Advisor provides a substantial amount of services in connection with the Sale of a Property or Properties and shall be subordinated to receipt by the Stockholders of Distributions equal to the sum of (i) their aggregate Stockholders' 8% Return and (ii) their aggregate Invested Capital. If, at the time of a Sale, payment of such disposition fee is deferred because the subordination conditions have not been satisfied, then the disposition fee shall be paid at such later time as the subordination conditions are satisfied. Upon Listing, if the Advisor has accrued but not been paid such real estate disposition fee, then for purposes of determining whether the subordination conditions have been satisfied, Stockholders will be deemed to have received a Distribution in the amount equal to the product of the total number of Shares outstanding and the average closing price of the Shares over a period, beginning 180 days after Listing, of 30 days during which the Shares are traded.

SECTION 4.7 SUBORDINATED SHARE OF NET SALES PROCEEDS. The Company shall pay the Advisor a deferred, subordinated share from Sales of assets of the Company, whether or not in liquidation of the Company, equal to 10% of Net Sales Proceeds

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remaining after receipt by the Stockholders of Distributions equal to the sum of (i) the Stockholders' 8% Return and (ii) 100% of Invested Capital. Upon liquidation, the Advisor shall also receive an amount equal to the Advisor's initial investment in the Operating Partnership after receipt by the Stockholders of the distributions described in (i) and (ii) above. In the event the share of Net Sales Proceeds set forth in this Section 4.7 is paid to the Advisor, no other Net Sales Proceeds will be paid to the Advisor. In the case of multiple Advisors, Advisors and any Affiliate shall be allowed such fees provided such fees are distributed by a proportional method reasonably designed to reflect the value added to the Company assets by each respective Advisor or any Affiliate.

SECTION 4.8 SUBORDINATED INCENTIVE FEE UPON LISTING. At such time, if any, as Listing occurs, the Advisor shall be paid the Subordinated Incentive Fee in an amount equal to ten percent (10%) of the amount by which (i) the market value of the Company (as defined below) plus the total Distributions paid to Stockholders from the Company's inception until the date of Listing exceeds (ii) the sum of (A) one hundred percent (100%) of Invested Capital and (B) the total Distributions required to be paid to the Stockholders in order to pay the Stockholders' 8% Return from inception through the date the market value is determined. For purposes of calculating the Subordinated Incentive Fee, the market value of the Company shall be the average closing price or average of bid and asked price, as the case may be, over a period of thirty (30) days during which the Shares are traded with such period beginning one hundred eighty (180) days after Listing. In the event the Subordinated Incentive Fee is paid to the Advisor following Listing, no other performance fee will be paid to the Advisor. In the case of multiple Advisors, Advisors and any Affiliate shall be allowed incentive fees provided such fees are distributed by a proportional method reasonably designed to reflect the value added to the Company assets by each respective Advisor or any Affiliate.

SECTION 4.9 NEW ADVISOR FEE STRUCTURES. In the event that the Company

becomes a perpetual life entity, which will occur if the Shares become listed on a national securities exchange or over-the-counter market, the Company and the Advisor will negotiate in good faith a fee structure appropriate for an entity with a perpetual life, subject to approval by a majority of the Independent Directors. In negotiating a new fee structure, the Independent Directors shall consider all of the factors they deem relevant. These are expected to include, but will not necessarily be limited to: (i) the amount of the advisory fee in relation to the asset value, composition, and profitability of the Company's portfolio; (ii) the success of the Advisor in generating opportunities that meet the investment objectives of the Company; (iii) the rates charged to other REITs and to investors other than REITs by Advisors that perform the same or similar services; (iv) additional revenues realized by the Advisor and its Affiliates through their relationship with the Company, including loan administration, underwriting or broker commissions, servicing, engineering, inspection and other fees, whether paid by the Company or by others with whom the Company does business; (v) the quality and extent of service and advice furnished by the Advisor; (vi) the performance of the investment portfolio of the Company, including income, conservation or appreciation of capital, and number and frequency of problem investments; and (vii) the quality of the Property portfolio of the Company in relation to the investments generated by the Advisor for its own account. The Board of Directors, including a majority of the Independent Directors, may not approve a new fee structure that, in its judgment, is more favorable to the Advisor than the current fee structure.

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SECTION 4.10 REIMBURSEMENT FOR ORGANIZATIONAL AND OFFERING EXPENSES. The Company shall reimburse the Advisor and its Affiliates an amount of up to 3% of the Gross Proceeds for Organizational and Offering Expenses incurred by the Advisor or its Affiliates.

SECTION 4.11 REIMBURSEMENT FOR MARKETING SUPPORT AND DUE DILIGENCE EXPENSES. The Company shall reimburse the Advisor and its Affiliates an amount of up to .5% of the Gross Proceeds for bona fide due diligence expenses and an amount of up to 2.0% of the Gross Proceeds for bona fide marketing support expenses incurred by the Advisor or its Affiliates.

SECTION 4.12 ACQUISITION FEES. The Company shall pay the Advisor and its Affiliates and amount of up to 3% of the Gross Proceeds for the review and evaluation of potential Real Property acquisitions.

SECTION 4.13 REIMBURSEMENT FOR ACQUISITION EXPENSES. The Company shall reimburse the Advisor and its Affiliates an amount of up to .5% of the Gross Proceeds for Acquisition Expenses incurred by the Advisor or its Affiliates.

SECTION 4.14 REIMBURSEMENT FOR OPERATING EXPENSES. The Company shall reimburse the Advisor, at the end of each fiscal quarter, for Operating Expenses incurred by the Advisor; provided, however that the Company shall not reimburse the Advisor at the end of any fiscal quarter for Operating Expenses that, in the four consecutive fiscal quarters then ended (the "Expense Year") exceed (the "Excess Amount") the greater of 2% of Average Invested Assets or 25% of Net Income (the "2%/25% Guidelines") for such year.

SECTION 4.15 REIMBURSEMENT LIMITATION. The Company shall not reimburse the Advisor or its Affiliates for services for which the Advisor or its Affiliates are entitled to compensation in the form of a separate fee.

ARTICLE V

INVESTMENT OBJECTIVES AND LIMITATIONS

SECTION 5.1 INVESTMENT OBJECTIVES. The Company's primary investment objectives are: (viii) to preserve, protect and return the Invested Capital of the Stockholders; (ix) to maximize cash available for Distribution; (x) to realize capital appreciation upon the ultimate sale of the Company's Properties; and (xi) to provide Stockholders with liquidity of their investment within ten (10) years after the commencement of the Initial Public Offering through either

(a) the Listing of the Shares, or (b) if Listing does not occur within ten years following the commencement of the Initial Public Offering, the dissolution of the Company and orderly liquidation of its assets. The sheltering from tax of income from other sources is not an objective of the Company. Subject to the restrictions set forth herein, the Directors will use their best efforts to conduct the affairs of the Company in such a manner as to continue to qualify the Company for the tax treatment provided in the REIT Provisions of the Code; provided, however,

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no Director, officer, employee or agent of the Company shall be liable for any act or omission resulting in the loss of tax benefits under the Code, except to the extent provided in Section 9.2 hereof.

SECTION 5.2 REVIEW OF OBJECTIVES. The Independent Directors shall review the investment policies of the Company with sufficient frequency and at least annually to determine that the policies being followed by the Company at any time are in the best interests of its Stockholders. Each such determination and the basis therefor shall be set forth in the minutes of the meetings of the Board of Directors.

SECTION 5.3 CERTAIN PERMITTED INVESTMENTS.

(i) The Company may invest in Properties, as defined in Section 1.5 hereto.

(ii) The Company may invest in Joint Ventures with the Sponsor, Advisor, one or more Directors or any Affiliate, if a majority of Directors (including a majority of Independent Directors) not otherwise interested in the transaction, approve such investment as being fair and reasonable to the Company and on substantially the same terms and conditions as those received by the other joint venturers.

(iii) Subject to any limitations in Section 5.4(ix), the Company may invest in equity securities if a majority of Directors (including a majority of Independent Directors) not otherwise interested in the transaction approve such investment as being fair, competitive and commercially reasonable.

(iv) The Company may enter into a partnership, joint venture or co-tenancy with unrelated parties if (a) the management of such partnership, joint venture or co-tenancy is under the control of the Company; (ii) the Company, as a result of such joint ownership of a property, is not charged, directly or indirectly, more than once for the same services; (iii) the joint ownership, partnership or co-tenancy agreement does not authorize or require the Company to do anything as a partner, joint venturer or co-tenant with respect to the property which the Company or Advisor could not do directly because of the Advisory Agreement; and (iv) the Advisor and its Affiliates are prohibited from receiving any compensation, fees or expenses which are not permitted to be paid under the Advisory Agreement.

SECTION 5.4 INVESTMENT LIMITATIONS. In addition to other investment restrictions imposed by the Directors from time to time, consistent with the Company's objective of qualifying as a REIT, the following shall apply to the Company's investments:

(i) Not more than 10% of the Company's total assets shall be invested in Unimproved Real Property or mortgage loans on Unimproved Real Property.

(ii) The Company shall not invest in commodities or commodity future contracts. This limitation is not intended to apply to futures contracts, when used solely for hedging purposes in connection with the Company's ordinary business of investing in real estate assets and mortgages.

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(iii) The Company will not make or invest in mortgage loans (except in connection with the sale or other disposition of a Property).

(iv) The Company shall not invest in or make mortgage loans unless an appraisal is obtained concerning the underlying property except for those loans insured or guaranteed by a government or government agency. Mortgage indebtedness on any property shall not exceed such property's appraised value. In cases in which a majority of Independent Directors so determine, and in all cases in which the transaction is with the Advisor, Directors, or any Affiliates, such appraisal of the underlying property must be obtained from an Independent Expert. Such appraisal shall be maintained in the Company's records for at least five (5) years and shall be available for inspection and duplication by any Stockholder. In addition to the appraisal, a mortgagee's or owner's title insurance policy or commitment as to the priority of the mortgage or condition of the title must be obtained.

(v) The Company shall not make or invest in mortgage loans, including construction loans, on any one (1) Property if the aggregate amount of all mortgage loans outstanding on the Property, including the loans of the Company, would exceed an amount equal to eighty-five percent (85%) of the appraised value of the Property as determined by appraisal unless substantial justification exists because of the presence of other underwriting criteria. For purposes of this subsection, the "aggregate amount of all Mortgage Loans outstanding on the Property, including the loans of the Company" shall include all interest (excluding contingent participation in income and/or appreciation in value of the mortgaged Property), the current payment of which may be deferred pursuant to the terms of such loans, to the extent that deferred interest on each loan exceeds five percent (5%) per annum of the principal balance of the loan.

(vi) The Company shall not invest in indebtedness ("Junior Debt") secured by a mortgage on real property which is subordinate to the lien or other indebtedness ("Senior Debt"), except where such amount of such Junior Debt, plus the outstanding amount of Senior Debt, does not exceed 90% of the appraised value of such property, if after giving effect thereto, the value of all such mortgage loans of the Company (as shown on the books of the Company in accordance with generally accepted accounting principles, after all reasonable reserves but before provision for depreciation) would not then exceed 25% of the Company's Net Assets. The value of all investments in Junior Debt of the Company which does not meet the aforementioned requirements shall be limited to 10% of the Company's tangible assets (which would be included within the 25% limitation).

(vii) The Company shall not engage in any short sale, or borrow, on an unsecured basis, if such borrowing will result in an Asset Coverage of less than 300%, except that such borrowing limitation shall not apply to a first mortgage trust. "Asset Coverage," for the purpose of this Section 5.4(vi) means the ratio which the value of the total assets of an issuer, less all liabilities and indebtedness except indebtedness for unsecured borrowings, bears to the aggregate amount of all unsecured borrowings of such issuer.

(viii) The Company shall not make or invest in any mortgage loans that are subordinate to any mortgage, other indebtedness or equity interest of the Advisor, the Directors, the Sponsor or an Affiliate of the Company. In addition, the Company shall not invest in any

security of any entity holding investments or engaging in activities prohibited by these Articles of Incorporation.

(ix) The Company shall not invest in or underwrite the securities of other issuers, including any publicly offered or traded limited partnership interests, except for investments in joint ventures as described in the Company's Prospectus and except for permitted temporary investments pending utilization of Company funds, provided that following one year after the commencement of operations of the Company no more than 45% of the value of the Company's total assets (exclusive of Government securities and cash items) will

consist of, and no more than 45% of the Company's net income after taxes (for the last four fiscal quarters combined) will be derived from, securities other than (A) Government securities, or (B) securities in a corporation where real estate is the principal asset and the acquisition of such real estate can best be affected by the acquisition of the stock of such corporation, provided that any such corporation is either (x) a corporation which is a majority owned subsidiary of the Company and which is not an investment company as defined by the Investment Company Act of 1940, as amended, or (y) a corporation which is controlled primarily by the Company, through which corporation the Company engages in the business of acquisition and operation of real estate and which is not an investment company; all as approved by a majority of Directors, (including a majority of Independent Directors) not otherwise interested in the transaction as fair, competitive and commercially reasonable.

(x) The Company shall not issue (A) equity securities redeemable solely at the option of the holder (except that Stockholders may offer their Common Shares to the Company pursuant to that certain redemption plan adopted or to be adopted by the Board of Directors on terms outlined in the section relating to Common Shares entitled "Share Repurchase Program" in the Company's Prospectus relating to the Initial Public Offering); (B) debt securities unless the historical debt service coverage (in the most recently completed fiscal year) as adjusted for known changes is sufficient to properly service that higher level of debt; (C) Equity Shares on a deferred payment basis or under similar arrangements; (D) non-voting or non-assessable securities; (E) options, warrants, or similar evidences of a right to buy its securities (collectively, "Options") unless (1) issued to all of its Stockholders ratably, (2) as part of a financing arrangement, or (3) as part of a Stock Option Plan available to Directors, officers or employees of the Company or the Advisor. Options may not be issued to the Advisor, Director, Sponsor or any Affiliate thereof except on the same terms as such Options are sold to the general public. Options may be issued to persons other than the Advisor, Directors, Sponsor or any Affiliate thereof but not at exercise prices less than the fair market value of the underlying securities on the date of grant and not for consideration that in the judgment of the Independent Directors has a market value less than the value of such Option on the date of grant. Options issuable to the Advisor, Directors, Sponsor or any Affiliate thereof shall not exceed 10% of the outstanding Shares on the date of grant. The voting rights per share of Equity Shares of the Company (other than the publicly held Equity Shares of the Company) sold in a private offering shall not exceed the voting rights which bear the same relationship to the voting rights of the publicly held Equity Shares as the consideration paid to the Company for each privately offered Equity Share of the Company bears to the book value of each outstanding publicly held Equity Share.

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(xi) The Company shall not enter into agreements with the Advisor or its Affiliates for the provision of insurance covering the Company or any Property.

(xii) A majority of the Directors shall authorize the consideration to be paid for each Property, based on the fair market value of the Property. If a majority of the Independent Directors determine, or if the Property is acquired from the Advisor, a Director, the Sponsor or their Affiliates, such fair market value shall be determined by a qualified independent real estate appraiser selected by the Independent Directors.

(xiii) The Company shall not issue senior securities except notes to banks and other lenders and Preferred Shares.

(xiv) The aggregate Leverage of the Company shall be reasonable in relation to the Net Assets of the Company and shall be reviewed by the Directors at least quarterly. The maximum amount of such Leverage shall not exceed 50% of the Properties' aggregate value, provided, that Leverage on individual Properties may exceed such limit.

(xv) The Sponsor, Advisor, Directors and any Affiliates thereto shall not make loans to the Company, or to joint ventures in which the Company is a

co-venturer, for the purpose of acquiring Properties. Any loans to the Company by such parties for other purposes must be approved by a majority of Directors (including a majority of Independent Directors) not otherwise interested in the transaction as fair, competitive and commercially reasonable and no less favorable to the Company than comparable loans between unaffiliated parties.

(xvi) The Company shall not make loans to the Sponsor, Advisor, Directors, officers or any principal of the Company or any of its Affiliate.

(xvii) The Company shall not operate so as to be classified as an "investment company" under the Investment Company Act of 1940, as amended.

(xviii) The Company will not make any investment that the Company believes will be inconsistent with its objectives of qualifying and remaining qualified as a REIT.

(xix) The Company shall not invest in real estate contracts of sale unless such contracts of sale are in recordable form and appropriately recorded in the chain of title.

The foregoing investment limitations may not be modified or eliminated without the approval of Stockholders owning a majority of the outstanding Equity Shares and a majority of the Independent Directors not otherwise interested in the transaction.

ARTICLE VI

CONFLICTS OF INTEREST

SECTION 6.1 SALES AND LEASES TO COMPANY. The Company may purchase or lease a Property or Properties from the Sponsor, Advisor, Director, or any Affiliate upon a

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finding by a majority of Directors (including a majority of Independent Directors) not otherwise interested in the transaction that such transaction is competitive and commercially reasonable to the Company and at a price to the Company no greater than the cost of the asset to such Sponsor, Advisor, Director or Affiliate, or, if the price to the Company is in excess of such cost, that substantial justification for such excess exists and such excess is reasonable and only if the possibility of such acquisition(s) is disclosed, and there is appropriate disclosure of the material facts concerning each such investment. In no event shall the cost of such asset to the Company exceed its current appraised value.

SECTION 6.2 SALES AND LEASES TO THE SPONSOR, ADVISOR, DIRECTORS OR AFFILIATES. An Advisor, Director or Affiliate may purchase or lease a Property or Properties from the Company if a majority of Directors (including a majority of Independent Directors) not otherwise interested in the transaction determine that the transaction is fair and reasonable to the Company.

SECTION 6.3 OTHER TRANSACTIONS.

(i) No goods or services will be provided by the Advisor or its Affiliates to the Company, except for transactions in which the Advisor or its Affiliates provide goods or services to the Company in accordance with these Articles of Incorporation or if a majority of the Directors (including a majority of the Independent Directors) not otherwise interested in such transactions approve such transactions as fair and reasonable to the Company and on terms and conditions not less favorable to the Company than those available from unaffiliated third parties.

(ii) The Company shall not make loans to the Sponsor, Advisor, Directors or any Affiliates thereof. The Sponsor, Advisor, Directors and any Affiliates thereof shall not make loans to the Company, or to joint ventures in which the Company is a co-venturer, for the purpose of acquiring Properties.

Any loans to the Company by such parties for other purposes must be approved by a majority of the Directors (including a majority of the Independent Directors) not otherwise interested in such transaction as fair, competitive, and commercially reasonable, and no less favorable to the Company than comparable loans between unaffiliated parties.

SECTION 6.4 CONFLICT RESOLUTION PROCEDURES. In the event that an investment opportunity becomes available which is suitable for both the Company and a public or private entity with which the Advisor or its Affiliates are affiliated, for which both entities have sufficient uninvested funds, then the entity which has had the longest period of time elapse since it was offered an investment opportunity will first be offered the investment opportunity. An investment opportunity will not be considered suitable for an entity if the 2%/25% Guidelines could not be satisfied if the entity were to make the investment. In determining whether or not an investment opportunity is suitable for more than one entity, the Board of Directors and the Advisor will examine such factors, among others, as the cash requirements of each entity, the effect of the acquisition both on diversification of each entity's investments by types of commercial office properties and geographic area, and on diversification of the tenants of its properties (which also may affect the need for one of the entities to prepare or produce audited financial statements for a property or a tenant), the anticipated cash flow of each entity, the size of the investment, the amount of funds available to each program, and the length of time such funds

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have been available for investment. If the subsequent development, such as a delay in the closing of a property or a delay in the construction of a property, causes any such investment, in the opinion of the Board of Directors and the Advisor, to be more appropriate for an entity other than the entity which committed to make the investment, however, the Advisor has the right to agree that the other entity affiliated with the Advisors or its Affiliates may make the investment.

ARTICLE VII

SHARES

SECTION 7.1 AUTHORIZED SHARES. The total number of shares of capital stock which the Company is authorized to issue is ninety million (90,000,000), consisting of forty million (40,000,000) Common Shares (as defined and described in Section 7.2(ii) hereof), five million (5,000,000) Preferred Shares (as defined in Section 7.3 hereof) and forty-five million (45,000,000) Shares-in-Trust (as defined in Section 7.8 hereof). All shares of capital stock shall be fully paid and nonassessable when issued. Shares may be issued for such consideration as the Directors determine or, if issued as a result of a share dividend or share split, without any consideration. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to Sections 7.2(ii), or 7.3 of this Article VII, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Company has authority to issue shall not be more than the total number of shares of stock set forth in the second sentence of this Section 7.1.

SECTION 7.2 COMMON SHARES.

(i) COMMON SHARES SUBJECT TO TERMS OF PREFERRED SHARES. The Common Shares shall be subject to the express terms of any series of Preferred Shares.

(ii) DESCRIPTION. Common Shares (herein so called) shall have a par value of \$.01 per share and shall entitle the holders to one (1) vote per share on all matters upon which Stockholders are entitled to vote pursuant to Section 8.2 hereof, and shares of a particular class of issued Common Shares shall have equal dividend, distribution, liquidation and other rights, and shall have no preference, cumulative, preemptive, conversion or exchange rights. The

Directors may classify or reclassify any unissued Common Shares by setting or changing the number, designation, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of any such Common Shares and, in such event, the Company shall file for record with the State Department of Assessments and Taxation of the State of Maryland articles supplementary in substance and form as prescribed by Title 2 of the MGCL.

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(iii) DISTRIBUTION RIGHTS. The holders of Common Shares shall be entitled to receive such Distributions as may be authorized by the Board of Directors of the Company out of funds legally available therefor.

(iv) DIVIDEND OR DISTRIBUTION RIGHTS. The Directors from time to time may authorize and the Company may pay to Stockholders such dividends or Distributions in cash or other property as the Directors in their discretion shall determine. The Directors shall endeavor to authorize and the Company may pay such dividends and Distributions as shall be necessary for the Company to qualify as a real estate investment trust under the REIT Provisions of the Code; provided, however, Stockholders shall have no right to any dividend or Distribution unless and until declared by the Directors. The exercise of the powers and rights of the Directors pursuant to this section shall be subject to the provisions of any class or series of Equity Shares at the time outstanding. The receipt by any Person in whose name any Equity Shares are registered on the records of the Company or by his duly authorized agent shall be a sufficient discharge for all dividends or Distributions payable or deliverable in respect of such Equity Shares and from all liability to see to the application thereof. Distributions in kind shall not be permitted, except for distributions of readily marketable securities and distributions of beneficial interests in a liquidating trust established for the dissolution of the Company and the liquidation of its assets in accordance with the terms of these Articles of Incorporation.

(v) RIGHTS UPON LIQUIDATION. In the event of any voluntary or involuntary liquidation, dissolution or winding up, or any distribution of the assets of the Company, the aggregate assets available for distribution to holders of the Common Shares (including holders of Shares-in-Trust resulting from the exchange of Common Shares pursuant to Section 7.7(iii) hereof) shall be determined in accordance with applicable law. Except as provided below as a consequence of the limitations on distributions to holders of Shares-in-Trust, each holder of Common Shares shall be entitled to receive, ratably with (i) each other holder of Common Shares and (ii) each holder of Shares-in-Trust resulting from the exchange of Common Shares, that portion of such aggregate assets available for distribution as the number of the outstanding Common Shares held by such holder bears to the total number of outstanding Common Shares and Shares-in-Trust resulting from the exchange of Common Shares then outstanding. Anything herein to the contrary notwithstanding, in no event shall the amount payable to a holder of Shares-in-Trust exceed (i) the price per share such holder paid for the Common Shares in the purported Transfer or Acquisition (as those terms are defined in Section 7.7(i)) or change in capital structure or other transaction or event that resulted in the Shares-in-Trust or (ii) if the holder did not give full value for such Shares-in-Trust (as through a gift, a devise or other event or transaction), a price per share equal to the Market Price (as that term is defined in Section 7.7(i)) for the Common Shares on the date of the purported Transfer, Acquisition, change in capital structure or other transaction or event that resulted in such Shares-in-Trust. Any amount available for distribution in excess of the foregoing limitations shall be paid ratably to the holders of Common Shares and other holders of Shares-in-Trust resulting from the exchange of Common Shares to the extent permitted by the foregoing limitations.

(vi) VOTING RIGHTS. Except as may be provided otherwise in these Articles of Incorporation, and subject to the express terms of any series of Preferred Shares, the holders of the Common Shares shall have the exclusive right to vote on all matters (as to which a common

Stockholder shall be entitled to vote pursuant to applicable law) at all meetings of the Stockholders of the Company, and shall be entitled to one (1) vote for each Common Share entitled to vote at such meeting.

SECTION 7.3 PREFERRED SHARES. The Directors are hereby expressly granted the authority to authorize from time to time the issuance of one or more series of Preferred Shares. Prior to the issuance of each such class or series, the Board of Directors, by resolution, shall fix the number of shares to be included in each series, and the designation, preferences, terms, rights, restrictions, limitations and qualifications and terms and conditions of redemption of the shares of each class or series. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(i) The designation of the series, which may be by distinguishing number, letter or title.

(ii) The dividend rate on the shares of the series, if any, whether any dividends shall be cumulative and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of the series.

(iii) The redemption rights, including conditions and the price or prices, if any, for shares of the series.

(iv) The terms and amounts of any sinking fund for the purchase or redemption of shares of the series.

(v) The rights of the shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, and the relative rights of priority, if any, of payment of shares of the series.

(vi) Whether the shares of the series shall be convertible into shares of any other class or series, or any other security, of the Company or any other corporation or other entity, and, if so, the specification of such other class or series of such other security, the conversion price or prices or rate or rates, any adjustments thereof, the date or dates on which such shares shall be convertible and all other terms and conditions upon which such conversion may be made.

(vii) Restrictions on the issuance of shares of the same series or of any other class or series.

(viii) The voting rights of the holders of shares of the series subject to the limitations contained in this Section 7.3; provided, however, that the voting rights of the holders of shares of any series of Preferred Shares shall not exceed the voting rights of the holders of Common Shares.

(ix) Any other relative rights, preferences and limitations on that series. Subject to the express provisions of any other series of Preferred Shares then outstanding. Notwithstanding any other provision of these Articles of Incorporation, the Board of Directors

may increase or decrease (but not below the number of shares of such series then outstanding) the number of shares, or alter the designation or classify or reclassify any unissued shares of a particular series of Preferred Shares, by fixing or altering, in one or more respects, from time to time before issuing the shares, the terms, rights, restrictions and qualifications of the shares of any such series of Preferred Shares.

SECTION 7.4 GENERAL NATURE OF SHARES. All Shares shall be personal

property entitling the Stockholders only to those rights provided in these Articles of Incorporation, the MGCL or in the resolution creating any class or series of Shares. The legal ownership of the Company Property and the right to conduct the business of the Company are vested exclusively in the Directors; the Stockholders shall have no interest therein other than the beneficial interest in the Company conferred by their Shares and shall have no right to compel any partition, division, dividend or Distribution of the Company or any of the Company Property. The death of a Stockholder shall not terminate the Company or give his legal representative any rights against other Stockholders, the Directors or the Company Property, except the right, exercised in accordance with applicable provisions of the Bylaws, to require the Company to reflect on its books the change in ownership of the Shares. Holders of Shares shall not have any preemptive or other right to purchase or subscribe for any class of securities of the Company which the Company may at any time issue or sell.

SECTION 7.5 NO ISSUANCE OF SHARE CERTIFICATES. Until Listing, the Company shall not issue share certificates except to Stockholders who make a written request to the Company. A Stockholder's investment shall be recorded on the books of the Company. To transfer his or her Shares a Stockholder shall submit an executed form to the Company, which form shall be provided by the Company upon request. Such transfer will also be recorded on the books of the Company. Upon issuance or transfer of Shares, the Company will provide the Stockholder with information concerning his or her rights with regard to such stock, in a form substantially similar to Section 7.7(xii), and as required by the Bylaws and the MGCL or other applicable law.

SECTION 7.6 SUITABILITY OF STOCKHOLDERS

(i) INVESTOR SUITABILITY STANDARDS. Subject to suitability standards established by individual states, to become a Stockholder in the Company, if such prospective Stockholder is an individual (including an individual beneficiary of a purchasing Individual Retirement Account), or if the prospective Stockholder is a fiduciary (such as a trustee of a trust or corporate pension or profit sharing plan, or other tax-exempt organization, or a custodian under a Uniform Gifts to Minors Act), such individual or fiduciary, as the case may be, must represent to the Company, among other requirements as the Company may require from time to time:

(a) that such individual (or, in the case of a fiduciary, that the fiduciary account or the donor who directly or indirectly supplies the funds to purchase the Shares) has a minimum annual gross income of \$45,000 and a net worth (excluding home, furnishings and automobiles) of not less than \$45,000; or

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(b) that such individual (or, in the case of a fiduciary, that the fiduciary account or the donor who directly or indirectly supplies the funds to purchase the Shares) has a net worth (excluding home, furnishings and automobiles) of not less than \$150,000.

(ii) DETERMINATION OF SUITABILITY OF SALE. The Sponsor and each Person selling Shares on behalf of the Sponsor or the Company shall make every reasonable effort to determine that the purchase of Shares is a suitable and appropriate investment for each Stockholder. In making this determination, the Sponsor or each Person selling Shares on behalf of the Sponsor or the Company shall ascertain that the prospective Stockholder: (l) meets the minimum income and net worth standards established for the Company; (m) can reasonably benefit from the Company based on the prospective Stockholder's overall investment objectives and portfolio structure; (n) is able to bear the economic risk of the investment based on the prospective Stockholder's overall financial situation; and (o) has apparent understanding of: (1) the fundamental risks of the investment; (2) the risk that the Stockholder may lose the entire investment; (3) the lack of liquidity of Company Shares; (4) the restrictions on transferability of Company Shares; (16) the background and qualifications of the Sponsor or the Advisor; and (17) the tax consequences of the investment.

The Sponsor or each Person selling shares on behalf of the Sponsor or the Company shall make this determination on the basis of information it has obtained from a prospective Stockholder. Relevant information for this purpose will include at least the age, investment objectives, investment experiences, income, net worth, financial situation, and other investments of the prospective Stockholder, as well as any other pertinent factors.

The Sponsor or each Person selling Shares on behalf of the Sponsor or the Company shall maintain records of the information used to determine that an investment in Shares is suitable and appropriate for a Stockholder. The Sponsor or each Person selling Shares on behalf of the Sponsor or the Company shall maintain these records for at least six years.

(iii) MINIMUM INVESTMENT. Subject to certain individual state requirements, no sale or transfer of Shares will be permitted of less than 100 Shares (\$1,000), and a Stockholder shall not transfer, fractionalize or subdivide such Shares so as to retain less than such minimum number thereof.

SECTION 7.7 RESTRICTIONS ON OWNERSHIP AND TRANSFER.

(i) DEFINITIONS. For purposes of Sections 7.7 and 7.8, the following terms shall have the following meanings:

"ACQUIRE" means the acquisition of Beneficial or Constructive Ownership of Equity Shares by any means, including, without limitation, the exercise of any rights under any option, warrant, convertible security, pledge or other security interest or similar right to acquire Shares, but shall not include the acquisition of any such rights unless, as a result, the acquirer would be considered a Beneficial Owner or Constructive Owner. The terms "Acquires" and "Acquisition" shall have correlative meanings.

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"BENEFICIAL OWNERSHIP" means ownership of Shares by an individual who would be treated as an owner of such Shares under Section 542(a)(2) of the Code, either directly or constructively through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code. For purposes of this definition, the term "individual" shall include any organization, trust, or other entity that is treated as an individual for purposes of Section 542(a)(2) of the Code. The terms "Beneficial Owner," "Beneficially Owns" and "Beneficially Owned" shall have correlative meanings.

"BENEFICIARY" means a beneficiary of the Trust as determined pursuant to Section 7.8(v)(a) hereof.

"COMMON SHARE OWNERSHIP LIMIT" means, with respect to the Common Shares, nine point eight percent (9.8%) of the outstanding Common Shares, subject to adjustment pursuant to Section 7.7(x) (but not more than nine point nine percent (9.9%) of the outstanding Common Shares, as so adjusted) and to any other limitations contained in this Section 7.7.

"CONSTRUCTIVE OWNERSHIP" means ownership of Equity Shares by a person who would be treated as an owner of such shares, either actually or constructively, directly or indirectly, through the application of Section 318 of the Code, as modified by Section 856(d)(5) thereof. The terms "Constructive Owner," "Constructively Owns" and "Constructively Owned" shall have correlative meanings.

"MARKET PRICE" means, on any date, the average of the Closing Price for the five consecutive Trading Days ending on such date. The "Closing Price" on any date shall mean the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if the Equity Shares are not listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the

Equity Shares are listed or admitted to trading or, if the Equity Shares are not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotations system that may then be in use or, if the Equity Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Equity Shares selected by the Board of Directors, or, if no such market maker exists, as determined in good faith by the Board of Directors.

"OWNERSHIP LIMIT" means the Common Share Ownership Limit or the Preferred Share Ownership Limit, or both, as the context may require.

"PREFERRED SHARE OWNERSHIP LIMIT" means, with respect to the Preferred Shares, nine point eight percent (9.8%) of the outstanding Shares of a particular series of Preferred Shares of the Company, subject to adjustment pursuant to Section 7.7(x) (but not more

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than nine point nine percent (9.9%) of the outstanding Preferred Shares, as so adjusted) and to any other limitations contained in this Section 7.7.

"PURPORTED BENEFICIAL HOLDER" means, with respect to any purported Transfer or Acquisition which results in Shares-in-Trust, the Person for whom the applicable Purported Record Holder held the Equity Shares that were, pursuant to paragraph (iii) of this Section 7.7, automatically exchanged for Shares-in-Trust upon the occurrence of such event or transaction. The Purported Beneficial Holder and the Purported Record Holder may be the same Person.

"PURPORTED BENEFICIAL TRANSFEREE" means, with respect to any purported Transfer or Acquisition which results in Shares-in-Trust, the purported beneficial transferee for whom the Purported Record Transferee would have acquired Equity Shares if such Transfer or Acquisition which results in Shares-in-Trust had been valid under Section 7.7(ii). The Purported Beneficial Transferee and the Purported Record Transferee may be the same Person.

"PURPORTED RECORD HOLDER" means, with respect to any purported Transfer or Acquisition which results in Shares-in-Trust, the record holder of the Equity Shares that were, pursuant to Section 7.7(iii), automatically exchanged for Shares-in-Trust upon the occurrence of such an event or transaction. The Purported Record Holder and the Purported Beneficial Holder may be the same Person.

"PURPORTED RECORD TRANSFEREE" means, with respect to any purported Transfer or Acquisition which results in Shares-in-Trust, the record holder of the Equity Shares if such Transfer or Acquisition which results in Shares-in-Trust had been valid under Section 7.7(ii). The Purported Record Transferee and the Purported Beneficial Transferee may be the same Person.

"RESTRICTION TERMINATION DATE" means the first day after the date of the closing of the Initial Public Offering on which the Board of Directors of the Company determines, pursuant to Section 3.2(xix) hereof, that it is no longer in the best interests of the Company to attempt or continue to qualify as a REIT.

"SHARES-IN-TRUST" means those share for which Equity Shares are automatically exchanged as a result of a purported Transfer, Acquisition, change in the capital structure of the Company, other purported change in the Beneficial or Constructive Ownership of Equity Shares or other event or transaction as described in Section 7.7(iii).

"TRADING DAY" means a day on which the principal national securities exchange on which the affected class or series of Equity Shares are listed or admitted to trading is open for the transaction of business or, if the affected class or series of Equity Shares are not listed or admitted to trading, shall

mean any day other than a Saturday, Sunday or other day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"TRANSFER" means any sale, transfer, gift, hypothecation, assignment, devise or other disposition of a direct or indirect interest in Equity Shares or the right to vote or receive dividends

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on Equity Shares, including (i) the granting of any option (including any option to acquire an option or any series of such options) or entering into any agreement for the sale, transfer or other disposition of Equity Shares or the right to vote or receive dividends on Equity Shares or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Equity Shares, whether voluntary or involuntary, of record, constructively or beneficially, and whether by operation of law or otherwise. The terms "Transfers," "Transferred" and "Transferable" shall have correlative meanings.

"TRUST" means the trust created pursuant to Section 7.8(i) hereof.

"TRUSTEE" means the trustee of the Trust, as appointed by the Company, which Trustee shall not be an Affiliate of the Company.

(ii) OWNERSHIP AND TRANSFER LIMITATIONS.

(a) Notwithstanding any other provision of these Articles of Incorporation, except as provided in Section 7.7(ix) and Section 7.9, from the date of the Initial Public Offering and prior to the Restriction Termination Date, no Person shall Beneficially or Constructively Own Equity Shares in excess of the Common or Preferred Share Ownership Limits.

(b) Notwithstanding any other provision of these Articles of Incorporation, except as provided in Section 7.7(ix) and Section 7.9, from the date of the Initial Public Offering and prior to the Restriction Termination Date, any Transfer, Acquisition, change in the capital structure of the Company, other purported change in Beneficial or Constructive Ownership of Equity Shares or other event or transaction that, if effective, would result in any Person Beneficially or Constructively Owning Equity Shares in excess of the Common or Preferred Share Ownership Limits shall be void AB INITIO as to the Transfer, Acquisition, change in the capital structure of the Company, other purported change in Beneficial or Constructive Ownership or other event or transaction with respect to that number of Equity Shares which would otherwise be Beneficially or Constructively Owned by such Person in excess of the Common or Preferred Share Ownership Limits, and none of the Purported Beneficial Transferee, the Purported Record Transferee, the Purported Beneficial Holder or the Purported Record Holder shall acquire any rights in that number of Equity Shares.

(c) Notwithstanding any other provision of these Articles of Incorporation, and except as provided in Section 7.9, from the date of the Initial Public Offering and prior to the Restriction Termination Date, any Transfer, Acquisition, change in the capital structure of the Company, or other purported change in Beneficial or Constructive Ownership (including actual ownership) of Equity Shares or other event or transaction that, if effective, would result in the Equity Shares being actually owned by fewer than 100 Persons (determined without reference to any rules of attribution) shall be void AB INITIO as to the Transfer, Acquisition, change in the capital structure of the Company, other purported change in Beneficial or Constructive Ownership (including actual ownership) with respect to that number of Equity Shares which otherwise would be owned by the transferee, and the intended transferee or

subsequent owner (including a Beneficial Owner or Constructive Owner) shall acquire no rights in that number of Equity Shares.

(d) Notwithstanding any other provision of these Articles of Incorporation, except as provided in Section 7.9, from the date of the Initial Public Offering and prior to the Restriction Termination Date, any Transfer, Acquisition, change in the capital structure of the Company, other purported change in Beneficial or Constructive Ownership of Equity Shares or other event or transaction that, if effective, would cause the Company to fail to qualify as a REIT by reason of being "closely held" within the meaning of Section 856(h) of the Code or otherwise, directly or indirectly, would cause the Company to fail to qualify as a REIT shall be void AB INITIO as to the Transfer, Acquisition, change in the capital structure of the Company, other purported change in Beneficial or Constructive Ownership or other event or transaction with respect to that number of Equity Shares which would cause the Company to be "closely held" within the meaning of Section 856(h) of the Code or otherwise, directly or indirectly, would cause the Company to fail to qualify as a REIT, and none of the Purported Beneficial Transferee, the Purported Record Transferee, the Purported Beneficial Holder or the Purported Record Holder shall acquire any rights in that number of Equity Shares.

(e) Notwithstanding any other provision of these Articles of Incorporation, except as provided in Section 7.9, from the date of the Initial Public Offering and prior to the Restriction Termination Date, any Transfer, Acquisition, change in capital structure of the Company, or other purported change in Beneficial or Constructive Ownership of Equity Shares or other event or transaction that, if effective, would (i) cause the Company to own (directly or Constructively) an interest in a tenant or the Operating Partnership's real property that is described in Section 856(d)(2)(B) of the Code and (ii) cause the Company to fail to satisfy any of the gross income requirements of section 856(c) of the Code, shall be void AB INITIO as to the Transfer, Acquisition, change in capital structure of the Company, other purported change in Beneficial or Constructive Ownership or other event or transaction with respect to that number of Equity Shares which would cause the Company to own an interest (directly or Constructively) in a tenant or the Operating Partnership's real property that is described in Section 856(d)(2)(B) of the Code, and none of the Purported Beneficial Transferee, the Purported Record Transferee, the Purported Beneficial Holder or the Purported Record Holder shall acquire any rights in that number of Equity Shares.

(iii) EXCHANGE FOR SHARES-IN-TRUST.

(a) If, notwithstanding the other provisions contained in this Article VII, at any time from the date of the Initial Public Offering and prior to the Restriction Termination Date, there is a purported Transfer, Acquisition, change in the capital structure of the Company, other purported change in the Beneficial or Constructive Ownership of Equity Shares or other event or transaction such that any Person would either Beneficially or Constructively Own Equity Shares in excess of the Common or Preferred Share Ownership Limit, then, except as otherwise provided in Section 7.7(ix), such Equity Shares (rounded up to the next whole number of shares) in excess of the Common or Preferred Share Ownership Limit automatically shall be exchanged for an equal number of Shares-in-Trust having terms, rights, restrictions and qualifications identical thereto, except to the extent that this Article VII requires different terms.

Such exchange shall be effective as of the close of business on the business day next preceding the date of the purported Transfer, Acquisition, change in capital structure, other change in purported Beneficial or Constructive Ownership of Shares, or other event or transaction.

(b) If, notwithstanding the other provisions contained in this Article

VII, at any time after the date of the Initial Public Offering and prior to the Restriction Termination Date, there is a purported Transfer, Acquisition, change in the capital structure of the Company, other purported change in the Beneficial or Constructive Ownership of Equity Shares or other event or transaction which, if effective, would result in a violation of any of the restrictions described in subparagraphs (b), (c), (d) and (e) of paragraph (ii) of this Section 7.7, or otherwise, directly or indirectly, would cause the Company to fail to qualify as a REIT, then the Shares (rounded up to the next whole number of Shares) being Transferred or which are otherwise affected by the change in capital structure or other purported change in Beneficial or Constructive Ownership and which, in any case, would result in a violation of any of the restrictions described in subparagraphs (b), (c), (d) and (e) of paragraph (ii) of this Section 7.7 or otherwise would cause the Company to fail to qualify as a REIT automatically shall be exchanged for an equal number of Shares-in-Trust having terms, rights, restrictions and qualifications identical thereto, except to the extent that this Article VII requires different terms. Such exchange shall be effective as of the close of business on the business day prior to the date of the purported Transfer, Acquisition, change in capital structure, other purported change in Beneficial or Constructive Ownership or other event or transaction.

(iv) REMEDIES FOR BREACH. If the Board of Directors or its designee shall at any time determine in good faith that a Transfer, Acquisition, change in the capital structure of the Company or other purported change in Beneficial or Constructive Ownership or other event or transaction has taken place in violation of Section 7.7(ii) or that a Person intends to Acquire or has attempted to Acquire Beneficial or Constructive Ownership of any Equity Shares in violation of this Section 7.7, the Board of Directors or its designee shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer, Acquisition, change in the capital structure of the Company, other attempt to Acquire Beneficial or Constructive Ownership of any Shares or other event or transaction, including, but not limited to, refusing to give effect thereto on the books of the Company or instituting injunctive proceedings with respect thereto; provided, however, that any Transfer, Acquisition, change in the capital structure of the Company, attempted Transfer or other attempt to Acquire Beneficial or Constructive Ownership of any Equity Shares or other event or transaction in violation of subparagraphs (b), (c), (d) and (e) of Section 7.7(ii) (as applicable) shall be void AB INITIO and where applicable automatically shall result in the exchange described in Section 7.7(iii), irrespective of any action (or inaction) by the Board of Directors or its designee.

(v) NOTICE OF RESTRICTED TRANSFER. Any Person who acquires or attempts to Acquire Beneficial or Constructive Ownership of Equity Shares in violation of Section 7.7(ii) and any Person who Beneficially or Constructively Owns Shares-in-Trust as a transferee of Equity Shares resulting in an exchange for Shares-in-Trust, pursuant to Section 7.7(iii), or otherwise shall immediately give written notice to the Company, or, in the event of a proposed or attempted Transfer, Acquisition, or purported change in Beneficial or Constructive Ownership, shall give at least fifteen (15) days prior written notice to the Company, of such event and shall

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promptly provide to the Company such other information as the Company, in its sole discretion, may request in order to determine the effect, if any, of such Transfer, attempted Transfer, Acquisition, Attempted Acquisition or purported change in Beneficial or Constructive Ownership on the Company's status as a REIT.

(vi) OWNERS REQUIRED TO PROVIDE INFORMATION. From the date of the Initial Public Offering and prior to the Restriction Termination Date:

(a) Every Beneficial or Constructive Owner of more than five percent (5%), or such lower percentages as determined pursuant to regulations under the Code or as may be requested by the Board of Directors, in its sole discretion, of the outstanding shares of any class or series of Equity Shares of the Company

shall annually, no later than January 31 of each calendar year, give written notice to the Company stating (i) the name and address of such Beneficial or Constructive Owner; (ii) the number of shares of each class or series of Equity Shares Beneficially or Constructively Owned; and (iii) a description of how such shares are held. Each such Beneficial or Constructive Owner promptly shall provide to the Company such additional information as the Company, in its sole discretion, may request in order to determine the effect, if any, of such Beneficial or Constructive Ownership on the Company's status as a REIT and to ensure compliance with the Common or Preferred Share Ownership Limit and other restrictions set forth herein.

(b) Each Person who is a Beneficial or Constructive Owner of Equity Shares and each Person (including the Stockholder of record) who is holding Equity Shares for a Beneficial or Constructive Owner promptly shall provide to the Company such information as the Company, in its sole discretion, may request in order to determine the Company's status as a REIT, to comply with the requirements of any taxing authority or other governmental agency, to determine any such compliance or to ensure compliance with the Common or Preferred Share Ownership Limits and other restrictions set forth herein.

(vii) REMEDIES NOT LIMITED. Nothing contained in this Article VII except Section 7.9 shall limit the scope or application of the provisions of this Section 7.7, the ability of the Company to implement or enforce compliance with the terms thereof or the authority of the Board of Directors to take any such other action or actions as it may deem necessary or advisable to protect the Company and the interests of its Stockholders by preservation of the Company's status as a REIT and to ensure compliance with the Ownership Limit for any class or series of Equity Shares and other restrictions set forth herein, including, without limitation, refusal to give effect to a transaction on the books of the Company.

(viii) AMBIGUITY. In the case of an ambiguity in the application of any of the provisions of this Section 7.7, including any definition contained in Sections 1.5 and 7.7(i), the Board of Directors shall have the power and authority, in its sole discretion, to determine the application of the provisions of this Section 7.7 with respect to any situation based on the facts known to it.

(ix) EXCEPTION. The Board of Directors, upon receipt of a ruling from the Internal Revenue Service, an opinion of counsel or other evidence satisfactory to the Board of

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Directors, in its sole discretion, in each case to the effect that the restrictions contained in subparagraphs (c), (d) and (e) of Section 7.7(ii) will not be violated, may waive or change, in whole or in part, the application of the Common or Preferred Share Ownership Limits with respect to any Person that is not an individual, as such term is defined in Section 542(a)(2) of the Code. In connection with any such waiver or change, the Board of Directors may require such representations and undertakings from such Person or affiliates and may impose such other conditions as the Board deems necessary, advisable or prudent, in its sole discretion, to determine the effect, if any, of the proposed transaction or ownership of Equity Shares on the Company's status as a REIT.

(x) INCREASE IN COMMON OR PREFERRED SHARE OWNERSHIP LIMIT. Subject to the limitations contained in Section 7.7(xi), the Board of Directors may from time to time increase the Common or Preferred Share Ownership Limits.

(xi) LIMITATIONS ON MODIFICATIONS.

(a) The Ownership Limit for a class or series of Equity Shares may not be increased and no additional ownership limitations may be created if, after giving effect to such increase or creation, the Company would be "closely held" within the meaning of Section 856(h) of the Code (assuming ownership of shares of Equity Shares by all Persons equal to the greatest of (A) the actual ownership, (B) the Beneficial Ownership of Equity Shares by each Person, or (C)

the applicable Ownership Limit with respect to such Person).

(b) Prior to any modification of the Ownership Limit with respect to any Person, the Board of Directors may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary, advisable or prudent, in its sole discretion, in order to determine or ensure the Company's status as a REIT.

(c) Neither the Preferred Share Ownership Limit nor the Common Share Ownership Limit may be increased to a percentage that is greater than nine point nine percent (9.9%).

(xii) NOTICE TO STOCKHOLDERS UPON ISSUANCE OR TRANSFER. Upon issuance or transfer of Shares, the Company shall provide the recipient with a notice containing information about the shares purchased or otherwise transferred, in lieu of issuance of a share certificate, in a form substantially similar to the following:

"The securities issued or transferred are subject to restrictions on transfer and ownership for the purpose of maintenance of the Company's status as a real estate investment trust (a "REIT") under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"). Except as otherwise provided pursuant to the Articles of Incorporation of the Company, no Person may (i) Beneficially or Constructively Own Common Shares of the Company in excess of 9.8% (or such greater percent as may be determined by the Board of Directors of the Company) of the outstanding Common Shares; (ii) Beneficially or Constructively Own shares of any series of Preferred Shares of the Company in

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excess of 9.8% (or such greater percent as may be determined by the Board of Directors of the Company) of the outstanding shares of such series of Preferred Shares; or (iii) Beneficially or Constructively Own Common Shares or Preferred Shares (of any class or series) which would result in the Company being "closely held" under Section 856(h) of the Code or which otherwise would cause the Company to fail to qualify as a REIT. Any Person who has Beneficial or Constructive Ownership, or who Acquires or attempts to Acquire Beneficial or Constructive Ownership of Common Shares and/or Preferred Shares in excess of the above limitations and any Person who Beneficially or Constructively Owns Shares-in-Trust as a transferee of Common or Preferred Shares resulting in an exchange for Shares-in-Trust (as described below) immediately must notify the Company in writing or, in the event of a proposed or attempted Transfer or Acquisition or purported change in Beneficial or Constructive Ownership, must give written notice to the Company at least 15 days prior to the proposed or attempted transfer, transaction or other event. Any Transfer or Acquisition of Common Shares and/or Preferred Shares or other event which results in violation of the ownership or transfer limitations set forth in the Company's Articles of Incorporation shall be void AB INITIO and the Purported Beneficial and Record Transferee shall not have or acquire any rights in such Common Shares and/or Preferred Shares. If the transfer and ownership limitations referred to herein are violated, the Common Shares or Preferred Shares represented hereby automatically will be exchanged for Shares-in-Trust to the extent of violation of such limitations, and such Shares-in-Trust will be held in trust by a trustee appointed by the Company, all as provided by the Articles of Incorporation of the Company. All defined terms used in this legend have the meanings identified in the Company's Articles of Incorporation, as the same may be amended from time to time, a copy of which, including the restrictions on transfer, will be sent without charge to each Stockholder who so requests."

(i) OWNERSHIP IN TRUST. Upon any purported Transfer, Acquisition, change in the capital structure of the Company, other purported change in Beneficial or Constructive Ownership or event or transaction that results in Shares-in-Trust pursuant to Section 7.7(iii), such Shares-in-Trust shall be deemed to have been transferred to the Trust for the benefit of such Beneficiary or Beneficiaries to whom an interest in such Shares-in-Trust may later be transferred pursuant to Section 7.8(v). Shares-in-Trust so held in trust shall be issued and outstanding stock of the Company. The Purported Record Transferee (or Purported Record Holder) shall have no rights in such Shares-in-Trust. The Purported Beneficial Transferee or Purported Record Transferee shall have no rights in such Shares-in-Trust except as provided in Section 7.8(iii).

(ii) DISTRIBUTION RIGHTS. Shares-in-Trust shall be entitled to the same rights and privileges as all other shares of the same class or series. The Trustee will receive all Distributions and dividends on the Shares-in-Trust and will hold such dividends or distributions in trust for the benefit of the Beneficiary. Any dividend or Distribution with a record date on or

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after the date that Equity Shares have been exchanged for Shares-in-Trust which were paid on such Equity Shares shall be repaid to the Trustee upon demand, and any such dividend or Distribution declared on such Equity Shares but unpaid shall be paid to the Trustee to hold in trust for the benefit of the Beneficiary.

(iii) RIGHTS UPON LIQUIDATION.

(a) Except as provided below, in the event of any voluntary or involuntary liquidation, dissolution or winding up, or any other distribution of the assets, of the Company, each holder of Shares-in-Trust resulting from the exchange of Preferred Shares of any specified series shall be entitled to receive, ratably with each other holder of Shares-in-Trust resulting from the exchange of Preferred Shares of such series and each holder of Preferred Shares of such series, such accrued and unpaid dividends, liquidation preferences and other preferential payments, if any, as are due to holders of Preferred Shares of such series. In the event that holders of shares of any series of Preferred Shares are entitled to participate in the Company's distribution of its residual assets, each holder of Shares-in-Trust resulting from the exchange of Preferred Shares of any such series shall be entitled to participate, ratably with (A) each other holder of Shares-in-Trust resulting from the exchange of Preferred Shares of all series entitled to so participate; (B) each holder of Preferred Shares of all series entitled to so participate; and (C) each holder of Common Shares and Shares-in-Trust resulting from the exchange of Common Shares (to the extent permitted by Section 7.7(iii) hereof), that portion of the aggregate assets available for distribution (determined in accordance with applicable law) as the number of shares of such Shares-in-Trust held by such holder bears to the total number of (1) outstanding Shares-in-Trust resulting from the exchange of Preferred Shares of all series entitled to so participate; (2) outstanding Preferred Shares of all series entitled to so participate; and (3) outstanding Common Shares and Shares-in-Trust resulting from the exchange of Common Shares. The Trustee shall distribute ratably to the Beneficiaries of the Trust, when determined, any such assets received in respect of the Shares-in-Trust in any liquidation, dissolution or winding up, or any distribution of the assets, of the Company. Anything to the contrary herein notwithstanding, in no event shall the amount payable to a holder with respect to Shares-in-Trust resulting from the exchange of Preferred Shares exceed (A) the price per share such holder paid for the Preferred Shares in the purported Transfer, Acquisition, change in capital structure or other transaction or event that resulted in the Shares-in-Trust or (B) if the holder did not give full value for such Shares-in-Trust (as through a gift, devise or other event or transaction), a price per share equal to the Market Price for the shares of Preferred Shares on the date of the purported Transfer, Acquisition, change in capital structure or other transaction or event that resulted in such Shares-in-Trust. Any amount available for distribution in excess of the foregoing limitations shall be paid ratably to the holders of Preferred Shares and Shares-in-Trust resulting from the exchange of Preferred Shares to the extent permitted by the foregoing

limitations.

(b) Except as provided below, in the event of any voluntary or involuntary liquidation, dissolution or winding up, or any other distribution of the assets, of the Company, each holder of Shares-in-Trust resulting from the exchange of Common Shares shall be entitled to receive, ratably with (A) each other holder of such Shares-in-Trust and (B) each holder of Common Shares, that portion of the aggregate assets available for distribution to holders of Common Shares (including holders of Shares-in-Trust resulting from the exchange of Common

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Shares pursuant to Section 7.7(iii)), determined in accordance with applicable law, as the number of such Shares-in-Trust held by such holder bears to the total number of outstanding Common Shares and outstanding Shares-in-Trust resulting from the exchange of Common Shares then outstanding. The Trustee shall distribute ratably to the Beneficiaries of the Shares-in-Trust, when determined, any such assets received in respect of the Shares-in-Trust in any liquidation, dissolution or winding up, or any distribution of the assets, of the Company. Anything herein to the contrary notwithstanding, in no event shall the amount payable to a holder with respect to Shares-in-Trust exceed (A) the price per share such holder paid for the Equity Shares in the purported Transfer, Acquisition, change in capital structure or other transaction or event that resulted in the Shares-in-Trust or (B) if the holder did not give full value for such Equity Shares (as through a gift, devise or other event or transaction), a price per share equal to the Market Price for the Equity Shares on the date of the purported Transfer, Acquisition, change in capital structure or other transaction or event that resulted in such Shares-in-Trust. Any amount available for distribution in excess of the foregoing limitations shall be paid ratably to the holders of Common Shares and Shares-in-Trust resulting from the exchange of Common Shares to the extent permitted by the foregoing limitations.

(iv) VOTING RIGHTS. The Trustee shall be entitled to vote the Shares-in-Trust on any matters on which holders of Shares are entitled to vote (except as required otherwise by the MGCL).

(v) RESTRICTIONS ON TRANSFER; DESIGNATION OF BENEFICIARY; SALES OF SHARES-IN-TRUST.

(a) Except as described in this Section 7.8(v), Shares-in-Trust shall not be transferable. The Beneficiary shall be one or more charitable organizations named by the Company. However, the for purposes of sales by the Trustee as set forth herein, Trustee shall designate a permitted transferee of the Shares-in-Trust, provided that the transferee (i) purchases such Shares-in-Trust for valuable consideration and (ii) acquires such Shares-in-Trust without such acquisition resulting in another automatic exchange of Equity Shares into Shares-in-Trust. Within 20 days after receiving notice from the Company that Common Shares or other shares have been transferred to the Trust as Shares-in-Trust, the Company shall, at its sole option (the "Option") (i) repurchase such Shares-in-Trust from the Purported Record Transferee or Purported Record Holder (a "Redemption"), or (ii) cause the Trustee to sell the Shares-in-Trust on behalf of the such person to a third party (a "Sale").

(b) In the event of a Redemption or Sale, the Purported Record Transferee or Purported Record Holder shall receive a per share price equal to the lesser of (i) the price per share in the transaction that created such Shares-in-Trust (or, in the case of a gift or devise, the Market Price per share on the date of such transfer) or (ii) the Market Price per share on the date that the Company, or its designee, purchases such Shares-in-Trust, provided that

for sales by the Trustee, such price per share shall be net of any commissions and other expenses of the sale.. The proceeds from a Redemption or Sale shall be sent to such person within five business days after the closing of such sale transaction.

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(c) In connection with the Option, all Shares-in-Trust will be deemed to have been offered for sale to the Company, or its designee, and the Company will have the right to accept such offer for a period of 20 days after the later of (i) the date of the purported transfer which resulted in such Shares-in-Trust or (ii) the date the Company determines in good faith that a transfer resulting in such Shares-in-Trust occurred.

(d) Any amounts received by the Trustee in excess of the amounts paid to the Purported Record Transferee shall be distributed to the Beneficiary.

(vi) REMEDIES NOT LIMITED. Nothing contained in this Article VII except Section 7.9 shall limit the scope or application of the provisions of this Section 7.8, the ability of the Company to implement or enforce compliance with the terms hereof or the authority of the Board of Directors to take any such other action or actions as it may deem necessary or advisable to protect the Company and the interests of its Stockholders by preservation of the Company's status as a REIT and to ensure compliance with applicable Share Ownership Limits and the other restrictions set forth herein, including, without limitation, refusal to give effect to a transaction on the books of the Company.

(vii) AUTHORIZATION. At such time as the Board of Directors authorizes a series of Preferred Shares pursuant to Section 7.3 of this Article VII, without any further or separate action of the Board of Directors, there shall be deemed to be authorized a series of Shares-in-Trust consisting of the number of shares included in the series of Preferred Shares so authorized and having terms, rights, restrictions and qualifications identical thereto, except to the extent that such Shares-in-Trust are already authorized or this Article VII requires different terms.

SECTION 7.9 SETTLEMENTS. Nothing in Sections 7.7 and 7.8 shall preclude the settlement of any transaction with respect to the Common Shares entered into through the facilities of the New York Stock Exchange or other national securities exchange on which the Common Shares are listed.

SECTION 7.10 SEVERABILITY. If any provision of this Article VII or any application of any such provision is determined to be void, invalid or unenforceable by any court having jurisdiction over the issue, the validity and enforceability of the remaining provisions of this Article VII shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

SECTION 7.11 WAIVER. The Company shall have authority at any time to waive the requirements that Shares-in-Trust be issued or be deemed outstanding in accordance with the provisions of this Article VII if the Company determines, based on an opinion of nationally recognized tax counsel, that the issuance of such Shares-in-Trust or the fact that such Shares-in-Trust are deemed to be outstanding, would jeopardize the status of the Company as a REIT (as that term is defined in Section 1.5).

SECTION 7.12 REPURCHASE OF SHARES. The Board of Directors may establish, from time to time, a program or programs by which the Company voluntarily repurchases Shares from its Stockholders, provided, however, that such repurchase does not impair the capital or

operations of the Company. The Sponsor Advisor, Directors or any Affiliates thereof may not receive any fees on the repurchase of Shares by the Company.

SECTION 7.13 DISTRIBUTION REINVESTMENT PLANS. The Board of Directors may establish, from time to time, a Distribution reinvestment plan or plans (a "Reinvestment Plan"). Pursuant to such Reinvestment Plan, (i) all material information regarding the Distribution to the Stockholders and the effect of reinvesting such distribution, including the tax consequences thereof, shall be provided to the Stockholders at least annually, and (ii) each Stockholder participating in such Reinvestment Plan shall have a reasonable opportunity to

withdraw from the Reinvestment Plan at least annually after receipt of the information required in clause (i) above.

ARTICLE VIII

STOCKHOLDERS

SECTION 8.1 MEETINGS OF STOCKHOLDERS. There shall be an annual meeting of the Stockholders, to be held at such time and place as shall be determined by or in the manner prescribed in the Bylaws, at which the Directors shall be elected and any other proper business may be conducted. The annual meeting will be held on a date which is a reasonable period of time following the distribution of the Company's annual report to Stockholders but not less than thirty (30) days after delivery of such report. A majority of Stockholders present in person or by proxy at an annual meeting at which a quorum is present, may, without the necessity for concurrence by the Directors, vote to elect the Directors. A quorum shall be 50% of the then outstanding Shares. Special meetings of Stockholders may be called in the manner provided in the Bylaws, including by the president or by a majority of the directors, and shall be called by an officer of the Company upon written request of Stockholders holding in the aggregate not less than ten percent (10%) of the outstanding Equity Shares entitled to be cast on any issue proposed to be considered at any such special meeting. Upon receipt of a written request, either in person or by mail, stating the purpose(s) of the meeting, the sponsor shall provide all Stockholders within ten days after receipt of said request, written notice, either in person or by mail, of a meeting and the purpose of such meeting to be held on a date not less than 15 nor more than 60 days after the distribution of such notice, at a time and place specified in the request, or if none is specified, at a time and place convenient to the Stockholders. If there are no Directors, the officers of the Company shall promptly call a special meeting of the Stockholders entitled to vote for the election of successor Directors. Any meeting may be adjourned and reconvened as the Directors determine or as provided by the Bylaws.

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SECTION 8.2 VOTING RIGHTS OF STOCKHOLDERS. Subject to the provisions of any class or series of Shares then outstanding and the mandatory provisions of any applicable laws or regulations, the Stockholders shall be entitled to vote only on the following matters; (a) election or removal of Directors, without the necessity for concurrence by the Directors, as provided in Sections 8.1, 2.4 and 2.7 hereof; (b) amendment of these Articles of Incorporation, without the necessity for concurrence by the Directors, as provided in Section 10.1 hereof; (c) termination of the Company, without the necessity for concurrence by the Directors, as provided in Section 11.2 hereof; (d) reorganization of the Company as provided in Section 10.2 hereof; (e) merger, consolidation or sale or other disposition of all or substantially all of the Company Property, as provided in Section 10.3 hereof; and (f) termination of the Company's status as a real estate investment trust under the REIT Provisions of the Code, as provided in Section 3.2(xix) hereof. The Stockholders may terminate the status of the Company as a REIT under the Code by a vote of a majority of the Shares outstanding and entitled to vote. Except with respect to the foregoing matters, no action taken by the Stockholders at any meeting shall in any way bind the Directors.

SECTION 8.3 VOTING LIMITATIONS ON SHARES HELD BY THE ADVISOR, DIRECTORS AND AFFILIATES. With respect to Shares owned by the Advisor, the Directors, or any of their Affiliates, neither the Advisor, nor the Directors, nor any of their Affiliates may vote or consent on matters submitted to the Stockholders regarding the removal of the Advisor, Directors or any of their Affiliates or any transaction between the Company and any of them. In determining the requisite percentage in interest of Shares necessary to approve a matter on which the Advisor, Directors and any of their Affiliates may not vote or consent, any Shares owned by any of them shall not be included.

SECTION 8.4 STOCKHOLDER ACTION TO BE TAKEN BY MEETING. Any action required or permitted to be taken by the Stockholders of the Company must be

effected at a duly called annual or special meeting of Stockholders of the Company and may not be effected by any consent in writing of such Stockholders.

SECTION 8.5 RIGHT OF INSPECTION. Any Stockholder and any designated representative thereof shall be permitted access to all records of the Company at all reasonable times, and may inspect and copy any of them for a reasonable charge. Inspection of the Company books and records by the office or agency administering the securities laws of a jurisdiction shall be provided upon reasonable notice and during normal business hours.

SECTION 8.6 ACCESS TO STOCKHOLDER LIST. An alphabetical list of the names, addresses and telephone numbers of the Stockholders of the Company, along with the number of Shares held by each of them (the "Stockholder List"), shall be maintained as part of the books and records of the Company and shall be available for inspection by any Stockholder or the Stockholder's designated agent at the home office of the Company upon the request of the Stockholder. The Stockholder List shall be updated at least quarterly to reflect changes in the information contained therein. A copy of such list shall be mailed to any Stockholder so requesting within ten (10) days of the request. The copy of the Stockholder List shall be printed in alphabetical order, on white paper, and in a readily readable type size (in no event smaller than 10-point type). The Company may impose a reasonable charge for expenses incurred in

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reproduction pursuant to the Stockholder request. A Stockholder may request a copy of the Stockholder List in connection with matters relating to Stockholders' voting rights, and the exercise of Stockholder rights under federal proxy laws.

If the Advisor or Directors neglect or refuse to exhibit, produce or mail a copy of the Stockholder List as requested, the Advisor and the Directors shall be liable to any Stockholder requesting the list for the costs, including attorneys' fees, incurred by that Stockholder for compelling the production of the Stockholder List, and for actual damages suffered by any Stockholder by reason of such refusal or neglect. It shall be a defense that the actual purpose and reason for the requests for inspection or for a copy of the Stockholder List is to secure such list of Stockholders or other information for the purpose of selling such list or copies thereof, or of using the same for a commercial purpose other than in the interest of the applicant as a Stockholder relative to the affairs of the Company. The Company may require the Stockholder requesting the Stockholder List to represent that the list is not requested for a commercial purpose unrelated to the Stockholder's interest in the Company. The remedies provided hereunder to Stockholders requesting copies of the Stockholder List are in addition, to and shall not in any way limit, other remedies available to Stockholders under federal law, or the laws of any state.

SECTION 8.7 REPORTS. The Directors, including the Independent Directors, shall take reasonable steps to insure that the Company shall cause to be prepared and mailed or delivered to each Stockholder as of a record date after the end of the fiscal year and each holder of other publicly held securities of the Company within one hundred twenty (120) days after the end of the fiscal year to which it relates an annual report for each fiscal year ending after the initial public offering of its securities which shall include: (i) financial statements prepared in accordance with generally accepted accounting principles which are audited and reported on by independent certified public accountants; (ii) the ratio of the costs of raising capital during the period to the capital raised; (iii) the aggregate amount of advisory fees and the aggregate amount of other fees paid to the Advisor and any Affiliate of the Advisor by the Company and including fees or charges paid to the Advisor and any Affiliate of the Advisor by third parties doing business with the Company; (iv) the Operating Expenses of the Company, stated as a percentage of Average Invested Assets and as a percentage of its Net Income; (v) a report from the Independent Directors that the policies being followed by the Company are in the best interests of its Stockholders and the basis for such determination; (vi) separately stated, full disclosure of all material terms, factors, and circumstances surrounding any and all transactions involving the Company, Directors, Advisors, Sponsors and any

Affiliate thereof occurring in the year for which the annual report is made, and the Independent Directors shall be specifically charged with a duty to examine and comment in the report on the fairness of such transactions; and (vii) Distributions to the Stockholders for the period, identifying the source of such Distributions, and if such information is not available at the time of the distribution, a written explanation of the relevant circumstances will accompany the Distributions (with the statement as to the source of Distributions to be sent to Stockholders not later than sixty (60) days after the end of the fiscal year in which the distribution was made).

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ARTICLE IX

LIABILITY OF STOCKHOLDERS, DIRECTORS, ADVISORS AND AFFILIATES; TRANSACTIONS BETWEEN AFFILIATES AND THE COMPANY

SECTION 9.1 LIMITATION OF STOCKHOLDER LIABILITY. No Stockholder shall be liable for any debt, claim, demand, judgment or obligation of any kind of, against or with respect to the Company by reason of his being a Stockholder, nor shall any Stockholder be subject to any personal liability whatsoever, in tort, contract or otherwise, to any Person in connection with the Company Property or the affairs of the Company by reason of his being a Stockholder. The Company shall include a clause in its contracts which provides that Stockholders shall not be personally liable for obligations entered into on behalf of the Company.

SECTION 9.2 LIMITATION OF LIABILITY AND INDEMNIFICATION.

(i) The Company shall indemnify and hold harmless a Director, Advisor, or Affiliate (the "Indemnitee") against any or all losses or liabilities reasonably incurred by the Indemnitee in connection with or by reason of any act or omission performed or omitted to be performed on behalf of the Company in such capacity, provided, that the Directors, Advisor or Affiliates have determined, in good faith, that the course of conduct which caused the loss or liability was in the best interests of the Company. The Company shall not indemnify or hold harmless the Indemnitee if: (a) in the case that the Indemnitee is a Director (other than an Independent Director), an Advisor or an Affiliate, the loss or liability was the result of negligence or misconduct by the Indemnitee, or (b) in the case that the Indemnitee is an Independent Director, the loss or liability was the result of gross negligence or willful misconduct by the Indemnitee. Any indemnification of expenses or agreement to hold harmless may be paid only out of the Net Assets of the Company and no portion may be recoverable from the Stockholders.

(ii) The Company shall not provide indemnification for any loss, liability or expense arising from or out of an alleged violation of federal or state securities laws by such party unless one or more of the following conditions are met: (a) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the Indemnitee, (b) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the Indemnitee; or (c) a court of competent jurisdiction approves a settlement of the claims against the Indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the Securities and Exchange Commission and of the published position of any state securities regulatory authority in which securities of the Company were offered or sold as to indemnification for violations of securities laws.

(iii) Notwithstanding anything to the contrary contained in the provisions of subsection (i) and (ii) above of this Section, the Company shall not indemnify or hold harmless an Indemnitee if it is established that: (a) the act or omission was material to the loss or liability and was committed in bad faith or was the result of active or deliberate dishonesty, (b) the Indemnitee actually received an improper personal benefit in money, property, or services, (c) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission

was unlawful, or (d) in a proceeding by or in the right of the Company, the Indemnitee shall have been adjudged to be liable to the Company.

(iv) The Directors may take such action as is necessary to carry out this Section 9.2 and are expressly empowered to adopt, approve and amend from time to time Bylaws, resolutions or contracts implementing such provisions. No amendment of these Articles of Incorporation or repeal of any of its provisions shall limit or eliminate the right of indemnification provided hereunder with respect to acts or omissions occurring prior to such amendment or repeal.

SECTION 9.3 PAYMENT OF EXPENSES. The Company shall pay or reimburse reasonable legal expenses and other costs incurred by a Director, Advisor, or Affiliate in advance of final disposition of a proceeding if all of the following are satisfied: (i) the proceeding relates to acts or omissions with respect to the performance of duties or services on behalf of the Company, (ii) the Indemnitee provides the Company with written affirmation of his good faith belief that he has met the standard of conduct necessary for indemnification by the Company as authorized by Section 9.2 hereof, (iii) the legal proceeding was initiated by a third party who is not a Stockholder or, if by a Stockholder of the Company acting in his or her capacity as such, a court of competent jurisdiction approves such advancement, and (iv) the Indemnitee provides the Company with a written agreement to repay the amount paid or reimbursed by the Company, together with the applicable legal rate of interest thereon, if it is ultimately determined that the Indemnitee did not comply with the requisite standard of conduct and is not entitled to indemnification. Any indemnification payment or reimbursement of expenses will be furnished in accordance with the procedures in Section 2-418(e) of the Maryland General Corporation Law.

SECTION 9.4 EXPRESS EXCULPATORY CLAUSES IN INSTRUMENTS. Neither the Stockholders nor the Directors, officers, employees or agents of the Company shall be liable under any written instrument creating an obligation of the Company by reason of their being Stockholders, Directors, officers, employees or agents of the Company, and all Persons shall look solely to the Company Property for the payment of any claim under or for the performance of that instrument. The omission of the foregoing exculpatory language from any instrument shall not affect the validity or enforceability of such instrument and shall not render any Stockholder, Director, officer, employee or agent liable thereunder to any third party, nor shall the Directors or any officer, employee or agent of the Company be liable to anyone as a result of such omission.

SECTION 9.5 TRANSACTIONS WITH AFFILIATES. The Company shall not engage in transactions with any Affiliates, except to the extent that each such transaction has, after disclosure of such affiliation, been approved or ratified by the affirmative vote of a majority of the Directors (including a majority of the Independent Directors) not Affiliated with the person who is party to the transaction and:

(i) The transaction is fair and reasonable to the Company and its Stockholders.

(ii) The terms of such transaction are at least as favorable as the terms of any comparable transactions made on an arms-length basis and known to the Directors.

(iii) The total consideration is not in excess of the appraised value of the property being acquired, if an acquisition is involved.

(iv) Payments to the Advisor, its Affiliates and the Directors for services rendered in a capacity other than that as Advisor or Director may only be made upon a determination that:

(a) The compensation is not in excess of their compensation paid for any comparable services; and

(b) The compensation is not greater than the charges for comparable services available from others who are competent and not Affiliated with any of the parties involved.

(v) The Company will not make loans to the Advisor or other Affiliates, or to any director, officer or principal of the Company or any of its Affiliates.

Transactions between the Company and its Affiliates are further subject to any express restrictions in these Articles of Incorporation (including Article IV and Section 7.7) or adopted by the Directors in the Bylaws or by resolution, and further subject to the disclosure and ratification requirements of MGCL (section) 2-419 and other applicable law.

ARTICLE X

AMENDMENT; REORGANIZATION; MERGER, ETC.

SECTION 10.1 AMENDMENT.

(i) These Articles of Incorporation may be amended, without the necessity for concurrence by the Directors, by the affirmative vote of the holders of not less than a majority of the Equity Shares then outstanding and entitled to vote thereon, except that: (1) no amendment may be made which would change any rights with respect to any outstanding class of securities, by reducing the amount payable thereon upon liquidation, or by diminishing or eliminating any voting rights pertaining thereto; (2) Section 10.2 hereof and this Section 10.1 shall not be amended (or any other provision of these Articles of Incorporation be amended or any provision of these Articles of Incorporation be added that would have the effect of amending such sections); (3) no term or provision of the Articles of Incorporation may be added, amended or repealed in any respect that would, in the determination of the Board of Directors, cause the Company not to qualify as REIT under the Code; (4) certain provisions of the Articles of Incorporation, including provisions relating to the removal of directors, Independent Directors, preemptive rights of holders of stock and indemnification and limitation of liability of officers and directors may not be amended or repealed and (5) provisions imposing cumulative voting in the election of directors may not be added to the Articles of Incorporation, without the affirmative vote of the holders of a majority of the Equity Shares then outstanding and entitled to vote thereon.

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(ii) The Directors, by a majority vote, may amend provisions of these Articles of Incorporation from time to time as necessary to enable the Company to qualify as a real estate investment trust under the REIT Provisions of the Code. With the exception of the foregoing, the Directors may not amend these Articles of Incorporation.

(iii) An amendment to these Articles of Incorporation shall become effective as provided in Section 12.5.

(iv) These Articles of Incorporation may not be amended except as provided in this Section 10.1.

SECTION 10.2 REORGANIZATION. Subject to the provisions of any class or series of Equity Shares at the time outstanding, the Directors shall have the power (i) to cause the organization of a corporation, association, trust or other organization to take over the Company Property and to carry on the affairs of the Company, or (ii) merge the Company into, or sell, convey and transfer the Company Property to any such corporation, association, trust or organization in exchange for Securities thereof or beneficial interests therein, and the assumption by the transferee of the liabilities of the Company, and upon the occurrence of (i) or (ii) above terminate the Company and deliver such

Securities or beneficial interests ratably among the Stockholders according to the respective rights of the class or series of Equity Shares held by them provided, however, that any such action shall have been approved, at a meeting of the Stockholders called for that purpose, by the affirmative vote of the holders of not less than a majority of the Equity Shares then outstanding and entitled to vote thereon.

SECTION 10.3 MERGER, CONSOLIDATION OR SALE OF COMPANY PROPERTY. Subject to the provisions of any class or series of Equity Shares at the time outstanding, the Directors shall have the power to (i) merge the Company into another entity, (ii) consolidate the Company with one (1) or more other entities into a new entity; (iii) sell or otherwise dispose of all or substantially all of the Company Property; or (iv) dissolve or liquidate the Company, other than before the initial investment in Company Property; provided, however, that such action shall have been approved, at a meeting of the Stockholders called for that purpose, by the affirmative vote of the holders of not less than a majority of the Equity Shares then outstanding and entitled to vote thereon. Any such transaction involving an Affiliate of the Company or the Advisor also must be approved by a majority of the Directors (including a majority of the Independent Directors) not otherwise interested in such transaction as fair and reasonable to the Company and on terms and conditions not less favorable to the Company than those available from unaffiliated third parties.

In connection with any proposed Roll-Up Transaction, an appraisal of all Assets shall be obtained from a competent independent appraiser. The Assets shall be appraised on a consistent basis, and the appraisal shall be based on the evaluation of all relevant information and shall indicate the value of the Assets as of a date immediately prior to the announcement of the proposed Roll-Up Transaction. The appraisal shall assume an orderly liquidation of Assets over a 12-month period. The terms of the engagement of the independent appraiser shall clearly state that the engagement is for the benefit of the Company and the Stockholders. A summary of the appraisal, indicating all material assumptions underlying the appraisal, shall be included in a report

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to Stockholders in connection with a proposed Roll-Up Transaction. In connection with a proposed Roll-Up Transaction, the person sponsoring the Roll-Up Transaction shall offer to Stockholders who vote against the proposed Roll-Up Transaction the choice of:

(i) accepting the securities of a Roll-Up Entity offered in the proposed Roll-Up Transaction; or

(ii) one of the following:

(a) remaining as Stockholders of the Company and preserving their interests therein on the same terms and conditions as existed previously; or

(b) receiving cash in an amount equal to the Stockholder's pro rata share of the appraised value of the Net Assets of the Company.

The Company is prohibited from participating in any proposed Roll-Up Transaction:

(iii) which would result in the Stockholders having democracy rights in a Roll-Up Entity that are less than the rights provided for in Sections 8.1, 8.2, 8.4, 8.5, 8.6, 8.7 and 9.1 of these Articles of Incorporation;

(iv) which includes provisions that would operate as a material impediment to, or frustration of, the accumulation of shares by any purchaser of the securities of the Roll-Up Entity (except to the minimum extent necessary to preserve the tax status of the Roll-Up Entity), or which would limit the ability of an investor to exercise the voting rights of its Securities of the Roll-Up Entity on the basis of the number of Shares held by that investor;

(v) in which investor's rights to access of records of the Roll-Up

Entity will be less than those described in Sections 8.5 and 8.6 hereof; or

(vi) in which any of the costs of the Roll-Up Transaction would be borne by the Company if the Roll-Up Transaction is not approved by the Stockholders.

ARTICLE XI

DURATION OF COMPANY

SECTION 11.1 The Company automatically will terminate and dissolve on December 31, 2007, will undertake orderly liquidation and Sales of Company assets and will distribute any Net Sales Proceeds to Stockholders, unless Listing occurs, in which event the Company shall continue perpetually unless dissolved pursuant to the provisions contained herein or pursuant to any applicable provision of the MGCL.

SECTION 11.2 DISSOLUTION OF THE COMPANY BY STOCKHOLDER VOTE. The Company may be terminated at any time, without the necessity for concurrence by the Board of Directors, by the vote or written consent of a majority of the outstanding Equity Shares.

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ARTICLE XII

MISCELLANEOUS

SECTION 12.1 GOVERNING LAW. These Articles of Incorporation are executed by the undersigned Directors and delivered in the State of Maryland with reference to the laws thereof, and the rights of all parties and the validity, construction and effect of every provision hereof shall be subject to and construed according to the laws of the State of Maryland without regard to conflicts of laws provisions thereof.

SECTION 12.2 RELIANCE BY THIRD PARTIES. Any certificate shall be final and conclusive as to any persons dealing with the Company if executed by an individual who, according to the records of the Company or of any recording office in which these Articles of Incorporation may be recorded, appears to be the Secretary or an Assistant Secretary of the Company or a Director, and if certifying to: (i) the number or identity of Directors, officers of the Company or Stockholders; (ii) the due authorization of the execution of any document; (iii) the action or vote taken, and the existence of a quorum, at a meeting of the Directors or Stockholders; (iv) a copy of the Articles of Incorporation or of the Bylaws as a true and complete copy as then in force; (v) an amendment to these Articles of Incorporation; (vi) the dissolution of the Company; or (vii) the existence of any fact or facts which relate to the affairs of the Company. No purchaser, lender, transfer agent or other person shall be bound to make any inquiry concerning the validity of any transaction purporting to be made on behalf of the Company by the Directors or by any duly authorized officer, employee or agent of the Company.

SECTION 12.3 PROVISIONS IN CONFLICT WITH LAW OR REGULATIONS.

(i) The provisions of these Articles of Incorporation are severable, and if the Directors shall determine that any one or more of such provisions are in conflict with the REIT Provisions of the Code, or other applicable federal or state laws, the conflicting provisions shall be deemed never to have constituted a part of these Articles of Incorporation, even without any amendment of these Articles of Incorporation pursuant to Section 10.1 hereof; provided, however, that such determination by the Directors shall not affect or impair any of the remaining provisions of these Articles of Incorporation or render invalid or improper any action taken or omitted prior to such determination. No Director shall be liable for making or failing to make such a determination.

(ii) If any provision of these Articles of Incorporation shall be held invalid or unenforceable in any jurisdiction, such holding shall not in any

manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of these Articles of Incorporation in any jurisdiction.

SECTION 12.4 CONSTRUCTION. In these Articles of Incorporation, unless the context otherwise requires, words used in the singular or in the plural include both the plural and singular and words denoting any gender include both genders. The title and headings of different parts are inserted for convenience and shall not affect the meaning, construction or effect of these Articles of Incorporation. In defining or interpreting the powers and duties of the Company and

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its Directors and officers, reference may be made, to the extent appropriate, to the Code and to Titles 1 through 3 of the Corporations and Associations Article of the Annotated Code of Maryland, referred to herein as the "MGCL."

SECTION 12.5 RECORDATION. These Articles of Incorporation and any amendment hereto shall be filed for record with the State Department of Assessments and Taxation of Maryland and may also be filed or recorded in such other places as the Directors deem appropriate, but failure to file for record these Articles of Incorporation or any amendment hereto in any office other than in the State of Maryland shall not affect or impair the validity or effectiveness of these Articles of Incorporation or any amendment hereto. A restated Articles of Incorporation shall, upon filing, be conclusive evidence of all amendments contained therein and may thereafter be referred to in lieu of the original Declaration of Trust and the various amendments thereto.

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THIRD: This amendment and restatement of the Articles of Incorporation of the Company has been approved by a majority of the Directors and approved by the Stockholders as required by law.

FOURTH: The Company currently has authority to issue five thousand (5,000) shares of capital stock, all of one class of common stock, par value \$0.01 per share. The number, classes, par values and preferences, rights, powers, restrictions, limitations, qualifications, terms and conditions of the shares of capital stock that the Company will have authority to issue upon effectiveness of this amendment and restatement of its Articles of Incorporation are set forth in Article VII of the foregoing amendment and restatement of such Articles of Incorporation.

IN WITNESS WHEREOF, these Amended and Restated Articles of Incorporation have been signed on this ____ day of January, 1998 by the undersigned Directors, each of whom acknowledges, under penalty of perjury, that this document is his free act and deed, and that to the best of his knowledge, information and belief, the matters and facts set forth herein are true in all material respects.

Leo F. Wells, III

Brian M. Conlon

John L. Bell

Richard W. Carpenter

Walter W. Sessoms

WELLS REAL ESTATE INVESTMENT TRUST, INC.

B Y L A W S

ARTICLE I

OFFICES

Section 1. PRINCIPAL OFFICE. The principal office of the Corporation

shall be located at such place or places as the Board of Directors may designate. The initial principal office of the Corporation shall be 3885 Holcomb Bridge Road, Norcross, Georgia 30092.

Section 2. ADDITIONAL OFFICES. The Corporation may have additional

offices at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. PLACE. All meetings of stockholders shall be held at the

principal office of the Corporation or at such other place within the United States as shall be stated in the notice of the meeting.

Section 2. ANNUAL MEETING. An annual meeting of the stockholders for the

election of directors and the transaction of any business within the powers of the Corporation shall be held on a date and at the time set by the Board of Directors within a reasonable period (not less than 30 days) following delivery of the annual report.

Section 3. SPECIAL MEETINGS. Special meetings of the stockholders may be

called by the President, a majority of the Board of Directors or a majority of the Independent Directors (as defined in the Corporation's Articles of Incorporation), and shall be called by the secretary of the Corporation upon the written request of the holders of shares entitled to cast not less than ten percent (10%) of all the votes entitled to be cast at such meeting. Such request shall state the purpose of such meeting and the matters proposed to be acted on at such meeting. Within ten days after receipt of such a written request, the secretary shall give written notice of such meeting and the purposes thereof to all stockholders, with such meeting to be held not less than 15 days nor more than 60 days after distribution of such notice. Such meeting shall be at the time and place specified in the request, and if none is specified, at a time and place convenient to stockholders.

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Section 4. NOTICE. Except as provided otherwise in Section 3 of this

Article II above for special meetings, not less than ten nor more than 90 days before each meeting of stockholders, the secretary shall give to each

stockholder not entitled to vote who is entitled to notice of the meeting written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be called, either by mail or by presenting it to such stockholder personally or by leaving it at his residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at his post office address as it appears on the records of the Corporation, with postage thereon prepaid.

Section 5. SCOPE OF NOTICE. Any business of the Corporation may be

transacted at an annual meeting of stockholders without being specifically designated in the notice, except as otherwise set forth in Section 12(a) of this Article II and except for such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice.

Section 6. ORGANIZATION. At every meeting of stockholders, the chairman

of the board, if there be one, shall conduct the meeting or, in the case of vacancy in office or absence of the conduct the meeting in the order stated: the vice chairman of the order of rank and seniority, or a chairman chosen by the stockholders entitled to cast a majority of the votes which all stockholders present in person or by proxy are entitled to cast, shall act as chairman, and the secretary, or, in his absence, an assistant secretary, or in the absence of both the secretary and assistant secretaries, a person appointed by the chairman shall act as secretary.

Section 7. QUORUM. At any meeting of stockholders, the presence in person

or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum; but this section shall not affect any requirement under any statute or the charter of the Corporation for the vote necessary for the adoption of any measure. If, however, such quorum shall not be present at any meeting of the stockholders, the stockholders entitled to vote at such meeting, present in person or by proxy, shall have the power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. VOTING. A plurality of all the votes cast at a meeting of

stockholders duly called and at which a quorum is present shall be sufficient to elect a director. Each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the charter of the Corporation. Unless otherwise provided in the charter, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders.

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Stock 9. PROXIES. A stockholder may vote the stock owned of record by

him, either in person or by proxy executed in writing by the stockholder or by his duly authorized attorney-in-fact. Such proxy shall be filed with the secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 10. (a) VOTING OF STOCK BY CERTAIN HOLDERS. Stock of the

Corporation registered in the name of a corporation, partnership, trust or other entity, if entitled to be voted, may be voted by an officer thereof, a general partner or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the governing body of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such stock. Any director or other fiduciary may vote stock registered in his name as such fiduciary, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stock holder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date or closing of the stock transfer books, the time after the record date or closing of the stock transfer books and any other provisions with respect to the procedure which the Board of Directors considers necessary or desirable. On receipt of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the stockholder who makes the certification.

(b) Exemption From Control Share Acquisition Statute. Notwithstanding any -----
other provision of the charter of the Corporation or these Bylaws, Title 3, Subtitle 7 of the corporations and Associations Article of the Annotated Code of Maryland (or any successor statute) shall not apply to any acquisition by any person of shares of stock of the Corporation. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition.

Section 11. INSPECTORS. At any meeting of stockholders, the chairman of -----
the meeting may appoint one or more persons as inspectors for such meeting. Such inspectors shall ascertain and report the number of shares represented at the meeting based upon their determination of the validity and effect of proxies, count all votes, report the results and perform

such other acts as are proper to conduct the election and voting with impartiality and fairness to all the stockholders.

Each report of an inspector shall be in writing and signed by him or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima -----
facie evidence thereof.

Section 12. NOMINATIONS AND STOCKHOLDER BUSINESS.

(a) Annual Meetings of Stockholders. (1) Nominations of persons for -----

election to the Board of Directors and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record both at the time of giving of notice provided for in this Section 12(a) and at the time of the annual meeting of stockholders, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 12(a).

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) or paragraph (a)(1) of this Section 12, the stockholder must be given timely notice thereof in writing to the secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the secretary at the principal executive offices of the Corporation not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the 90/th/ day prior to such annual meeting and not later than the close of business on the later of the 60/th/ day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. Such stockholder's notice shall set forth (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (ii) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and of the beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (x) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner and (y) the number of shares of each class of stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

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(3) Notwithstanding anything in the second sentence of paragraph (a)(2) of this Section 12 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 70 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 12(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive offices of the Corporation no later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings of Stockholders. Only such business shall be

conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any stockholder of the Corporation who is a stockholder of record both at the time of giving of notice provided for in this Section 12(b) at the time of the special meeting, who is

entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 12(b). In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be) for election to such position as specified in the Corporation's notice of meeting, if the stockholder's notice containing the information required by paragraph (a)(2) of this Section 12 shall be delivered to the secretary at the principal executive offices of the Corporation not earlier than the 90/th/ day prior to such special meeting and not later than the close of business on the later of the 60/th/ day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

(c) General. (1) Only such persons who are nominated in accordance with

the procedures set forth in this Section 12 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholder as shall have been brought before the meeting in accordance with the procedures set forth in this Section 12. The presiding officer of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 12 and, if any Section 12, to declare that such defective nomination or proposal be disregarded.

(2) For purposes of this Section 12, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 12, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the

rules and regulations thereunder with respect to the matters set forth in this Section 12. Nothing in this Sections 12 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 13. VOTING BY BALLOT. Voting on any question or in any election

may be viva voce unless the presiding officer shall order or any stockholder
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shall demand that voting be by ballot.

ARTICLE III

DIRECTORS

Section 1. GENERAL POWERS. The business and affairs of the Corporation

shall be managed under the direction of its Board of Directors.

Section 2. NUMBER, TENURE AND QUALIFICATIONS. At any regular meeting or

at any special meeting called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors, provided that the number thereof shall never be less than the minimum number required by the Maryland General Corporation Law, nor more than 15, and further provided that the tenure of office of a director shall not be affected by any decrease in the number of directors.

Section 3. ANNUAL AND REGULAR MEETINGS. An annual meeting of the Board of

Directors shall be held immediately after and at the same place as the annual meeting of stockholders, no notice other than this Bylaw being necessary. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Maryland, for the holding of regular meetings of the Board of Directors without other notice than such resolution.

Section 4. SPECIAL MEETINGS. Special meetings of the Board of Directors

may be called by or at the request of the chairman of the board, president or by a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Maryland, as the place for holding any special meeting of the Board of Directors called by them.

Section 5. NOTICE. Notice of any special meeting of the Board of

Directors shall be delivered personally or by telephone, facsimile transmission, United States mail or courier to each director at his business or residence address. Notice by personal delivery, by telephone or a facsimile transmission shall be given at least two days prior to the meeting. Notice by mail shall be given at least five days prior to the meeting and shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. Telephone notice shall be deemed to be given when the director is personally given such notice in a telephone call to which he is a party. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

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Section 6. QUORUM. A majority of the directors shall constitute a quorum

for transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of such directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice and provided further that if, pursuant to the charter of the Corporation or these Bylaws, the vote of a majority of a particular group of directors is required for action, a quorum must also include a majority of such group.

The directors present at a meeting which has been duly called and convened may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 7. VOTING. (a) The action of the majority of the directors

present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable statute.

(b) Any action pertaining to any transaction in which the Corporation is purchasing, selling, leasing or mortgaging any real estate asset, making a joint venture investment or engaging in any other transaction in which an advisor, director or officer of the Corporation, any affiliated lessee or affiliated contract manager of any property of the Corporation or any affiliate of the foregoing, has any direct or indirect interest other than as a result of their status as a director, officer or stockholder of the Corporation, shall be approved by the affirmative vote of a majority of the Independent Directors (as defined in the Corporation's Articles of Incorporation), even if the Independent Directors constitute less than a quorum.

Section 8. TELEPHONE MEETINGS. Directors may participate in a meeting by

means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 9. INFORMAL ACTION BY DIRECTORS. Any action required or permitted

to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent in writing to such action is signed by each director and such written consent is filed with the minutes of proceedings of the Board of Directors.

Section 10. VACANCIES. If for any reason any or all the directors cease

to be directors, such event shall not terminate the Corporation or affect these Bylaws or the powers of the remaining directors hereunder (even if fewer than three directors remained). Any vacancy on the Board of Directors for any cause other than an increase in the number of directors shall be filled by a majority of the remaining directors, although such majority is less than a quorum. Any vacancy in the number of directors created by an increase in the number of directors may be filled by a majority vote of the entire Board of Directors. The newly-created or eliminated directorships resulting from any increase or decrease shall be apportioned by the Board of Directors among the three classes of directorships as provided in the Corporation's charter so as to keep the number of directors in each class as nearly equal as possible. Any individual so elected as director shall hold office until the next annual meeting of stockholders and until his successor is elected and qualifies.

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Section 11. COMPENSATION. Directors shall not receive any stated salary

for their services as directors but, by resolution of the Board of Directors, may receive fixed sums per year and/or per meeting and/or per visit to real property or other facilities owned or leased by the Corporation and for any service or activity they performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board of Directors or of any committee thereof and for their expenses, if any, in connection with each property visit and other service or activity they performed or engaged in as directors; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

Section 12. LOSS OF DEPOSITS. No director shall be liable for any loss

which may occur by reason of the failure of the bank, trust company, savings and loan association, or other institution with whom monies or stock have been deposited.

Section 13. SURETY BONDS. Unless required by law, no director shall be

obligated to give any bond or surety or other security for the performance of any of his duties.

Section 14. RELIANCE. Each director, officer, employee and agent of the

Corporation shall, in the performance of his duties with respect to the Corporation, be fully justified and protected with regard to any act or failure to act in reliance in good faith upon the books of account or other records of the Corporation, upon an opinion of counsel or upon reports made to the Corporation by any of its officers or employees or by the adviser, accountants, appraisers or other experts or consultants selected by the Board of Directors or officers of the Corporation, regardless of whether such counsel or expert may also be a director.

Section 15. CERTAIN RIGHTS OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS.

The directors shall have no responsibility to devote their full time to the affairs of the Corporation. Any director or officer, employee or agent of the Corporation. Any director or officer, employee or agent of the Corporation, in his personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to or in addition to or in competition with those of or relating to the Corporation.

ARTICLE IV

COMMITTEES

Section 1. NUMBER, TENURE AND QUALIFICATIONS. The Board of Directors may

appoint from among its members an Executive Committee, an Audit Committee, a Compensation Committee, a Leasing Committee, a Nominating Committee and other committees, composed of two or more directors, to serve at the pleasure of the Board of Directors. The members of the Audit Committee and Compensation Committee shall at all times consist solely of Independent Directors.

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Section 2. POWERS. The Board of Directors may delegate to committees

appointed under Section 1 of this Article any of the powers of the Board of Directors, except as prohibited by law.

Section 3. MEETINGS. Notice of committee meetings shall be given in the

same manner as notice for special meetings of the Board of Directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. The act of a majority of the committee members present at a meeting shall be the act of such committee. The Board of Directors may designate a chairman of any committee, and such chairman or any two members of any committee may fix the time and place of its meeting unless the Board shall otherwise provide. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member. Each committee shall keep minutes of its proceedings.

Section 4. TELEPHONE MEETINGS. Members of a committee of the Board of

Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. INFORMAL ACTION BY COMMITTEES. Any action required or

permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent in writing to such action is signed by each member of the committee and such written consent is filed with the minutes of proceedings of such committee.

Section 6. VACANCIES. Subject to the provisions hereof, the Board of

Directors shall have the power at any time to change the membership of any committee, to fill all vacancies, to designate alternate members to replace any absent or disqualified member or to dissolve any such committee.

ARTICLE V

OFFICERS

Section 1. GENERAL PROVISIONS. The officers of the Corporation shall be

appointed by the Board of Directors, and shall include a President, a Treasurer and a Secretary, and any other officers as determined by the Board of Directors. Such officers may include a Chairman of the Board, a President, a Chief Executive Officer, a Chief Operating Officer, a Chief Financial Officer, one or more Vice Presidents, one or more Assistant Treasurers, a Secretary, and/or one or more Assistant Secretaries. In addition, the Board of Directors may from time to time appoint such other officers with such powers and duties as they shall deem necessary or desirable. The officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of stockholders, except that the chief executive officer may appoint one or more vice presidents, assistant secretaries and assistant treasurers. If the election of officers shall not be held at such

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meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his successor is elected and qualifies or until his death, resignation or removal in the manner hereinafter provided. Any two or more offices may be held by the same person. In its discretion, the Board of Directors may leave unfilled any office except that of President, Treasurer and Secretary. Election of an officer or agent shall not itself create contract rights between the Corporation and such officer or agent.

Section 2. REMOVAL AND RESIGNATION. Any officer or agent of the

Corporation may be removed by the Board of Directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by giving written notice of his resignation to the Board of Directors, the chairman of the board, the president or the secretary. Any resignation shall take effect at any time subsequent to the time specified therein, immediately upon its receipt. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

Section 3. VACANCIES. A vacancy in any office may be filled by the Board

of Directors for the balance of the term.

Section 4. CHIEF EXECUTIVE OFFICER. The Board of Directors may designate

a chief executive officer. In the absence of such designation, the chairman of the board shall be the chief executive officer of the Corporation. The chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation.

Section 5. CHIEF OPERATING OFFICER. The Board of Directors may designate

a chief operating officer. The chief operating officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 6. CHIEF FINANCIAL OFFICER. The Board of Directors may designate

a chief financial officer. The chief financial officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 7. CHAIRMAN OF THE BOARD. The Board of Directors shall designate

a chairman of the board. The chairman of the board shall preside over the meetings of the Board of Directors and of the stockholders at which he shall be present. The chairman of the board shall perform such other duties as may be

assigned to him or them by the Board of Directors.

Section 8. PRESIDENT. The president or chief executive officer, as the

case may be, shall in general supervise and control all of the business and
affairs of the Corporation. In the absence of a designation of a chief
operating officer by the Board of Directors, the president shall be the chief
operating officer. He may execute any deed, mortgage, bond, contract or other
instrument, except in cases where the execution thereof shall be expressly
delegated by the Board of Directors or by these Bylaws to some other officer or
agent of the Corporation or shall be required by law to be otherwise executed;
and in general shall perform all duties incident to the

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office of president and such other duties as may be prescribed by the Board of
Directors from time to time.

Section 9. VICE PRESIDENTS. In the absence of the president or in the

event of a vacancy in such office, the vice president (or in the event there be
more than one vice president, the vice presidents in the order designated at the
time of their election or, in the absence of any designation, then in the order
of their election) shall perform the duties of the president and when so acting
shall have all the powers of and be subject to all the restrictions upon the
president; and shall perform such other duties as from time to time may be
assigned to him by the president or by the Board of Directors. The Board of
Directors may designate one or more vice presidents as executive vice president
or as vice president for particular areas of responsibility.

Section 10. SECRETARY. The secretary shall (a) keep the minutes of the

proceedings of the stockholders, the Board of Directors and committees of the
Board of Directors in one or more books provided for that purpose; (b) see that
all notices are duly given in accordance with the provisions of these Bylaws or
as required by law; (c) be custodian of the corporate records and of the seal of
the Corporation; (d) keep a register of the post office address of each
stockholder which shall be furnished to the secretary by such stockholder; (e)
have general charge of the share transfer books of the Corporation; and (f) in
general perform such other duties as from time to time may be assigned to him by
the chief executive officer, the present or by the Board of Directors.

Section 11. TREASURER. The treasurer shall have the custody of the funds

and securities of the Corporation and shall keep full and accurate accounts of
receipts and disbursements in books belonging to the Corporation and shall
deposit all moneys and other valuable effects in the name and to the credit of
the Corporation in such depositories as may be designated by the Board of
Directors. In the absence of a designation of a chief financial officer by the
Board of Directors, the treasurer shall be the chief financial officer of the
Corporation.

The treasurer shall disburse the funds of the Corporation as may be ordered
by the Board of Directors, taking proper vouchers for such disbursements, and
shall render to the president and Board of Directors, at the regular meetings of
the Board of Directors or whenever it may so require, an account of all his
transactions as treasurer and of the financial condition of the Corporation.

If required by the Board of Directors, the treasurer shall give the
Corporation a bond in such sum and with such surety or sureties as shall be
satisfactory to the Board of Directors for the faithful performance of the
duties of his office and for the restoration to the Corporation, in case of his
death, resignation, retirement or removal from office, of all books, papers,
vouchers, monies and other property of whatever kind in his possession or under
his control belonging to the Corporation.

Section 12. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The assistant

secretaries and assistance treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the president or the Board of Directors. The assistant treasurers shall, if required by the Board of Directors, give bonds for the

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faithful performance of their duties in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors.

Section 13. SALARIES. The salaries and other compensation of the officers

shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary or other compensation by reason of the fact that he is also a director.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS -----

Section 1. CONTRACTS. The Board of Directors may authorize any officer or

agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document executed by one or more of the directors or by an authorized person shall be valid and binding upon the Board of Directors and upon the Corporation when authorized or ratified by action of the Board of Directors.

Section 2. CHECKS AND DRAFTS. All checks, drafts or other orders for the

payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the Board of Directors.

Section 3. DEPOSITS. All funds of the Corporation not otherwise employed

shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may designate.

ARTICLE VII

STOCK -----

Section 1. CERTIFICATES. If the Board of Directors of the Company

determines to issue certificates to evidence ownership of shares of the stock of the Company, each stockholder shall be entitled to a certificate or certificates which shall represent and certify the number of shares of each class of stock held by him in the Corporation. Each certificate shall be signed by the chief executive officer, the president or a vice president and countersigned by the secretary or an assistant secretary or the treasurer or an assistant treasurer and may be sealed with the seal, if any, of the Corporation. The signatures may be either manual or facsimile. Certificates shall be consecutively numbered; and if the Corporation shall, from time to time, issue several classes of stock, each class may have its own number series. Each certificate representing shares which are preferred or limited as to their dividends or voting powers, which are preferred or limited as to their dividends or as to their allocable portion of the assets upon liquidation or which are redeemable at the option of the Corporation, shall have a statement of such restriction, limitation, preference or redemption provision, or a summary thereof, plainly stated on the certificate. If the Corporation has authority to issue stock of more than one class, the certificate shall contain on the face or back a full statement or

summary of the designations and any preferences, conversion

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and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of each class of stock and, if the Corporation is authorized to issue any preferred or special class in series, the differences in the relative rights and preferences between the shares of each series to the extent they have been set and the authority of the Board of Directors to set the relative rights and preferences of subsequent series. In lieu of such statement or summary, the certificate may state that the Corporation will furnish a full statement of such information to any stockholder upon request and without charge. If any class of stock is restricted by the Corporation as to transferability, the certificate shall contain a full statement of the restriction or state that the Corporation will furnish information about the restrictions to the stockholder on request and without charge.

Section 2. TRANSFERS. Upon surrender to the Corporation or the transfer

agent of the Corporation of a stock certificate duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of any class of stock will be subject in all respects to the charter of the Corporation and all of the terms and conditions contained therein.

Section 3. REPLACEMENT CERTIFICATE. Any officer designated by the Board

of Directors may direct a new certificate to be issued in place of any certificate previously issued by the Corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing the issuance of a new certificate, an officer designated by the Board of Directors may, in his discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or the owner's legal representative to advertise the same in such manner as he shall require and/or to give bond, with sufficient surety, to the Corporation to indemnify it against any loss or claim which may arise as a result of the issuance of a new certificate.

Section 4. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE. The Board

of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders, not less than ten days, before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

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In lieu of fixing a record date, the Board of Directors may provide that the stock transfer books shall be closed for stated period but not longer than

20 days. If the stock transfer books are closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such books shall be closed for at least ten days before the date of such meeting.

If no record date is fixed and stock transfer books are not closed for the determination of stockholders, (a) the record date for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day on which the notice of meeting is mailed or the 30/th/ day before the meeting, whichever is the closer date to the meeting; and (b) the record date for the determination of stockholders entitled to receive payment of a dividend or an allotment of any other rights shall be the close of business on the day on which the resolution of the directors, declaring the divided or allotment of rights, is adopted.

When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination has been made as provided in this section, such determination shall apply to any adjournment thereof, except when (i) the determination has been made through the closing of the transfer books and the stated period of closing has expired or (ii) the meeting is adjourned to a date more than 120 days after the record date fixed for the original meeting, in either of which case a new record date shall be determined as set forth herein.

Section 5. STOCK LEDGER. The Corporation shall maintain at its principal

office or at the office of its counsel, accountants or transfer agent, an original or duplicate share ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 6. FRACTIONAL STOCK; ISSUANCE OF UNITS. The Board of Directors

may issue fractional stock or provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any other provision of the charter or these Bylaws, the Board of Directors may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit

ARTICLE VIII

ACCOUNTING YEAR -----

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

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ARTICLE IX

DISTRIBUTIONS -----

Section 1. AUTHORIZATION. Dividends and other distributions upon the

stock of the Corporation may be authorized and declared by the Board of Directors, subject to the provisions of law and the charter of the Corporation. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the charter.

Section 2. CONTINGENCIES. Before payment of any dividends or other

distributions, there may be set aside out of any assets of the Corporation available for dividends or other distributions such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a

reserve fund for contingencies, for equalizing any property of the Corporation or for such other purpose as the Board of Directors shall determine to be in the best interest of the Corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X

INVESTMENT POLICY

Subject to the provisions of the charter of the Corporation, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

ARTICLE XI

SEAL

Section 1. SEAL. The Board of Directors may authorize the adoption of a

seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation and the words "Incorporated Maryland." The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. AFFIXING SEAL. Whenever the Corporation is permitted or

required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

ARTICLE XII

WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the charter of the Corporation or these Bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed

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equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XIII

AMENDMENT OF BYLAWS

The Board of Directors shall have the exclusive power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws.

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[Form of Legal Opinion]

January __, 1998

Wells Investment Securities, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

Wells Real Estate Investment Trust, Inc.

Offering and Sale of up to 16,500,000 shares of Common Stock

Ladies and Gentlemen:

We have acted as counsel to Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "Company"), in connection with the public offering and sale (the "Offering") of up to 16,500,000 shares of the common stock, par value \$0.01 per share, of the Company (the "Shares") pursuant to a Form S-11 registration statement filed with the Securities and Exchange Commission on July 25, 1997, as amended through the date hereof (the "Registration Statement").

In giving this opinion letter, we have examined the following:

(i) the Company's Articles of Incorporation, as duly filed with the Department of Assessments and Taxation of the State of Maryland (the "State of Maryland") on July 3, 1997;

(ii) the Articles of Correction to the Company's Articles of Incorporation, as duly filed with the State of Maryland on July 23, 1997;

(iii) the Company's Articles of Amendment and Restatement to its Articles of Incorporation ("Articles of Amendment"), in the form filed as an exhibit to the Registration Statement;

(iv) the Company's Bylaws;

Wells Investment Securities, Inc.
January __, 1998
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(v) the Registration Statement, including the prospectus contained therein as part of the Registration Statement; and

(vi) originals (or copies identified to our satisfaction) of such other documents and records of the Company, together with certificates of public officials and officers of the Company, and such other documents as we have deemed necessary or appropriate for purposes of this opinion.

With respect to all of the foregoing documents, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity of originals of all documents submitted to us as certified or reproduced copies.

Based solely on the foregoing, and without further investigation, we are of the opinion that:

when, as and if (i) the Registration Statement has become effective pursuant to the provisions of the Securities Act, (ii) the Articles of Amendment are properly filed with and accepted by the State of Maryland, (iii) the Shares are validly and properly issued by the Company pursuant to the Offering and in the form and containing the terms described in the Registration Statement, and (iv) all legally required consents, approvals and authorizations of governmental regulatory authorities have been obtained, including without limitation the order of effectiveness from the SEC, the Shares, when sold, will be legally issued, fully paid and non-assessable.

Except as described herein, we have performed no due diligence and have made no efforts to verify the accuracy and genuineness of the documents and assumptions set forth above. We do not purport to express an opinion on any laws other than those of the State of Maryland. We hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

We undertake no obligation to update the opinions expressed herein after the date of this letter. This opinion letter is solely for the information and use of the addressee and it may not be distributed, relied upon for any purpose by any other person, quoted in

Wells Investment Securities, Inc.
January __, 1998
Page 3

whole or in part or otherwise reproduced in any document, or filed with any governmental agency without our express written consent.

Very truly yours,

Hunton & Williams

AGREEMENT OF LIMITED PARTNERSHIP

OF

WELLS OPERATING PARTNERSHIP, L.P.

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AGREEMENT OF LIMITED PARTNERSHIP
OF
WELLS OPERATING PARTNERSHIP, L.P.

RECITALS

Wells Operating Partnership, L.P. (the "Partnership") was formed as a limited partnership under the laws of the State of Delaware, pursuant to a Certificate of Limited Partnership filed with the Office of the Secretary of State of the State of Delaware effective as of _____, 1997. This Agreement of Limited Partnership is entered into this ___ day of _____, 1997 between Wells Real Estate Investment Trust, Inc., a Maryland corporation (the "General Partner") and the Limited Partner(s) set forth on Exhibit A hereto (the "Agreement").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, of mutual covenants between the parties hereto, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINED TERMS

The following defined terms used in this Agreement shall have the meanings specified below:

"ACT" means the Delaware Revised Uniform Limited Partnership Act, as it may be amended from time to time.

"ADDITIONAL FUNDS" has the meaning set forth in Section 4.03 hereof.

"ADDITIONAL SECURITIES" means any additional REIT Shares (other than REIT Shares issued in connection with an exchange pursuant to Section 8.05 hereof) or rights, options, warrants or convertible or exchangeable securities containing

the right to subscribe for or purchase REIT Shares, as set forth in Section 4.02(a)(ii).

"ADMINISTRATIVE EXPENSES" means (i) all administrative and operating costs and expenses incurred by the Partnership, (ii) those administrative costs and expenses of the General Partner, including any salaries or other payments to directors, officers or employees of the General Partner, and any accounting and legal expenses of the General Partner, which expenses, the Partners have agreed, are expenses of the Partnership and not the General Partner, and (iii) to the extent not included in clause (ii) above, REIT Expenses; provided, however, that

Administrative Expenses shall not include any administrative costs and expenses incurred by the General Partner that are attributable to Properties or partnership interests in a Subsidiary Partnership that are owned by the General Partner directly.

"AFFILIATE" means, (i) any Person that, directly or indirectly, controls or is controlled by or is under common control with such Person, (ii) any other Person that owns, beneficially, directly or indirectly, 10% or more of the outstanding capital stock, shares or equity interests of such Person, or (iii) any officer, director, employee, partner or trustee of such Person or any Person controlling, controlled by or under common control with such Person (excluding trustees and persons serving in similar capacities who are not otherwise an Affiliate of such Person). For the purposes of this definition, "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities or partnership interests or otherwise.

"AGREED VALUE" means the fair market value of a Partner's non-cash Capital Contribution as of the date of contribution as agreed to by such Partner and the General Partner. The names and addresses of the Partners, number of Partnership Units issued to each Partner, and the Agreed Value of non-cash Capital Contributions as of the date of contribution is set forth on Exhibit A.

"AGREEMENT" means this Agreement of Limited Partnership.

"ARTICLES OF INCORPORATION" means the Articles of Incorporation of the General Partner filed with the Maryland State Department of Assessments and Taxation, as amended or restated from time to time.

"CAPITAL ACCOUNT" has the meaning provided in Section 4.04 hereof.

"CAPITAL CONTRIBUTION" means the total amount of cash, cash equivalents, and the Agreed Value of any Property or other asset contributed or agreed to be contributed, as the context requires, to the Partnership by each Partner pursuant to the terms of the Agreement. Any reference to the Capital Contribution of a Partner shall include the Capital Contribution made by a predecessor holder of the Partnership Interest of such Partner.

"CASH AMOUNT" means an amount of cash per Partnership Unit equal to the Value of the REIT Shares Amount on the date of receipt by the General Partner of a Notice of Exchange.

"CERTIFICATE" means any instrument or document that is required under the laws of the State of Delaware, or any other jurisdiction in which the Partnership conducts business, to be signed and sworn to by the Partners of the Partnership (either by themselves or pursuant to the power-of-attorney granted to the General Partner in Section 8.02 hereof) and filed for recording in the appropriate public offices within the State of Delaware or such other jurisdiction to perfect or maintain the Partnership as a limited partnership, to effect the admission, withdrawal, or substitution of any Partner of the Partnership, or to protect the limited liability of the Limited Partners as limited partners under the laws of the State of Delaware or such other jurisdiction.

"CODE" means the Internal Revenue Code of 1986, as amended, and as hereafter amended from time to time. Reference to any particular provision of the Code shall mean that provision in the Code at the date hereof and any successor provision of the Code.

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"COMMISSION" means the U.S. Securities and Exchange Commission.

"CONVERSION FACTOR" means 1.0, provided that in the event that the General

Partner (i) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares, (ii) subdivides its outstanding REIT Shares, or (iii) combines its outstanding REIT Shares into a smaller number of REIT Shares, the Conversion Factor shall be adjusted by multiplying the Conversion Factor by a fraction, the numerator of which shall be the number of REIT Shares issued and outstanding on the record date for such dividend, distribution, subdivision or combination (assuming for such purposes that such dividend, distribution, subdivision or combination has occurred as of such time), and the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on such date and, provided further, that in the event that an entity other than an Affiliate of the General Partner shall become General Partner pursuant to any merger, consolidation or combination of the General Partner with or into another entity (the "Successor Entity"), the Conversion Factor shall be adjusted by multiplying the Conversion Factor by the number of shares of the Successor Entity into which one REIT Share is converted pursuant to such merger, consolidation or combination, determined as of the date of such merger, consolidation or combination. Any adjustment to the Conversion Factor shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event; provided, however, that

if the General Partner receives a Notice of Exchange after the record date, but prior to the effective date of such dividend, distribution, subdivision or combination, the Conversion Factor shall be determined as if the General Partner had received the Notice of Exchange immediately prior to the record date for such dividend, distribution, subdivision or combination.

"EVENT OF BANKRUPTCY" as to any Person means the filing of a petition for relief as to such Person as debtor or bankrupt under the Bankruptcy Code of 1978 or similar provision of law of any jurisdiction (except if such petition is contested by such Person and has been dismissed within 90 days); insolvency or bankruptcy of such Person as finally determined by a court proceeding; filing by such Person of a petition or application to accomplish the same or for the appointment of a receiver or a trustee for such Person or a substantial part of his assets; commencement of any proceedings relating to such Person as a debtor under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereinafter in effect, either by such Person or by another, provided that if such proceeding is commenced by another, such Person indicates his approval of such proceeding, consents thereto or acquiesces therein, or such proceeding is contested by such Person and has not been finally dismissed within 90 days.

"EXCHANGE AMOUNT" means either the Cash Amount or the REIT Shares Amount, as selected by the General Partner or the General Partner in its sole and absolute discretion pursuant to Section 8.05(b) hereof.

"EXCHANGE RIGHT" has the meaning provided in Section 8.05(a) hereof.

"EXCHANGING PARTNER" has the meaning provided in Section 8.05(a) hereof.

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"GENERAL PARTNER" means Wells Real Estate Investment Trust, Inc. a Maryland corporation, and any Person who becomes a substitute or additional General

Partner as provided herein, and any of their successors as General Partner.

"GENERAL PARTNERSHIP INTEREST" means a Partnership Interest held by the General Partner that is a general partnership interest.

"INDEMNITEE" means (i) any Person made a party to a proceeding by reason of its status as the General Partner, the General Partner or a director, officer or employee of the General Partner, the Partnership or the General Partner, and (ii) such other Persons (including Affiliates of the General Partner, General Partner or the Partnership) as the General Partner may designate from time to time, in its sole and absolute discretion.

"INDEPENDENT DIRECTOR" means a director of the General Partner who is not an officer or employee of the General Partner, any Affiliate of an officer or employee or any Affiliate of (i) any lessee of any property of the General Partner or any Subsidiary of the General Partner, (ii) any Subsidiary of the General Partner, or (iii) any partnership that is an Affiliate of the General Partner.

"LIMITED PARTNER" means any Person named as a Limited Partner on Exhibit A attached hereto, and any Person who becomes a Substitute or Additional Limited Partner, in such Person's capacity as a Limited Partner in the Partnership.

"LIMITED PARTNERSHIP INTEREST" means the ownership interest of a Limited Partner in the Partnership at any particular time, including the right of such Limited Partner to any and all benefits to which such Limited Partner may be entitled as provided in this Agreement and in the Act, together with the obligations of such Limited Partner to comply with all the provisions of this Agreement and of such Act.

"LOSS" has the meaning provided in Section 5.01(f) hereof.

"MINIMUM LIMITED PARTNERSHIP INTEREST" means the lesser of (i) 1% or (ii) if the total Capital Contributions to the Partnership exceeds \$50 million, 1% divided by the ratio of the total Capital Contributions to the Partnership to \$50 million; provided, however, that the Minimum Limited Partnership Interest shall not be less than 0.2% at any time.

"NOTICE OF EXCHANGE" means the Notice of Exercise of Exchange Right substantially in the form attached as Exhibit B hereto.

"NYSE" means the New York Stock Exchange.

"OFFER" has the meaning set forth in Section 7.01(c) hereof.

"OFFERING" means the initial offer and sale by the General Partner and the purchase by the Dealer Manager (as defined in the Prospectus) of REIT Shares for sale to the public.

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"ORIGINAL LIMITED PARTNER" means the Limited Partner designated as "Original Limited Partner" on Exhibit A hereto.

"PARTNER" means any General Partner or Limited Partner.

"PARTNER NONRECOURSE DEBT MINIMUM GAIN" has the meaning set forth in Regulations Section 1.704-2(i). A Partner's share of Partner Nonrecourse Debt Minimum Gain shall be determined in accordance with Regulations Section 1.704-2(i)(5).

"PARTNERSHIP" means Wells Operating Partnership, L.P., a Delaware limited partnership.

"PARTNERSHIP INTEREST" means an ownership interest in the Partnership held by either a Limited Partner or the General Partner and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement.

"PARTNERSHIP MINIMUM GAIN" has the meaning set forth in Regulations Section 1.704-2(d). In accordance with Regulations Section 1.704-2(d), the amount of Partnership Minimum Gain is determined by first computing, for each Partnership nonrecourse liability, any gain the Partnership would realize if it disposed of the property subject to that liability for no consideration other than full satisfaction of the liability, and then aggregating the separately computed gains. A Partner's share of Partnership Minimum Gain shall be determined in accordance with Regulations Section 1.704-2(g) (1).

"PARTNERSHIP RECORD DATE" means the record date established by the General Partner for the distribution of cash pursuant to Section 5.02 hereof, which record date shall be the same as the record date established by the General Partner for a distribution to its shareholders of some or all of its portion of such distribution.

"PARTNERSHIP UNIT" means a fractional, undivided share of the Partnership Interests of all Partners issued hereunder. The allocation of Partnership Units among the Partners shall be as set forth on Exhibit A, as may be amended from

time to time.

"PERCENTAGE INTEREST" means the percentage ownership interest in the Partnership of each Partner, as determined by dividing the Partnership Units owned by a Partner by the total number of Partnership Units then outstanding. The Percentage Interest of each Partner shall be as set forth on Exhibit A, as

may be amended from time to time.

"PERSON" means any individual, partnership, corporation, joint venture, trust or other entity.

"PROFIT" has the meaning provided in Section 5.01(f) hereof.

"PROPERTY" means any office or industrial property or other investment in which the Partnership holds an ownership interest.

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"PROSPECTUS" means the final prospectus delivered to purchasers of REIT Shares in the Offering.

"REGULATIONS" means the Federal Income Tax Regulations issued under the Code, as amended and as hereafter amended from time to time. Reference to any particular provision of the Regulations shall mean that provision of the Regulations on the date hereof and any successor provision of the Regulations.

"REIT" means a real estate investment trust under Sections 856 through 860 of the Code.

"REIT EXPENSES" means (i) costs and expenses relating to the formation and continuity of existence and operation of the General Partner and any Subsidiaries thereof (which Subsidiaries shall, for purposes hereof, be included within the definition of General Partner), including taxes, fees and assessments associated therewith, any and all costs, expenses or fees payable to any director, officer, or employee of the General Partner, (ii) costs and expenses relating to any public offering and registration of securities by the General Partner and all statements, reports, fees and expenses incidental thereto, including, without limitation, underwriting discounts and selling commissions applicable to any such offering of securities, and any costs and expenses associated with any claims made by any holders of such securities or any

underwriters or placement agents thereof, (iii) costs and expenses associated with any repurchase of any securities by the General Partner, (iv) costs and expenses associated with the preparation and filing of any periodic or other reports and communications by the General Partner under federal, state or local laws or regulations, including filings with the Commission, (v) costs and expenses associated with compliance by the General Partner with laws, rules and regulations promulgated by any regulatory body, including the Commission and any securities exchange, (vi) costs and expenses associated with any 401(k) plan, incentive plan, bonus plan or other plan providing for compensation for the employees of the General Partner, (vii) costs and expenses incurred by the General Partner relating to any issuing or redemption of Partnership Interests, and (viii) all other operating or administrative costs of the General Partner incurred in the ordinary course of its business on behalf of or in connection with the Partnership.

"REIT SHARE" means a common share of beneficial interest in the General Partner (or successor Entity, as the case may be).

"REIT SHARES AMOUNT" means a number of REIT Shares equal to the product of the number of Partnership Units offered for exchange by an Exchanging Partner, multiplied by the Conversion Factor as adjusted to and including the Specified Exchange Date; provided that in the event the General Partner issues to all

holders of REIT Shares rights, options, warrants or convertible or exchangeable securities entitling the shareholders to subscribe for or purchase REIT Shares, or any other securities or property (collectively, the "rights"), and the rights have not expired at the Specified Exchange Date, then the REIT Shares Amount shall also include the rights issuable to a holder of the REIT Shares Amount of REIT Shares on the record date fixed for purposes of determining the holders of REIT Shares entitled to rights.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

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"SERVICE" means the Internal Revenue Service.

"SPECIFIED EXCHANGE DATE" means the first business day of the month that is at least 60 business days after the receipt by the General Partner of the Notice of Exchange.

"SUBSIDIARY" means, with respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

"SUBSIDIARY PARTNERSHIP" means any partnership of which the partnership interests therein are owned by the General Partner or a wholly-owned subsidiary of the General Partner.

"SUBSTITUTE LIMITED PARTNER" means any Person admitted to the Partnership as a Limited Partner pursuant to Section 9.03 hereof.

"SUCCESSOR ENTITY" has the meaning provided in the definition of "Conversion Factor" contained herein.

"SURVIVING GENERAL PARTNER" has the meaning set forth in Section 7.01(d) hereof.

"TRANSACTION" has the meaning set forth in Section 7.01(c) hereof.

"TRANSFER" has the meaning set forth in Section 9.02(a) hereof.

"TRANSFER RESTRICTION DATE" means January 31, 2000.

"VALUE" means, with respect to any security, the average of the daily market price of such security for the ten consecutive trading days immediately

preceding the date of such valuation. The market price for each such trading day shall be: (i) if security is listed or admitted to trading on any securities exchange or the NYSE, the sale price, regular way, on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices, regular way, on such day, (ii) if security is not listed or admitted to trading on any securities exchange or the NYSE, the last reported sale price on such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reliable quotation source designated by the General Partner, or (iii) if security is not listed or admitted to trading on any securities exchange or the NYSE and no such last reported sale price or closing bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reliable quotation source designated by the General Partner, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than ten days prior to the date in question) for which prices have been so reported; provided that if there are no bid and

asked prices reported during the ten days prior to the date in question, the value of the security shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate. In the event the security includes any additional rights, then the value of such rights shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate.

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ARTICLE II

PARTNERSHIP FORMATION AND IDENTIFICATION

2.01 FORMATION. The Partners hereby agree to form the Partnership pursuant to the Act and upon the terms and conditions set forth in this Agreement.

2.02 NAME, OFFICE AND REGISTERED AGENT. The name of the Partnership is Wells Operating Partnership, L.P. The specified office and place of business of the Partnership shall be 3885 Holcomb Bridge Road, Norcross, Georgia 30092. The General Partner may at any time change the location of such office, provided the General Partner gives notice to the Partners of any such change. The name and address of the Partnership's registered agent is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The sole duty of the registered agent as such is to forward to the Partnership any notice that is served on him as registered agent.

2.03 PARTNERS.

(a) The General Partner of the Partnership is Wells Real Estate Investment Trust, Inc., a Maryland corporation. Its principal place of business is the same as that of the Partnership.

(b) The Limited Partners are those Persons identified as Limited Partners on Exhibit A hereto, as amended from time to time.

2.04 TERM AND DISSOLUTION.

(a) The term of the Partnership shall continue in full force and effect until December 31, 2050, except that the Partnership shall be dissolved upon the first to occur of any of the following events:

(i) The occurrence of an Event of Bankruptcy as to a General Partner or the dissolution, death, removal or withdrawal of a General

Partner unless the business of the Partnership is continued pursuant to Section 7.03(b) hereof; provided that if a General Partner is on

the date of such occurrence a partnership, the dissolution of such General Partner as a result of the dissolution, death, withdrawal, removal or Event of Bankruptcy of a partner in such partnership shall not be an event of dissolution of the Partnership if the business of such General Partner is continued by the remaining partner or partners, either alone or with additional partners, and such General Partner and such partners comply with any other applicable requirements of this Agreement;

(ii) The passage of 90 days after the sale or other disposition of all or substantially all of the assets of the Partnership (provided

that if the Partnership receives an installment obligation as

consideration for such sale or other disposition, the Partnership shall continue, unless sooner dissolved under the provisions of this Agreement, until such time as such note or notes are paid in full);

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(iii) The exchange of all Limited Partnership Interests (other than any of such interests held by the General Partner or Affiliates of the General Partner); or

(iv) The election by the General Partner that the Partnership should be dissolved.

(b) Upon dissolution of the Partnership (unless the business of the Partnership is continued pursuant to Section 7.03(b) hereof), the General Partner (or its trustee, receiver, successor or legal representative) shall amend or cancel the Certificate and liquidate the Partnership's assets and apply and distribute the proceeds thereof in accordance with Section 5.06 hereof. Notwithstanding the foregoing, the liquidating General Partner may either (i) defer liquidation of, or withhold from distribution for a reasonable time, any assets of the Partnership (including those necessary to satisfy the Partnership's debts and obligations), or (ii) distribute the assets to the Partners in kind.

2.05 FILING OF CERTIFICATE AND PERFECTION OF LIMITED PARTNERSHIP. The

General Partner shall execute, acknowledge, record and file at the expense of the Partnership, the Certificate and any and all amendments thereto and all requisite fictitious name statements and notices in such places and jurisdictions as may be necessary to cause the Partnership to be treated as a limited partnership under, and otherwise to comply with, the laws of each state or other jurisdiction in which the Partnership conducts business.

2.06 CERTIFICATES DESCRIBING PARTNERSHIP UNITS. At the request of a

Limited Partner, the General Partner, at its option, may issue a certificate summarizing the terms of such Limited Partner's interest in the Partnership, including the number of Partnership Units owned and the Percentage Interest represented by such Partnership Units as of the date of such certificate. Any such certificate (i) shall be in form and substance as approved by the General Partner, (ii) shall not be negotiable and (iii) shall bear a legend to the following effect:

This certificate is not negotiable. The Partnership Units represented by this certificate are governed by and transferable only in accordance with the provisions of the Agreement of Limited Partnership of Wells Operating Partnership, L.P., as amended from time to time.

BUSINESS OF THE PARTNERSHIP

The purpose and nature of the business to be conducted by the Partnership is (i) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act, provided, however, that such business shall be limited to and conducted in such a manner as to permit the General Partner at all times to qualify as a REIT, unless the General Partner otherwise ceases to qualify as a REIT, (ii) to enter into any partnership, joint venture or other similar arrangement to engage in any of the foregoing or the ownership of interests in any entity engaged in any of the foregoing and (iii) to do anything necessary or incidental to the

foregoing. In connection with the foregoing, and without limiting the General Partner's right in its sole and absolute discretion to cease qualifying as a REIT, the Partners acknowledge that the General Partner's current status as a REIT and the avoidance of income and excise taxes on the General Partner inures to the benefit of all the Partners and not solely to the General Partner. Notwithstanding the foregoing, the Limited Partners agree that the General Partner may terminate its status as a REIT under the Code at any time to the full extent permitted under the Articles of Incorporation. The General Partner shall also be empowered to do any and all acts and things necessary or prudent to ensure that the Partnership will not be classified as a "publicly traded partnership" for purposes of Section 7704 of the Code.

ARTICLE IV

CAPITAL CONTRIBUTIONS AND ACCOUNTS

4.01 CAPITAL CONTRIBUTIONS. The General Partner and the Limited Partner

have made capital contributions to the Partnership in exchange for the Partnership Interests set forth opposite their names on Exhibit A, as amended

from time to time.

4.02 ADDITIONAL CAPITAL CONTRIBUTIONS AND ISSUANCES OF ADDITIONAL

PARTNERSHIP INTERESTS. Except as provided in this Section 4.02 or in Section

4.03, the Partners shall have no right or obligation to make any additional Capital Contributions or loans to the Partnership. The General Partner may contribute additional capital to the Partnership, from time to time, and receive additional Partnership Interests in respect thereof, in the manner contemplated in this Section 4.02.

(a) Issuances of Additional Partnership Interests.

(i) General. The General Partner is hereby authorized to cause

the Partnership to issue such additional Partnership Interests in the form of Partnership Units for any Partnership purpose at any time or from time to time, to the Partners (including the General Partner and the General Partner) or to other Persons for such consideration and on such terms and conditions as shall be established by the General Partner in its sole and absolute discretion, all without the approval of any Limited Partners. Any additional Partnership Interests issued thereby may be issued in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties, including rights, powers and duties senior to Limited Partnership Interests, all as shall be determined by the General Partner in its sole and absolute discretion and without the approval of any Limited Partner, subject to Delaware law, including, without limitation, (i) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership

Interests; (ii) the right of each such class or series of Partnership Interests to share in Partnership distributions; and (iii) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership; provided, however, that no additional Partnership Interests shall

be issued to the General Partner or the General Partner unless:

(1) (A) the additional Partnership Interests are issued in connection with an issuance of REIT Shares of or other interests in the General Partner, which

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shares or interests have designations, preferences and other rights, all such that the economic interests are substantially similar to the designations, preferences and other rights of the additional Partnership Interests issued to the General Partner or the General Partner by the Partnership in accordance with this Section 4.02 and (B) the General Partner or the General Partner shall make a Capital Contribution to the Partnership in an amount equal to the proceeds raised in connection with the issuance of such shares of stock of or other interests in the General Partner;

(2) the additional Partnership Interests are issued in exchange for property owned by the General Partner or the General Partner with a fair market value, as determined by the General Partner, in good faith, equal to the value of the Partnership Interests; or

(3) the additional Partnership Interests are issued to all Partners in proportion to their respective Percentage Interests.

Without limiting the foregoing, the General Partner is expressly authorized to cause the Partnership to issue Partnership Units for less than fair market value, so long as the General Partner concludes in good faith that such issuance is in the best interests of the General Partner and the Partnership.

(ii) Upon Issuance of Additional Securities. The General Partner

shall not issue any additional REIT Shares (other than REIT Shares issued in connection with an exchange pursuant to Section 8.05 hereof) or rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase REIT Shares (collectively, "Additional Securities") other than to all holders of REIT Shares, unless (A) the General Partner shall cause the Partnership to issue to the General Partner, as the General Partner may designate, Partnership Interests or rights, options, warrants or convertible or exchangeable securities of the Partnership having designations, preferences and other rights, all such that the economic interests are substantially similar to those of the Additional Securities, and (B) the General Partner contributes the proceeds from the issuance of such Additional Securities and from any exercise of rights contained in such Additional Securities, directly and through the General Partner, to the Partnership; provided, however, that the General

Partner is allowed to issue Additional Securities in connection with an acquisition of a property to be held directly by the General Partner, but if and only if, such direct acquisition and issuance of Additional Securities have been approved and determined to be in the best interests of the General Partner and the Partnership by a majority of the Independent Directors (as defined in the General Partner's Amended and Restated Articles of Incorporation). Without limiting the foregoing, the General Partner is expressly authorized to issue Additional Securities for less than fair market value, and to cause the Partnership to issue to the General Partner corresponding Partnership Interests, so long as (x) the General Partner concludes in good faith that such issuance is in the best interests of the General Partner and the Partnership, including without limitation, the issuance of REIT Shares and corresponding Partnership Units pursuant to an employee share purchase plan providing for employee purchases of REIT Shares at a discount from fair market value or employee stock options that have an exercise price that is less than the fair market value of

the REIT Shares, either at the time of issuance or at the time of exercise, and (y) the General Partner contributes all

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proceeds from such issuance to the Partnership. For example, in the event the General Partner issues REIT Shares for a cash purchase price and contributes all of the proceeds of such issuance to the Partnership as required hereunder, the General Partner shall be issued a number of additional Partnership Units equal to the product of (A) the number of such REIT Shares issued by the General Partner, the proceeds of which were so contributed, multiplied by (B) a fraction, the numerator of which is 100%, and the denominator of which is the Conversion Factor in effect on the date of such contribution.

(b) Certain Deemed Contributions of Proceeds of Issuance of REIT

Shares. In connection with any and all issuances of REIT Shares, the General

Partner shall make Capital Contributions to the Partnership of the proceeds therefrom, provided that if the proceeds actually received and contributed by

the General Partner are less than the gross proceeds of such issuance as a result of any underwriter's discount or other expenses paid or incurred in connection with such issuance, then the General Partner shall be deemed to have made Capital Contributions to the Partnership in the aggregate amount of the gross proceeds of such issuance and the Partnership shall be deemed simultaneously to have paid such offering expenses in accordance with Section 6.05 hereof and in connection with the required issuance of additional Partnership Units to the General Partner for such Capital Contributions pursuant to Section 4.02(a) hereof.

(c) Minimum Limited Partnership Interest. In the event that either an

exchange pursuant to Section 8.05 hereof or additional Capital Contributions by the General Partner would result in the Limited Partners, in the aggregate, owning less than the Minimum Limited Partnership Interest, the General Partner and the Limited Partners shall form another partnership and contribute sufficient Limited Partnership Interests together with such other Limited Partners so that the limited partners of such partnership own at least the Minimum Limited Partnership Interest.

4.03 ADDITIONAL FUNDING. If the General Partner determines that it is in

the best interests of the Partnership to provide for additional Partnership funds ("Additional Funds") for any Partnership purpose, the General Partner may (i) cause the Partnership to obtain such funds from outside borrowings, or (ii) elect to have the General Partner, the General Partner or any of their Affiliates provide such Additional Funds to the Partnership through loans or otherwise.

4.04 CAPITAL ACCOUNTS. A separate capital account (a "Capital Account")

shall be established and maintained for each Partner in accordance with Regulations Section 1.704-1(b)(2)(iv). If (i) a new or existing Partner acquires an additional Partnership Interest in exchange for more than a de
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minimis Capital Contribution, (ii) the Partnership distributes to a Partner more

than a de minimis amount of Partnership property as consideration for a
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Partnership Interest, or (iii) the Partnership is liquidated within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g), the General Partner shall revalue the property of the Partnership to its fair market value (as determined by the General Partner, in its sole and absolute discretion, and taking into account Section 7701(g) of the Code) in accordance with Regulations Section 1.704-1(b)(2)(iv)(f). When the Partnership's property is revalued by the General Partner, the Capital Accounts of the Partners shall be adjusted in accordance

with Regulations Sections 1.704-1(b)(2)(iv)(f) and (g), which generally require such Capital Accounts to be adjusted to reflect the manner in which the unrealized gain or loss inherent in such property (that has not been reflected in the Capital

Accounts previously) would be allocated among the Partners pursuant to Section 5.01 if there were a taxable disposition of such property for its fair market value (as determined by the General Partner, in its sole and absolute discretion, and taking into account Section 7701(g) of the Code) on the date of the revaluation.

4.05 PERCENTAGE INTERESTS. If the number of outstanding Partnership Units

increases or decreases during a taxable year, each Partner's Percentage Interest shall be adjusted by the General Partner effective as of the effective date of each such increase or decrease to a percentage equal to the number of Partnership Units held by such Partner divided by the aggregate number of Partnership Units outstanding after giving effect to such increase or decrease. If the Partners' Percentage Interests are adjusted pursuant to this Section 4.05, the Profits and Losses for the taxable year in which the adjustment occurs shall be allocated between the part of the year ending on the day when the Partnership's property is revalued by the General Partner and the part of the year beginning on the following day either (i) as if the taxable year had ended on the date of the adjustment or (ii) based on the number of days in each part. The General Partner, in its sole and absolute discretion, shall determine which method shall be used to allocate Profits and Losses for the taxable year in which the adjustment occurs. The allocation of Profits and Losses for the earlier part of the year shall be based on the Percentage Interests before adjustment, and the allocation of Profits and Losses for the later part shall be based on the adjusted Percentage Interests.

4.06 NO INTEREST ON CONTRIBUTIONS. No Partner shall be entitled to

interest on its Capital Contribution.

4.07 RETURN OF CAPITAL CONTRIBUTIONS. No Partner shall be entitled to

withdraw any part of its Capital Contribution or its Capital Account or to receive any distribution from the Partnership, except as specifically provided in this Agreement. Except as otherwise provided herein, there shall be no obligation to return to any Partner or withdrawn Partner any part of such Partner's Capital Contribution for so long as the Partnership continues in existence.

4.08 NO THIRD PARTY BENEFICIARY. No creditor or other third party having

dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans or to pursue any other right or remedy hereunder or at law or in equity, it being understood and agreed that the provisions of this Agreement shall be solely for the benefit of, and may be enforced solely by, the parties hereto and their respective successors and assigns. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or of any of the Partners. In addition, it is the intent of the parties hereto that no distribution to any Limited Partner shall be deemed a return of money or other property in violation of the Act. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Limited Partner is obligated to return such money or property, such obligation shall be the obligation of such Limited Partner and not of the General Partner. Without limiting the generality of the foregoing, a deficit Capital

Account of a Partner shall not be deemed to be a liability of such Partner nor an asset or property of the Partnership.

ARTICLE V

PROFITS AND LOSSES; DISTRIBUTIONS

5.01 ALLOCATION OF PROFIT AND LOSS.

(a) General. Profit and Loss of the Partnership for each fiscal year

of the Partnership shall be allocated among the Partners in accordance with their respective Percentage Interests.

(b) Minimum Gain Chargeback. Notwithstanding any provision to the

contrary, (i) any expense of the Partnership that is a "nonrecourse deduction" within the meaning of Regulations Section 1.704-2(b) (1) shall be allocated in accordance with the Partners' respective Percentage Interests, (ii) any expense of the Partnership that is a "partner nonrecourse deduction" within the meaning of Regulations Section 1.704-2(i) (2) shall be allocated to the Partner that bears the "economic risk of loss" of such deduction in accordance with Regulations Section 1.704-2(i) (1), (iii) if there is a net decrease in Partnership Minimum Gain within the meaning of Regulations Section 1.704-2(f) (1) for any Partnership taxable year, then, subject to the exceptions set forth in Regulations Section 1.704-2(f) (2), (3), (4) and (5), items of gain and income shall be allocated among the Partners in accordance with Regulations Section 1.704-2(f) and the ordering rules contained in Regulations Section 1.704-2(j), and (iv) if there is a net decrease in Partner Nonrecourse Debt Minimum Gain within the meaning of Regulations Section 1.704-2(i) (4) for any Partnership taxable year, then, subject to the exceptions set forth in Regulations Section 1.704-2(g), items of gain and income shall be allocated among the Partners in accordance with Regulations Section 1.704-2(i) (4) and the ordering rules contained in Regulations Section 1.704-2(j). A Partner's "interest in partnership profits" for purposes of determining its share of the nonrecourse liabilities of the Partnership within the meaning of Regulations Section 1.752-3(a) (3) shall be such Partner's Percentage Interest.

(c) Qualified Income Offset. If a Partner receives in any taxable

year an adjustment, allocation, or distribution described in subparagraphs (4), (5), or (6) of Regulations Section 1.704-1(b) (2) (ii) (d) that causes or increases a deficit balance in such Partner's Capital Account that exceeds the sum of such Partner's shares of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain, as determined in accordance with Regulations Sections 1.704-2(g) and 1.704-2(i), such Partner shall be allocated specially for such taxable year (and, if necessary, later taxable years) items of income and gain in an amount and manner sufficient to eliminate such deficit Capital Account balance as quickly as possible as provided in Regulations Section 1.704-1(b) (2) (ii) (d). After the occurrence of an allocation of income or gain to a Partner in accordance with this Section 5.01(c), to the extent permitted by Regulations Section 1.704-1(b), items of expense or loss shall be allocated to such Partner in an amount necessary to offset the income or gain previously allocated to such Partner under this Section 5.01(c).

(d) Capital Account Deficits. Loss shall not be allocated to a

Limited Partner to the extent that such allocation would cause a deficit in such Partner's Capital Account (after reduction to reflect the items described in Regulations Section 1.704-1(b) (2) (ii) (d) (4), (5) and (6)) to exceed the sum of

such Partner's shares of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain. Any Loss in excess of that limitation shall be allocated to the General Partner. After the occurrence of an allocation of Loss to the General Partner in accordance with this Section 5.01(d), to the extent permitted by Regulations Section 1.704-1(b), Profit shall be allocated to such Partner in an amount necessary to offset the Loss previously allocated to each Partner under this Section 5.01(d).

(e) Allocations Between Transferor and Transferee. If a Partner

transfers any part or all of its Partnership Interest, the distributive shares of the various items of Profit and Loss allocable among the Partners during such fiscal year of the Partnership shall be allocated between the transferor and the transferee Partner either (i) as if the Partnership's fiscal year had ended on the date of the transfer, or (ii) based on the number of days of such fiscal year that each was a Partner without regard to the results of Partnership activities in the respective portions of such fiscal year in which the transferor and the transferee were Partners. The General Partner, in its sole and absolute discretion, shall determine which method shall be used to allocate the distributive shares of the various items of Profit and Loss between the transferor and the transferee Partner.

(f) Definition of Profit and Loss. "Profit" and "Loss" and any items

of income, gain, expense, or loss referred to in this Agreement shall be determined in accordance with federal income tax accounting principles, as modified by Regulations Section 1.704-1(b)(2)(iv), except that Profit and Loss shall not include items of income, gain and expense that are specially allocated pursuant to Sections 5.01(b), 5.01(c), or 5.01(d). All allocations of income, Profit, gain, Loss, and expense (and all items contained therein) for federal income tax purposes shall be identical to all allocations of such items set forth in this Section 5.01, except as otherwise required by Section 704(c) of the Code and Regulations Section 1.704-1(b)(4). The General Partner shall have the authority to elect the method to be used by the Partnership for allocating items of income, gain, and expense as required by Section 704(c) of the Code including a method that may result in a Partner receiving a disproportionately larger share of the Partnership tax depreciation deductions, and such election shall be binding on all Partners.

5.02 DISTRIBUTION OF CASH.

(a) The Partnership shall distribute cash on a quarterly (or, at the election of the General Partner, more frequent) basis, in an amount determined by the General Partner in its sole and absolute discretion, to the Partners who are Partners on the Partnership Record Date with respect to such quarter (or other distribution period) in accordance with their respective Percentage Interests on the Partnership Record Date; provided, however, that if a new or

existing Partner acquires an additional Partnership Interest in exchange for a Capital Contribution on any date other than a Partnership Record Date, the cash distribution attributable to such additional Partnership Interest relating to the Partnership Record Date next following the issuance of such additional Partnership Interest shall be reduced in the proportion to (i) the number of days that

such additional Partnership Interest is held by such Partner bears to (ii) the number of days between such Partnership Record Date and the immediately preceding Partnership Record Date.

(b) Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines to be necessary or appropriate to cause the Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, pursuant to Sections 1441, 1442, 1445 and 1446 of the Code.

To the extent that the Partnership is required to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to the Partner or assignee (including by reason of Section 1446 of the Code), either (i) if the actual amount to be distributed to the Partner equals or exceeds the amount required to be withheld by the Partnership, the amount withheld shall be treated as a distribution of cash in the amount of such withholding to such Partner, or (ii) if the actual amount to be distributed to the Partner is less than the amount required to be withheld by the Partnership, the amount required to be withheld shall be treated as a loan (a "Partnership Loan") from the Partnership to the Partner on the day the Partnership pays over such amount to a taxing authority. A Partnership Loan shall be repaid through withholding by the Partnership with respect to subsequent distributions to the applicable Partner or assignee. In the event that a Limited Partner (a "Defaulting Limited Partner") fails to pay any amount owed to the Partnership with respect to the Partnership Loan within 15 days after demand for payment thereof is made by the Partnership on the Limited Partner, the General Partner, in its sole and absolute discretion, may elect to make the payment to the Partnership on behalf of such Defaulting Limited Partner. In such event, on the date of payment, the General Partner shall be deemed to have extended a loan (a "General Partner Loan") to the Defaulting Limited Partner in the amount of the payment made by the General Partner and shall succeed to all rights and remedies of the Partnership against the Defaulting Limited Partner as to that amount. Without limitation, the General Partner shall have the right to receive any distributions that otherwise would be made by the Partnership to the Defaulting Limited Partner until such time as the General Partner Loan has been paid in full, and any such distributions so received by the General Partner shall be treated as having been received by the Defaulting Limited Partner and immediately paid to the General Partner.

Any amounts treated as a Partnership Loan or a General Partner Loan pursuant to this Section 5.02(b) shall bear interest at the lesser of (i) the base rate on corporate loans at large United States money center commercial banks, as published from time to time in The Wall Street Journal, or (ii) the -----
maximum lawful rate of interest on such obligation, such interest to accrue from the date the Partnership or the General Partner, as applicable, is deemed to extend the loan until such loan is repaid in full.

(c) In no event may a Partner receive a distribution of cash with respect to a Partnership Unit if such Partner is entitled to receive a cash dividend as the holder of record of a REIT Share for which all or part of such Partnership Unit has been or will be exchanged.

5.03 REIT DISTRIBUTION REQUIREMENTS. The General Partner shall use its -----
reasonable efforts to cause the Partnership to distribute amounts sufficient to enable the General Partner to pay shareholder dividends that will allow the General Partner to (i) meet its distribution

requirement for qualification as a REIT as set forth in Section 857 of the Code and (ii) avoid any federal income or excise tax liability imposed by the Code.

5.04 NO RIGHT TO DISTRIBUTIONS IN KIND. No Partner shall be entitled to -----
demand property other than cash in connection with any distributions by the Partnership.

5.05 LIMITATIONS ON RETURN OF CAPITAL CONTRIBUTIONS. Notwithstanding any of -----
the provisions of this Article V, no Partner shall have the right to receive and the General Partner shall not have the right to make, a distribution that includes a return of all or part of a Partner's Capital Contributions, unless after giving effect to the return of a Capital Contribution, the sum of all Partnership liabilities, other than the liabilities to a Partner for the return of his Capital Contribution, does not exceed the fair market value of the

Partnership's assets.

5.06 DISTRIBUTIONS UPON LIQUIDATION. Upon liquidation of the Partnership,

after payment of, or adequate provision for, debts and obligations of the Partnership, including any Partner loans, any remaining assets of the Partnership shall be distributed to all Partners with positive Capital Accounts in accordance with their respective positive Capital Account balances. For purposes of the preceding sentence, the Capital Account of each Partner shall be determined after all adjustments made in accordance with Sections 5.01 and 5.02 resulting from Partnership operations and from all sales and dispositions of all or any part of the Partnership's assets. To the extent deemed advisable by the General Partner, appropriate arrangements (including the use of a liquidating trust) may be made to assure that adequate funds are available to pay any contingent debts or obligations.

5.07 SUBSTANTIAL ECONOMIC EFFECT. It is the intent of the Partners that the

allocations of Profit and Loss under the Agreement have substantial economic effect (or be consistent with the Partners' interests in the Partnership in the case of the allocation of losses attributable to nonrecourse debt) within the meaning of Section 704(b) of the Code as interpreted by the Regulations promulgated pursuant thereto. Article V and other relevant provisions of this Agreement shall be interpreted in a manner consistent with such intent.

ARTICLE VI

RIGHTS, OBLIGATIONS AND

POWERS OF THE GENERAL PARTNER

6.01 MANAGEMENT OF THE PARTNERSHIP.

(a) Except as otherwise expressly provided in this Agreement, the General Partner shall have full, complete and exclusive discretion to manage and control the business of the Partnership for the purposes herein stated, and shall make all decisions affecting the business and assets of the Partnership. Subject to the restrictions specifically contained in this Agreement, the powers of the General Partner shall include, without limitation, the authority to take the following actions on behalf of the Partnership:

(i) to acquire, purchase, own, operate, lease and dispose of any real property and any other property or assets including, but not limited to notes and

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mortgages, that the General Partner determines are necessary or appropriate or in the best interests of the business of the Partnership;

(ii) to construct buildings and make other improvements on the properties owned or leased by the Partnership;

(iii) to authorize, issue, sell, redeem or otherwise purchase any Partnership Interests or any securities (including secured and unsecured debt obligations of the Partnership, debt obligations of the Partnership convertible into any class or series of Partnership Interests, or options, rights, warrants or appreciation rights relating to any Partnership Interests) of the Partnership;

(iv) to borrow or lend money for the Partnership, issue or receive evidences of indebtedness in connection therewith, refinance, increase the amount of, modify, amend or change the terms of, or extend the time for the payment of, any such indebtedness, and secure

such indebtedness by mortgage, deed of trust, pledge or other lien on the Partnership's assets;

(v) to pay, either directly or by reimbursement, for all operating costs and general administrative expenses of the Partnership to third parties or to the General Partner or its Affiliates as set forth in this Agreement,

(vi) to guarantee or become a comaker of indebtedness of the General Partner or any Subsidiary thereof, refinance, increase the amount of, modify, amend or change the terms of, or extend the time for the payment of, any such guarantee or indebtedness, and secure such guarantee or indebtedness by mortgage, deed of trust, pledge or other lien on the Partnership's assets;

(vii) to use assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with this Agreement, including, without limitation, payment, either directly or by reimbursement, of all operating costs and general administrative expenses of the General Partner, the Partnership or any Subsidiary of either, to third parties or to the General Partner as set forth in this Agreement;

(viii) to lease all or any portion of any of the Partnership's assets, whether or not the terms of such leases extend beyond the termination date of the Partnership and whether or not any portion of the Partnership's assets so leased are to be occupied by the lessee, or, in turn, subleased in whole or in part to others, for such consideration and on such terms as the General Partner may determine;

(ix) to prosecute, defend, arbitrate, or compromise any and all claims or liabilities in favor of or against the Partnership, on such terms and in such manner as the General Partner may reasonably determine, and similarly to prosecute, settle or defend litigation with respect to the Partners, the Partnership, or the Partnership's assets; provided, however, that the General Partner may not, without

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the consent of all of the Partners, confess a judgment against the Partnership that is in excess of \$20,000 or is not covered by insurance;

(x) to file applications, communicate, and otherwise deal with any and all governmental agencies having jurisdiction over, or in any way affecting, the Partnership's assets or any other aspect of the Partnership business;

(xi) to make or revoke any election permitted or required of the Partnership by any taxing authority;

(xii) to maintain such insurance coverage for public liability, fire and casualty, and any and all other insurance for the protection of the Partnership, for the conservation of Partnership assets, or for any other purpose convenient or beneficial to the Partnership, in such amounts and such types, as it shall determine from time to time;

(xiii) to determine whether or not to apply any insurance proceeds for any property to the restoration of such property or to distribute the same;

(xiv) to establish one or more divisions of the Partnership, to hire and dismiss employees of the Partnership or any division of the Partnership, and to retain legal counsel, accountants, consultants, real estate brokers, and such other persons, as the General Partner may deem necessary or appropriate in connection with the Partnership

business and to pay therefor such reasonable remuneration as the General Partner may deem reasonable and proper;

(xv) to retain other services of any kind or nature in connection with the Partnership business, and to pay therefor such remuneration as the General Partner may deem reasonable and proper;

(xvi) to negotiate and conclude agreements on behalf of the Partnership with respect to any of the rights, powers and authority conferred upon the General Partner;

(xvii) to maintain accurate accounting records and to file promptly all federal, state and local income tax returns on behalf of the Partnership;

(xviii) to distribute Partnership cash or other Partnership assets in accordance with this Agreement;

(xix) to form or acquire an interest in, and contribute property to, any further limited or general partnerships, joint ventures or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contributions of property to, its Subsidiaries and any other Person in which it has an equity interest from time to time);

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(xx) to establish Partnership reserves for working capital, capital expenditures, contingent liabilities, or any other valid Partnership purpose; and

(xxi) to merge, consolidate or combine the Partnership with or into another person;

(xxii) to do any and all acts and things necessary or prudent to ensure that the Partnership will not be classified as a "publicly traded partnership" for purposes of Section 7704 of the Code; and

(xxiii) to take such other action, execute, acknowledge, swear to or deliver such other documents and instruments, and perform any and all other acts that the General Partner deems necessary or appropriate for the formation, continuation and conduct of the business and affairs of the Partnership (including, without limitation, all actions consistent with allowing the General Partner at all times to qualify as a REIT unless the General Partner voluntarily terminates its REIT status) and to possess and enjoy all of the rights and powers of a general partner as provided by the Act.

(b) Except as otherwise provided herein, to the extent the duties of the General Partner require expenditures of funds to be paid to third parties, the General Partner shall not have any obligations hereunder except to the extent that partnership funds are reasonably available to it for the performance of such duties, and nothing herein contained shall be deemed to authorize or require the General Partner, in its capacity as such, to expend its individual funds for payment to third parties or to undertake any individual liability or obligation on behalf of the Partnership.

6.02 DELEGATION OF AUTHORITY. The General Partner may delegate any or all -----
of its powers, rights and obligations hereunder, and may appoint, employ, contract or otherwise deal with any Person for the transaction of the business of the Partnership, which Person may, under supervision of the General Partner, perform any acts or services for the Partnership as the General Partner may approve.

6.03 INDEMNIFICATION AND EXCULPATION OF INDEMNITEES.

(a) The Partnership shall indemnify an Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including reasonable legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership as set forth in this Agreement in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the Indemnitee was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) the Indemnitee actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. The termination of any proceeding by judgment, order or settlement

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does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 6.03(a). The termination of any proceeding by conviction or upon a plea of nolo contendere or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the Indemnitee acted in a manner contrary to that specified in this Section 6.03(a). Any indemnification pursuant to this Section 6.03 shall be made only out of the assets of the Partnership.

(b) The Partnership shall reimburse an Indemnitee for reasonable expenses incurred by an Indemnitee who is a party to a proceeding in advance of the final disposition of the proceeding upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in this Section 6.03 has been met, and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

(c) The indemnification provided by this Section 6.03 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity.

(d) The Partnership may purchase and maintain insurance, on behalf of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 6.03, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute fines within the meaning of this Section 6.03; and actions taken or omitted by the Indemnitee with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Partnership.

(f) In no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 6.03 because the Indemnitee had an interest in the

transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

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(h) The provisions of this Section 6.03 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

6.04 LIABILITY OF THE GENERAL PARTNER.

(a) Notwithstanding anything to the contrary set forth in this Agreement, the General Partner shall not be liable for monetary damages to the Partnership or any Partners for losses sustained or liabilities incurred as a result of errors in judgment or of any act or omission if the General Partner acted in good faith. The General Partner shall not be in breach of any duty that the General Partner may owe to the Limited Partners or the Partnership or any other Persons under this Agreement or of any duty stated or implied by law or equity provided the General Partner, acting in good faith, abides by the terms of this Agreement.

(b) The Limited Partners expressly acknowledge that the General Partner is acting on behalf of the Partnership, itself and its shareholders collectively, that the General Partner is under no obligation to consider the separate interests of the Limited Partners (including, without limitation, the tax consequences to Limited Partners or the tax consequences of same, but not all, of the Limited Partners) in deciding whether to cause the Partnership to take (or decline to take) any actions. In the event of a conflict between the interests of its shareholders on one hand and the Limited Partners on the other, the General Partner shall endeavor in good faith to resolve the conflict in a manner not adverse to either its shareholders or the Limited Partners; provided, however, that for so long as the General Partner directly owns a controlling interest in the Partnership, any such conflict that the General Partner, in its sole and absolute discretion, determines cannot be resolved in a manner not adverse to either its shareholders or the Limited Partner shall be resolved in favor of the shareholders. The General Partner shall not be liable for monetary damages for losses sustained, liabilities incurred, or benefits not derived by Limited Partners in connection with such decisions, provided that the General Partner has acted in good faith.

(c) Subject to its obligations and duties as General Partner set forth in Section 6.01 hereof, the General Partner may exercise any of the powers granted to it under this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents. The General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by it in good faith.

(d) Notwithstanding any other provisions of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect the ability of the General Partner to continue to qualify as a REIT or (ii) to prevent the General Partner from incurring any taxes under Section 857, Section 4981, or any other provision of the Code, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

(e) Any amendment, modification or repeal of this Section 6.04 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the

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General Partner's liability to the Partnership and the Limited Partners under this Section 6.04 as in effect immediately prior to such amendment, modification

or repeal with respect to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when claims relating to such matters may arise or be asserted.

6.05 REIMBURSEMENT OF GENERAL PARTNER.

(a) Except as provided in this Section 6.05 and elsewhere in this Agreement (including the provisions of Articles 5 and 6 regarding distributions, payments, and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

(b) The General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole and absolute discretion, for all REIT Expenses and Administrative Expenses.

6.06 OUTSIDE ACTIVITIES. Subject to Section 6.08 hereof, the Articles of

Incorporation and any agreements entered into by the General Partner or its Affiliates with the Partnership or a Subsidiary, any officer, director, employee, agent, trustee, Affiliate or shareholder of the General Partner, the General Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities substantially similar or identical to those of the Partnership. Neither the Partnership nor any of the Limited Partners shall have any rights by virtue of this Agreement in any such business ventures, interest or activities. None of the Limited Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any such business ventures, interests or activities, and the General Partner shall have no obligation pursuant to this Agreement to offer any interest in any such business ventures, interests and activities to the Partnership or any Limited Partner, even if such opportunity is of a character which, if presented to the Partnership or any Limited Partner, could be taken by such Person.

6.07 EMPLOYMENT OR RETENTION OF AFFILIATES.

(a) Any Affiliate of the General Partner may be employed or retained by the Partnership and may otherwise deal with the Partnership (whether as a buyer, lessor, lessee, manager, furnisher of goods or services, broker, agent, lender or otherwise) and may receive from the Partnership any compensation, price, or other payment therefor which the General Partner determines to be fair and reasonable.

(b) The Partnership may lend or contribute to its Subsidiaries or other Persons in which it has an equity investment, and such Persons may borrow funds from the Partnership, on terms and conditions established in the sole and absolute discretion of the General Partner. The foregoing authority shall not create any right or benefit in favor of any Subsidiary or any other Person.

(c) The Partnership may transfer assets to joint ventures, other partnerships, corporations or other business entities in which it is or thereby becomes a participant upon such

terms and subject to such conditions as the General Partner deems are consistent with this Agreement and applicable law.

(d) Except as expressly permitted by this Agreement, neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, except pursuant to transactions that are on terms that are fair and reasonable to the Partnership.

6.08 GENERAL PARTNER PARTICIPATION. The General Partner agrees that all

business activities of the General Partner, including activities pertaining to the acquisition, development or ownership of office or industrial property or other property, shall be conducted through the Partnership or one or more Subsidiary Partnerships; provided, however, that the General Partner is allowed

to make a direct acquisition, but if and only if, such acquisition is made in connection with the issuance of Additional Securities, which direct acquisition and issuance have been approved and determined to be in the best interests of the General Partner and the Partnership by a majority of the Independent Directors.

6.09 TITLE TO PARTNERSHIP ASSETS. Title to Partnership assets, whether

real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or any nominee or Affiliate of the General Partner shall be held by the General Partner for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, however, that the General Partner shall use its best

efforts to cause beneficial and record title to such assets to be vested in the Partnership as soon as reasonably practicable. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

6.10 MISCELLANEOUS. In the event the General Partner redeems any REIT

Shares, then the General Partner shall cause the Partnership to purchase from the General Partner a number of Partnership Units as determined based on the application of the Conversion Factor on the same terms that the General Partner exchanged such REIT Shares. Moreover, if the General Partner makes a cash tender offer or other offer to acquire REIT Shares, then the General Partner shall cause the Partnership to make a corresponding offer to the General Partner to acquire an equal number of Partnership Units held by the General Partner. In the event any REIT Shares are exchanged by the General Partner pursuant to such offer, the Partnership shall redeem an equivalent number of the General Partner's Partnership Units for an equivalent purchase price based on the application of the Conversion Factor.

ARTICLE VII

CHANGES IN GENERAL PARTNER

7.01 TRANSFER OF THE GENERAL PARTNER'S PARTNERSHIP INTEREST.

(a) The General Partner shall not transfer all or any portion of its General Partnership Interest or withdraw as General Partner except as provided in or in connection with a transaction contemplated by Section 7.01(c), (d) or (e).

(b) The General Partner agree that the Percentage Interest for it will at all times be in the aggregate, at least 1%.

(c) Except as otherwise provided in Section 6.04(b) or Section 7.01(d) or (e) hereof, the General Partner shall not engage in any merger, consolidation or other combination with or into another Person or sale of all or substantially

all of its assets, (other than in connection with a change in the General Partner's state of incorporation or organizational form) in each case which results in a change of control of the General Partner (a "Transaction"), unless:

(i) the consent of Limited Partners holding more than 50% of the Percentage Interests of the Limited Partners is obtained;

(ii) as a result of such Transaction all Limited Partners will receive for each Partnership Unit an amount of cash, securities, or other property equal to the product of the Conversion Factor and the greatest amount of cash, securities or other property paid in the Transaction to a holder of one REIT Share in consideration of one REIT Share, provided that if, in connection with the Transaction, a

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purchase, tender or exchange offer ("Offer") shall have been made to and accepted by the holders of more than 50% of the outstanding REIT Shares, each holder of Partnership Units shall be given the option to exchange its Partnership Units for the greatest amount of cash, securities, or other property which a Limited Partner would have received had it (A) exercised its Exchange Right and (B) sold, tendered or exchanged pursuant to the Offer the REIT Shares received upon exercise of the Exchange Right immediately prior to the expiration of the Offer; or

(iii) the General Partner is the surviving entity in the Transaction and either (A) the holders of REIT Shares do not receive cash, securities, or other property in the Transaction or (B) all Limited Partners (other than the General Partner or any Subsidiary) receive an amount of cash, securities, or other property (expressed as an amount per REIT Share) that is no less than the product of the Conversion Factor and the greatest amount of cash, securities, or other property (expressed as an amount per REIT Share) received in the Transaction by any holder of REIT Shares.

(d) Notwithstanding Section 7.01(c), the General Partner may merge with or into or consolidate with another entity if immediately after such merger or consolidation (i)

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substantially all of the assets of the successor or surviving entity (the "Survivor"), other than Partnership Units held by the General Partner, are contributed, directly or indirectly, to the Partnership as a Capital Contribution in exchange for Partnership Units with a fair market value equal to the value of the assets so contributed as determined by the Survivor in good faith and (ii) the Survivor expressly agrees to assume all obligations of the General Partner, as appropriate, hereunder. Upon such contribution and assumption, the Survivor shall have the right and duty to amend this Agreement as set forth in this Section 7.01(d). The Survivor shall in good faith arrive at a new method for the calculation of the Cash Amount, the REIT Shares Amount and Conversion Factor for a Partnership Unit after any such merger or consolidation so as to approximate the existing method for such calculation as closely as reasonably possible. Such calculation shall take into account, among other things, the kind and amount of securities, cash and other property that was receivable upon such merger or consolidation by a holder of REIT Shares or options, warrants or other rights relating thereto, and to which a holder of Partnership Units could have acquired had such Partnership Units been exchanged immediately prior to such merger or consolidation. Such amendment to this Agreement shall provide for adjustment to such method of calculation, which shall be as nearly equivalent as may be practicable to the adjustments provided for with respect to the Conversion Factor. The Survivor also shall in good faith modify the definition of REIT Shares and make such amendments to Section 8.05 hereof so as to approximate the existing rights and obligations set forth in Section 8.05 as closely as reasonably possible. The above provisions of this Section 7.01(d) shall similarly apply to successive mergers or consolidations permitted hereunder.

In respect of any transaction described in the preceding Paragraph, the General Partner is required to use its commercially reasonable efforts to structure such transaction to avoid causing the Limited Partners to recognize a gain for federal income tax purposes by virtue of the occurrence of or their participation in such transaction, provided such efforts are consistent with the exercise of the Board of Trustees' fiduciary duties to the shareholders of the General Partner under applicable law.

(e) Notwithstanding Section 7.01(c),

(i) a General Partner may transfer all or any portion of its General Partnership Interest to (A) a wholly-owned Subsidiary of such General Partner or (B) the owner of all of the ownership interests of such General Partner, and following a transfer of all of its General Partnership Interest, may withdraw as General Partner; and

(ii) the General Partner may engage in a transaction not required by law or by the rules of any national securities exchange on which the REIT Shares are listed to be submitted to the vote of the holders of the REIT Shares.

7.02 ADMISSION OF A SUBSTITUTE OR ADDITIONAL GENERAL PARTNER. A Person

shall be admitted as a substitute or additional General Partner of the Partnership only if the following terms and conditions are satisfied:

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(a) the Person to be admitted as a substitute or additional General Partner shall have accepted and agreed to be bound by all the terms and provisions of this Agreement by executing a counterpart thereof and such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a General Partner, and a certificate evidencing the admission of such Person as a General Partner shall have been filed for recordation and all other actions required by Section 2.05 hereof in connection with such admission shall have been performed;

(b) if the Person to be admitted as a substitute or additional General Partner is a corporation or a partnership it shall have provided the Partnership with evidence satisfactory to counsel for the Partnership of such Person's authority to become a General Partner and to be bound by the terms and provisions of this Agreement; and

(c) counsel for the Partnership shall have rendered an opinion (relying on such opinions from other counsel and the state or any other jurisdiction as may be necessary) that the admission of the person to be admitted as a substitute or additional General Partner is in conformity with the Act, that none of the actions taken in connection with the admission of such Person as a substitute or additional General Partner will cause (i) the Partnership to be classified other than as a partnership for federal income tax purposes, or (ii) the loss of any Limited Partner's limited liability.

7.03 EFFECT OF BANKRUPTCY, WITHDRAWAL, DEATH OR DISSOLUTION OF A GENERAL

PARTNER.

(a) Upon the occurrence of an Event of Bankruptcy as to a General Partner (and its removal pursuant to Section 7.04(a) hereof) or the death, withdrawal, removal or dissolution of a General Partner (except that, if a General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to, or removal of a partner in, such partnership shall be deemed not to be a dissolution of such General Partner if the business of such General Partner is continued by the remaining partner or partners), the Partnership shall be dissolved and terminated unless the Partnership is continued pursuant to Section 7.03(b) hereof. The merger of the General Partner with or into any entity that is admitted as a substitute or

successor General Partner pursuant to Section 7.02 hereof shall not be deemed to be the withdrawal, dissolution or removal of the General Partner.

(b) Following the occurrence of an Event of Bankruptcy as to a General Partner (and its removal pursuant to Section 7.04(a) hereof) or the death, withdrawal, removal or dissolution of a General Partner (except that, if a General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to, or removal of a partner in, such partnership shall be deemed not to be a dissolution of such General Partner if the business of such General Partner is continued by the remaining partner or partners), the Limited Partners, within 90 days after such occurrence, may elect to continue the business of the Partnership for the balance of the term specified in Section 2.04 hereof by selecting, subject to Section 7.02 hereof and any other provisions of this Agreement, a substitute General Partner by consent of a majority in interest of the Limited Partners. If the Limited Partners elect to continue the business of the Partnership and admit a substitute General Partner, the relationship with the

Partners and of any Person who has acquired an interest of a Partner in the Partnership shall be governed by this Agreement.

7.04 REMOVAL OF A GENERAL PARTNER.

(a) Upon the occurrence of an Event of Bankruptcy as to, or the dissolution of, a General Partner, such General Partner shall be deemed to be removed automatically; provided, however, that if a General Partner is on the

date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to or removal of a partner in such partnership shall be deemed not to be a dissolution of the General Partner if the business of such General Partner is continued by the remaining partner or partners. The Limited Partners may not remove the General Partner, with or without cause.

(b) If a General Partner has been removed pursuant to this Section 7.04 and the Partnership is continued pursuant to Section 7.03 hereof, such General Partner shall promptly transfer and assign its General Partnership Interest in the Partnership to the substitute General Partner approved by a majority in interest of the Limited Partners in accordance with Section 7.03(b) hereof and otherwise admitted to the Partnership in accordance with Section 7.02 hereof. At the time of assignment, the removed General Partner shall be entitled to receive from the substitute General Partner the fair market value of the General Partnership Interest of such removed General Partner as reduced by any damages caused to the Partnership by such General Partner. Such fair market value shall be determined by an appraiser mutually agreed upon by the General Partner and a majority in interest of the Limited Partners within 10 days following the removal of the General Partner. In the event that the parties are unable to agree upon an appraiser, the removed General Partner and a majority in interest of the Limited Partners each shall select an appraiser. Each such appraiser shall complete an appraisal of the fair market value of the removed General Partner's General Partnership Interest within 30 days of the General Partner's removal, and the fair market value of the removed General Partner's General Partnership Interest shall be the average of the two appraisals; provided, however, that if the higher appraisal exceeds the lower appraisal by

more than 20% of the amount of the lower appraisal, the two appraisers, no later than 40 days after the removal of the General Partner, shall select a third appraiser who shall complete an appraisal of the fair market value of the removed General Partner's General Partnership Interest no later than 60 days after the removal of the General Partner. In such case, the fair market value of the removed General Partner's General Partnership Interest shall be the average of the two appraisals closest in value.

(c) The General Partnership Interest of a removed General Partner, during the time after default until transfer under Section 7.04(b), shall be

converted to that of a special Limited Partner; provided, however, such removed

General Partner shall not have any rights to participate in the management and affairs of the Partnership, and shall not be entitled to any portion of the income, expense, profit, gain or loss allocations or cash distributions allocable or payable, as the case may be, to the Limited Partners. Instead, such removed General Partner shall receive and be entitled only to retain distributions or allocations of such items that it would have been entitled to receive in its capacity as General Partner, until the transfer is effective pursuant to Section 7.04(b).

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(d) All Partners shall have given and hereby do give such consents, shall take such actions and shall execute such documents as shall be legally necessary and sufficient to effect all the foregoing provisions of this Section.

ARTICLE VIII

RIGHTS AND OBLIGATIONS

OF THE LIMITED PARTNERS

8.01 MANAGEMENT OF THE PARTNERSHIP. The Limited Partners shall not

participate in the management or control of Partnership business nor shall they transact any business for the Partnership, nor shall they have the power to sign for or bind the Partnership, such powers being vested solely and exclusively in the General Partner.

8.02 POWER OF ATTORNEY. Each Limited Partner hereby irrevocably appoints

the General Partner its true and lawful attorney-in-fact, who may act for each Limited Partner and in its name, place and stead, and for its use and benefit, to sign, acknowledge, swear to, deliver, file or record, at the appropriate public offices, any and all documents, certificates, and instruments as may be deemed necessary or desirable by the General Partner to carry out fully the provisions of this Agreement and the Act in accordance with their terms, which power of attorney is coupled with an interest and shall survive the death, dissolution or legal incapacity of the Limited Partner, or the transfer by the Limited Partner of any part or all of its Partnership Interest.

8.03 LIMITATION ON LIABILITY OF LIMITED PARTNERS. No Limited Partner shall

be liable for any debts, liabilities, contracts or obligations of the Partnership. A Limited Partner shall be liable to the Partnership only to make payments of its Capital Contribution, if any, as and when due hereunder. After its Capital Contribution is fully paid, no Limited Partner shall, except as otherwise required by the Act, be required to make any further Capital Contributions or other payments or lend any funds to the Partnership.

8.04 OWNERSHIP BY LIMITED PARTNER OF CORPORATE GENERAL PARTNER OR

AFFILIATE. No Limited Partner shall at any time, either directly or indirectly, own any stock or other interest in the General Partner or in any Affiliate thereof, if such ownership by itself or in conjunction with other stock or other interests owned by other Limited Partners would, in the opinion of counsel for the Partnership, jeopardize the classification of the Partnership as a partnership for federal income tax purposes. The General Partner shall be entitled to make such reasonable inquiry of the Limited Partners as is required to establish compliance by the Limited Partners with the provisions of this Section.

8.05 EXCHANGE RIGHT.

(a) Subject to Sections 8.05(b), 8.05(c), 8.05(d), 8.05(e) and 8.05(f) and the provisions of any agreements between the Partnership and one or more Limited Partners with respect to Partnership Units held by them, each Limited Partner, other than the General Partner, shall have the right (the "Exchange Right") to require the Partnership to redeem on a Specified Exchange Date all or a portion of the Partnership Units held by such Limited Partner at an

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exchange price equal to and in the form of the Cash Amount to be paid by the Partnership, provided that such Partnership Units shall have been outstanding

for at least one year. The Exchange Right shall be exercised pursuant to a Notice of Exchange delivered to the Partnership (with a copy to the General Partner) by the Limited Partner who is exercising the Exchange Right (the "Exchanging Partner"); provided, however, that the Partnership shall not be obligated to satisfy such Exchange Right if the General Partner elects to purchase the Partnership Units subject to the Notice of Exchange pursuant to Section 8.05(b); and provided, further, that no Limited Partner may deliver more than two Notices of Exchange during each calendar year. A Limited Partner may not exercise the Exchange Right for less than 1,000 Partnership Units or, if such Limited Partner holds less than 1,000 Partnership Units, all of the Partnership Units held by such Partner. The Exchanging Partner shall have no right, with respect to any Partnership Units so exchanged, to receive any distribution paid with respect to Partnership Units if the record date for such distribution is on or after the Specified Exchange Date.

(b) Notwithstanding the provisions of Section 8.05(a), a Limited Partner that exercises the Exchange Right shall be deemed to have offered to sell the Partnership Units described in the Notice of Exchange to the General Partner, and the General Partner may, in its sole and absolute discretion, elect to purchase directly and acquire such Partnership Units by paying to the Exchanging Partner either the Cash Amount or the REIT Shares Amount, as elected by the General Partner (in its sole and absolute discretion), on the Specified Exchange Date, whereupon the General Partner shall acquire the Partnership Units offered for exchange by the exchanging Partner and shall be treated for all purposes of this Agreement as the owner of such Partnership Units. If the General Partner shall elect to exercise its right to purchase Partnership Units under this Section 8.05(b) with respect to a Notice of Exchange, they shall so notify the Exchanging Partner within five Business Days after the receipt by the General Partner of such Notice of Exchange. Unless the General Partner (in its sole and absolute discretion) shall exercise its right to purchase Partnership Units from the Exchanging Partner pursuant to this Section 8.05(b), the General Partner shall have any obligation to the Exchanging Partner or the Partnership with respect to the Exchanging Partner's exercise of the Exchange Right. In the event the General Partner shall exercise its right to purchase Partnership Units with respect to the exercise of a Exchange Right in the manner described in the first sentence of this Section 8.05(b), the Partnership shall have no obligation to pay any amount to the Exchanging Partner with respect to such Exchanging Partner's exercise of such Exchange Right, and each of the Exchanging Partner, the Partnership, and the General Partner, as the case may be, shall treat the transaction between the General Partner, as the case may be, and the Exchanging Partner for federal income tax purposes as a sale of the Exchanging Partner's Partnership Units to the General Partner, as the case may be. Each Exchanging Partner agrees to execute such documents as the General Partner may reasonably require in connection with the issuance of REIT Shares upon exercise of the Exchange Right.

(c) Notwithstanding the provisions of Section 8.05(a) and 8.05(b), a Limited Partner shall not be entitled to exercise the Exchange Right if the delivery of REIT Shares to such Partner on the Specified Exchange Date by the General Partner pursuant to Section 8.05(b) (regardless of whether or not the General Partner would in fact exercise its rights under Section 8.05(b)) would (i) result in such Partner or any other person owning, directly or indirectly, REIT Shares in excess of the Ownership Limitation (as defined in the Articles of

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Incorporation) and calculated in accordance therewith, except as provided in the Articles of Incorporation, (ii) result in REIT Shares being owned by fewer than 100 persons (determined without reference to any rules of attribution), except as provided in the Articles of Incorporation, (iii) result in the General Partner being "closely held" within the meaning of Section 856(h) of the Code, (iv) cause the General Partner to own, directly or constructively, 10% or more of the ownership interests in a tenant of the General Partner's, the Partnership's, or a Subsidiary Partnership's, real property, within the meaning of Section 856(d)(2)(B) of the Code, or (v) cause the acquisition of REIT Shares by such Partner to be "integrated" with any other distribution of REIT Shares for purposes of complying with the registration provisions of the Securities Act of 1933, as amended (the "Securities Act"). The General Partner, in their sole and absolute discretion, may waive the restriction on exchange set forth in this Section 8.05(c); provided, however, that in the event such restriction is

waived, the Exchanging Partner shall be paid the Cash Amount.

(d) Any Cash Amount to be paid to an Exchanging Partner pursuant to this Section 8.05 shall be paid on the Specified Exchange Date; provided, however, that the General Partner may elect to cause the Specified Exchange Date

to be delayed for up to an additional 180 days to the extent required for the General Partner to cause additional REIT Shares to be issued to provide financing to be used to make such payment of the Cash Amount. Notwithstanding the foregoing, the General Partner agrees to use its best efforts to cause the closing of the acquisition of exchanged Partnership Units hereunder to occur as quickly as reasonably possible.

(e) Notwithstanding any other provision of this Agreement, the General Partner shall place appropriate restrictions on the ability of the Limited Partners to exercise their Exchange Rights as and if deemed necessary to ensure that the Partnership does not constitute a "publicly traded partnership" under section 7704 of the Code. If and when the General Partner determines that imposing such restrictions is necessary, the General Partner shall give prompt written notice thereof (a "Restriction Notice") to each of the Limited Partners, which notice shall be accompanied by a copy of an opinion of counsel to the Partnership which states that, in the opinion of such counsel, restrictions are necessary in order to avoid the Partnership being treated as a "publicly traded partnership" under section 7704 of the Code.

8.06 REGISTRATION. Subject to the terms of any agreement between the General Partner and one or more Limited Partners with respect to Partnership Units held by them:

(a) Shelf Registration of the Common Stock. Within two weeks prior or subsequent to the first date upon which the Partnership Units owned by any Limited Partner may be exchanged (or such later date as may be required under applicable provisions of the Securities Act), the General Partner agrees to file with the Securities and Exchange Commission (the "Commission"), a shelf registration statement on Form S-3 (if the General Partner is eligible to use such form) under Rule 415 of the Securities Act (a "Registration Statement"), or any similar rule that may be adopted by the Commission, with respect to all of the shares of Common Stock that may be issued upon exchange of such Partnership Units pursuant to Section 8.05 hereof ("Exchange Shares"). The General Partner will use its best efforts to have the Registration Statement declared effective under the Securities Act. The General Partner need not file a separate Registration Statement, but may file one Registration Statement covering Exchange

Shares issuable to more than one Limited Partner. The General Partner further agrees to supplement or make amendments to each Registration Statement, if

required by the rules, regulations or instructions applicable to the registration form utilized by the General Partner or by the Securities Act or rules and regulations thereunder for such Registration Statement.

(b) If a Registration Statement under subsection (a) above is not available under the securities laws or the rules of the Commission, or if required to permit the resale of Exchange Shares by "Affiliates" (as defined in the Securities Act), upon the written request of any Limited Partner holding at least 20,000 Partnership Units, the General Partner agrees to file with the Commission a Registration Statement covering the resale of Exchange Shares by Affiliates or others whose Exchange Shares are not covered by a Registration Statement filed pursuant to subsection (a) above. The General Partner will use its best efforts to have the Registration Statement declared effective under the Securities Act. The General Partner need not file a separate Registration Statement, but may file one Registration Statement covering Exchange Shares issuable to more than one Limited Partner. The General Partner further agrees to supplement or make amendments to each Registration Statement, if required by the rules, regulations or instructions applicable to the registration form utilized by the General Partner or by the Securities Act or rules and regulations thereunder for such Registration Statement.

(c) Listing on Securities Exchange. If the General Partner shall list

or maintain the listing of any shares of Common Stock on any securities exchange or national market system, it will at its expense and as necessary to permit the registration and sale of the Exchange Shares hereunder, list thereon, maintain and, when necessary, increase such listing to include such Exchange Shares.

(d) Registration Not Required. Notwithstanding the foregoing, the

General Partner shall not be required to file or maintain the effectiveness of a registration statement relating to Exchange Shares after the first date upon which, in the opinion of counsel to the General Partner, all of the Exchange Shares covered thereby could be sold by the holders thereof in any period of three months pursuant to Rule 144 under the Securities Act, or any successor rule thereto.

ARTICLE IX

TRANSFERS OF LIMITED PARTNERSHIP INTERESTS -----

9.01 PURCHASE FOR INVESTMENT. -----

(a) Each Limited Partner hereby represents and warrants to the General Partner and to the Partnership that the acquisition of his Partnership Interests is made as a principal for his account for investment purposes only and not with a view to the resale or distribution of such Partnership Interest.

(b) Each Limited Partner agrees that he will not sell, assign or otherwise transfer his Partnership Interest or any fraction thereof, whether voluntarily or by operation of law or at judicial sale or otherwise, to any Person who does not make the representations and

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warranties to the General Partner set forth in Section 9.01(a) above and similarly agree not to sell, assign or transfer such Partnership Interest or fraction thereof to any Person who does not similarly represent, warrant and agree.

9.02 RESTRICTIONS ON TRANSFER OF LIMITED PARTNERSHIP INTERESTS. -----

(a) Subject to the provisions of 9.02(b), (c) and (d), no Limited Partner may offer, sell, assign, hypothecate, pledge or otherwise transfer all

or any portion of his Limited Partnership Interest, or any of such Limited Partner's economic rights as a Limited Partner, whether voluntarily or by operation of law or at judicial sale or otherwise (collectively, a "Transfer") without the consent of the General Partner, which consent may be granted or withheld in its sole and absolute discretion. Any such purported transfer undertaken without such consent shall be considered to be null and void ab initio and shall not be given effect. Each Original Limited Partner acknowledges that the General Partner has agreed not to grant any such consent prior to the Transfer Restriction Date. The General Partner may require, as a condition of any Transfer to which it consents, that the transferor assume all costs incurred by the Partnership in connection therewith.

(b) No Limited Partner may withdraw from the Partnership other than as a result of a permitted Transfer (i.e., a Transfer consented to as contemplated

by clause (a) above or clause (c) below or a Transfer pursuant to 9.05 below) of all of his Partnership Units pursuant to this Article IX or pursuant to an exchange of all of his Partnership Units pursuant to 8.05. Upon the permitted Transfer or redemption of all of a Limited Partner's Partnership Units, such Limited Partner shall cease to be a Limited Partner.

(c) Subject to 9.02(d), (e) and (f) below, a Limited Partner may Transfer, with the consent of the General Partner, all or a portion of his Partnership Units to (i) a parent or parent's spouse, natural or adopted descendant or descendants, spouse of such descendant, or brother or sister, or a trust created by such Limited Partner for the benefit of such Limited Partner and/or any such person(s), of which trust such Limited Partner or any such person(s) is a trustee, (ii) a corporation controlled by a Person or Persons named in (i) above, or (iii) if the Limited Partner is an entity, its beneficial owners.

(d) No Limited Partner may effect a Transfer of its Limited Partnership Interest, in whole or in part, if, in the opinion of legal counsel for the Partnership, such proposed Transfer would require the registration of the Limited Partnership Interest under the Securities Act of 1933, as amended, or would otherwise violate any applicable federal or state securities or blue sky law (including investment suitability standards).

(e) No Transfer by a Limited Partner of its Partnership Units, in whole or in part, may be made to any Person if (i) in the opinion of legal counsel for the Partnership, the transfer would result in the Partnership's being treated as an association taxable as a corporation (other than a qualified REIT subsidiary within the meaning of Section 856(i) of the Code), (ii) in the opinion of legal counsel for the Partnership, it would adversely affect the ability of the General Partner to continue to qualify as a REIT or subject the General Partner to any additional taxes under Section 857 or Section 4981 of the Code, or (iii) such transfer is effectuated through an

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"established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code.

(f) No transfer of any Partnership Units may be made to a lender to the Partnership or any Person who is related (within the meaning of Regulations Section 1.752-4(b)) to any lender to the Partnership whose loan constitutes a nonrecourse liability (within the meaning of Regulations Section 1.752-1(a)(2)), without the consent of the General Partner, which may be withheld in its sole and absolute discretion, provided that as a condition to such consent the lender

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will be required to enter into an arrangement with the Partnership and the General Partner to exchange or redeem for the Cash Amount any Partnership Units in which a security interest is held simultaneously with the time at which such lender would be deemed to be a partner in the Partnership for purposes of allocating liabilities to such lender under Section 752 of the Code.

(g) Any Transfer in contravention of any of the provisions of this

Article IX shall be void and ineffectual and shall not be binding upon, or recognized by, the Partnership.

(h) Prior to the consummation of any Transfer under this Article IX, the transferor and/or the transferee shall deliver to the General Partner such opinions, certificates and other documents as the General Partner shall request in connection with such Transfer.

9.03 ADMISSION OF SUBSTITUTE LIMITED PARTNER.

(a) Subject to the other provisions of this Article IX, an assignee of the Limited Partnership Interest of a Limited Partner (which shall be understood to include any purchaser, transferee, donee, or other recipient of any disposition of such Limited Partnership Interest) shall be deemed admitted as a Limited Partner of the Partnership only with the consent of the General Partner and upon the satisfactory completion of the following:

(i) The assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing a counterpart or an amendment thereof, including a revised Exhibit A, and such other

documents or instruments as the General Partner may require in order to effect the admission of such Person as a Limited Partner.

(ii) To the extent required, an amended Certificate evidencing the admission of such Person as a Limited Partner shall have been signed, acknowledged and filed for record in accordance with the Act.

(iii) The assignee shall have delivered a letter containing the representation set forth in Section 9.01(a) hereof and the agreement set forth in Section 9.01(b) hereof.

(iv) If the assignee is a corporation, partnership or trust, the assignee shall have provided the General Partner with evidence satisfactory to counsel for the Partnership of the assignee's authority to become a Limited Partner under the terms and provisions of this Agreement.

(v) The assignee shall have executed a power of attorney containing the terms and provisions set forth in Section 8.02 hereof.

(vi) The assignee shall have paid all legal fees and other expenses of the Partnership and the General Partner and filing and publication costs in connection with its substitution as a Limited Partner.

(vii) The assignee has obtained the prior written consent of the General Partner to its admission as a Substitute Limited Partner, which consent may be given or denied in the exercise of the General Partner's sole and absolute discretion.

(b) For the purpose of allocating Profits and Losses and distributing cash received by the Partnership, a Substitute Limited Partner shall be treated as having become, and appearing in the records of the Partnership as, a Partner upon the filing of the Certificate described in Section 9.03(a)(ii) hereof or, if no such filing is required, the later of the date specified in the transfer documents or the date on which the General Partner has received all necessary instruments of transfer and substitution.

(c) The General Partner shall cooperate with the Person seeking to become a Substitute Limited Partner by preparing the documentation required by this Section and making all official filings and publications. The Partnership shall take all such action as promptly as practicable after the satisfaction of the conditions in this Article IX to the admission of such Person as a Limited

Partner of the Partnership.

9.04 RIGHTS OF ASSIGNEES OF PARTNERSHIP INTERESTS.

(a) Subject to the provisions of Sections 9.01 and 9.02 hereof, except as required by operation of law, the Partnership shall not be obligated for any purposes whatsoever to recognize the assignment by any Limited Partner of its Partnership Interest until the Partnership has received notice thereof.

(b) Any Person who is the assignee of all or any portion of a Limited Partner's Limited Partnership Interest, but does not become a Substitute Limited Partner and desires to make a further assignment of such Limited Partnership Interest, shall be subject to all the provisions of this Article IX to the same extent and in the same manner as any Limited Partner desiring to make an assignment of its Limited Partnership Interest.

9.05 EFFECT OF BANKRUPTCY, DEATH, INCOMPETENCE OR TERMINATION OF A LIMITED PARTNER. The occurrence of an Event of Bankruptcy as to a Limited Partner, the

death of a Limited Partner or a final adjudication that a Limited Partner is incompetent (which term shall include, but not be limited to, insanity) shall not cause the termination or dissolution of the Partnership, and the business of the Partnership shall continue if an order for relief in a bankruptcy proceeding is entered against a Limited Partner, the trustee or receiver of his estate or, if he dies, his executor, administrator or trustee, or, if he is finally adjudicated incompetent, his committee, guardian or conservator, shall have the rights of such Limited Partner for the purpose of settling

or managing his estate property and such power as the bankrupt, deceased or incompetent Limited Partner possessed to assign all or any part of his Partnership Interest and to join with the assignee in satisfying conditions precedent to the admission of the assignee as a Substitute Limited Partner.

9.06 JOINT OWNERSHIP OF INTERESTS. A Partnership Interest may be acquired

by two individuals as joint tenants with right of survivorship, provided that such individuals either are married or are related and share the same home as tenants in common. The written consent or vote of both owners of any such jointly held Partnership Interest shall be required to constitute the action of the owners of such Partnership Interest; provided, however, that the written

consent of only one joint owner will be required if the Partnership has been provided with evidence satisfactory to the counsel for the Partnership that the actions of a single joint owner can bind both owners under the applicable laws of the state of residence of such joint owners. Upon the death of one owner of a Partnership Interest held in a joint tenancy with a right of survivorship, the Partnership Interest shall become owned solely by the survivor as a Limited Partner and not as an assignee. The Partnership need not recognize the death of one of the owners of a jointly-held Partnership Interest until it shall have received notice of such death. Upon notice to the General Partner from either owner, the General Partner shall cause the Partnership Interest to be divided into two equal Partnership Interests, which shall thereafter be owned separately by each of the former owners.

ARTICLE X

BOOKS AND RECORDS; ACCOUNTING; TAX MATTERS

10.01 BOOKS AND RECORDS. At all times during the continuance of the

Partnership, the Partners shall keep or cause to be kept at the Partnership's specified office true and complete books of account in accordance with generally

accepted accounting principles, including: (a) a current list of the full name and last known business address of each Partner, (b) a copy of the Certificate of Limited Partnership and all certificates of amendment thereto, (c) copies of the Partnership's federal, state and local income tax returns and reports, (d) copies of the Agreement and any financial statements of the Partnership for the three most recent years and (e) all documents and information required under the Act. Any Partner or its duly authorized representative, upon paying the costs of collection, duplication and mailing, shall be entitled to inspect or copy such records during ordinary business hours.

10.02 CUSTODY OF PARTNERSHIP FUNDS; BANK ACCOUNTS.

(a) All funds of the Partnership not otherwise invested shall be deposited in one or more accounts maintained in such banking or brokerage institutions as the General Partner shall determine, and withdrawals shall be made only on such signature or signatures as the General Partner may, from time to time, determine.

(b) All deposits and other funds not needed in the operation of the business of the Partnership may be invested by the General Partner in investment grade instruments (or investment companies whose portfolio consists primarily thereof), government obligations,

certificates of deposit, bankers' acceptances and municipal notes and bonds. The funds of the Partnership shall not be commingled with the funds of any other Person except for such commingling as may necessarily result from an investment in those investment companies permitted by this Section 10.02(b).

10.03 FISCAL AND TAXABLE YEAR. The fiscal and taxable year of the

Partnership shall be the calendar year.

10.04 ANNUAL TAX INFORMATION AND REPORT. Within 75 days after the end

of each fiscal year of the Partnership, the General Partner shall furnish to each person who was a Limited Partner at any time during such year the tax information necessary to file such Limited Partner's individual tax returns as shall be reasonably required by law.

10.05 TAX MATTERS PARTNER; TAX ELECTIONS; SPECIAL BASIS ADJUSTMENTS.

(a) The General Partner shall be the Tax Matters Partner of the Partnership within the meaning of Section 6231(a)(7) of the Code. As Tax Matters Partner, the General Partner shall have the right and obligation to take all actions authorized and required, respectively, by the Code for the Tax Matters Partner. The General Partner shall have the right to retain professional assistance in respect of any audit of the Partnership by the Service and all out-of-pocket expenses and fees incurred by the General Partner on behalf of the Partnership as Tax Matters Partner shall constitute Partnership expenses. In the event the General Partner receives notice of a final Partnership adjustment under Section 6223(a)(2) of the Code, the General Partner shall either (i) file a court petition for judicial review of such final adjustment within the period provided under Section 6226(a) of the Code, a copy of which petition shall be mailed to all Limited Partners on the date such petition is filed, or (ii) mail a written notice to all Limited Partners, within such period, that describes the General Partner's reasons for determining not to file such a petition.

(b) All elections required or permitted to be made by the Partnership under the Code or any applicable state or local tax law shall be made by the General Partner in its sole and absolute discretion.

(c) In the event of a transfer of all or any part of the Partnership

Interest of any Partner, the Partnership, at the option of the General Partner, may elect pursuant to Section 754 of the Code to adjust the basis of the Properties. Notwithstanding anything contained in Article V of this Agreement, any adjustments made pursuant to Section 754 shall affect only the successor in interest to the transferring Partner and in no event shall be taken into account in establishing, maintaining or computing Capital Accounts for the other Partners for any purpose under this Agreement. Each Partner will furnish the Partnership with all information necessary to give effect to such election.

10.06 REPORTS TO LIMITED PARTNERS.

(a) As soon as practicable after the close of each fiscal quarter (other than the last quarter of the fiscal year), the General Partner shall cause to be mailed to each Limited

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Partner a quarterly report containing financial statements of the Partnership, or of the General Partner if such statements are prepared solely on a consolidated basis with the General Partner, for such fiscal quarter, presented in accordance with generally accepted accounting principles. As soon as practicable after the close of each fiscal year, the General Partner shall cause to be mailed to each Limited Partner an annual report containing financial statements of the Partnership, or of the General Partner if such statements are prepared solely on a consolidated basis with the General Partner, for such fiscal year, presented in accordance with generally accepted accounting principles. The annual financial statements shall be audited by accountants selected by the General Partner.

(b) Any Partner shall further have the right to a private audit of the books and records of the Partnership, provided such audit is made for Partnership purposes, at the expense of the Partner desiring it and is made during normal business hours.

ARTICLE XI

AMENDMENT OF AGREEMENT; MERGER

The General Partner's consent shall be required for any amendment to this Agreement. The General Partner, without the consent of the Limited Partner, may amend this Agreement in any respect or merge or consolidate the Partnership with or into any other partnership or business entity (as defined in Section 17-211 of the Act) in a transaction pursuant to Section 7.01(c), (d) or (e) hereof;

provided, however, that the following amendments and any other merger or

consolidation of the Partnership shall require the consent of Limited Partners holding more than 50% of the Percentage Interests of the Limited Partner:

(a) any amendment affecting the operation of the Conversion Factor or the Exchange Right (except as provided in Section 8.05(d) or 7.01(d) hereof) in a manner adverse to the Limited Partner;

(b) any amendment that would adversely affect the rights of the Limited Partner to receive the distributions payable to them hereunder, other than with respect to the issuance of additional Partnership Units pursuant to Section 4.02 hereof;

(c) any amendment that would alter the Partnership's allocations of Profit and Loss to the Limited Partner, other than with respect to the issuance of additional Partnership Units pursuant to Section 4.02 hereof; or

(d) any amendment that would impose on the Limited Partner any obligation to make additional Capital Contributions to the Partnership.

ARTICLE XII

GENERAL PROVISIONS

12.01 NOTICES. All communications required or permitted under this

Agreement shall be in writing and shall be deemed to have been given when delivered personally or upon deposit in

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the United States mail, registered, postage prepaid return receipt requested, to the Partners at the addresses set forth in Exhibit A attached hereto; provided,

however, that any Partner may specify a different address by notifying the

General Partner in writing of such different address. Notices to the Partnership shall be delivered at or mailed to its specified office.

12.02 SURVIVAL OF RIGHTS. Subject to the provisions hereof limiting

transfers, this Agreement shall be binding upon and inure to the benefit of the Partners and the Partnership and their respective legal representatives, successors, transferees and assigns.

12.03 ADDITIONAL DOCUMENTS. Each Partner agrees to perform all further

acts and execute, swear to, acknowledge and deliver all further documents which may be reasonable, necessary, appropriate or desirable to carry out the provisions of this Agreement or the Act.

12.04 SEVERABILITY. If any provision of this Agreement shall be

declared illegal, invalid, or unenforceable in any jurisdiction, then such provision shall be deemed to be severable from this Agreement (to the extent permitted by law) and in any event such illegality, invalidity or unenforceability shall not affect the remainder hereof.

12.05 ENTIRE AGREEMENT. This Agreement and exhibits attached hereto

constitute the entire Agreement of the Partners and supersede all prior written agreements and prior and contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof.

12.06 PRONOUNS AND PLURALS. When the context in which words are used

in the Agreement indicates that such is the intent, words in the singular number shall include the plural and the masculine gender shall include the neuter or female gender as the context may require.

12.07 HEADINGS. The Article headings or sections in this Agreement are

for convenience only and shall not be used in construing the scope of this Agreement or any particular Article.

12.08 COUNTERPARTS. This Agreement may be executed in several

counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one and the same instrument binding on all parties hereto, notwithstanding that all parties shall not have signed the same counterpart.

12.09 GOVERNING LAW. This Agreement shall be governed by and construed

in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties hereto have hereunder affixed their signatures to this Agreement of Limited Partnership, all as of the ____ day of _____, 1998.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

By: _____

Name: Brian Conlon
 Title: Executive Vice President

EXHIBIT A

Partner -----	Cash Contribution -----	Agreed Value of Capital Contribution -----	Partnership Units -----	Percentage Interest -----
GENERAL PARTNER: Wells Real Estate Investment Trust, Inc. 3885 Holcomb Bridge Road Norcross, Georgia 30092	\$		\$	100%

Partner -----	Cash Contribution -----	Agreed Value of Capital Contribution -----	Partnership Units -----	Percentage Interest -----
ORIGINAL LIMITED PARTNER: Wells Capital, Inc. 3885 Holcomb Bridge Road Norcross, Georgia 30092	\$200,000	\$200,000	20,000	100%

EXHIBIT B

NOTICE OF EXERCISE OF EXCHANGE RIGHT

In accordance with Section 8.05 of the Agreement of Limited Partnership (the "Agreement") of Wells Operating Partnership, L.P., the undersigned hereby irrevocably (i) presents for exchange _____ Partnership Units in Wells Operating Partnership, L.P. in accordance with the terms of the Agreement and the Exchange Right referred to in Section 8.05 thereof, (ii) surrenders such Partnership Units and all right, title and interest therein, and (iii) directs that the Cash Amount or REIT Shares Amount (as defined in the Agreement) as determined by the General Partner deliverable upon exercise of the Exchange Right be delivered to the address specified below, and if REIT Shares (as defined in the Agreement) are to be delivered, such REIT Shares be registered or placed in the name(s) and at the address(es) specified below.

Dated: _____ / _____

Name of Limited Partner:

(Signature of Limited Partner)

(Mailing Address)

(City) (State) (Zip Code)
Signature Guaranteed by:

If REIT Shares are to be issued, issue to:

Please insert social security or identifying number:

Name:

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement") is made and entered into as of the _____ day of January, 1998, by and between WELLS REAL ESTATE INVESTMENT TRUST, INC., a Delaware corporation ("Owner"), and WELLS MANAGEMENT COMPANY, INC., a Georgia corporation with offices in Norcross, Georgia ("Manager").

W I T N E S S E T H :
- - - - -

WHEREAS, Owner intends to raise money from the sale of stock for the acquisition or construction of income-producing improvements on several tracts as yet unspecified but to be acquired by Owner (the "Owner"); and

WHEREAS, Owner intends to employ Manager to manage any leasable improvements that may be constructed on the Owner; and

WHEREAS, Owner and Manager are entering into this Agreement to establish the terms and conditions for such services.

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties agree as follows:

ARTICLE I.

DEFINITIONS

Except as otherwise specified or as the context may otherwise require, the following terms have the respective meanings set forth below for all purposes of this Agreement, and the definitions of such terms are equally applicable both to the singular and plural forms thereof:

1.1 "Gross Revenues" means all amounts actually collected as rents or other charges for the use and occupancy of Owner, but shall exclude interest and other investment income of Owner and proceeds received by Owner for a sale, exchange, condemnation, eminent domain taking, casualty or other disposition of assets of Owner.

1.2 "Improvements" means all buildings, structures and equipment from time to time located on Owner and all parking and common areas located on Owner.

1.3 "Lease" means, unless the context otherwise requires, any lease or sublease made by Owner as landlord or by its predecessor.

1.4 "Management Fee" means the fee payable to Manager for its services hereunder.

1.5 "Owner" means all tracts as yet unspecified but to be acquired by Owner containing income-producing improvements or on which Owner will construct income-producing improvements.

ARTICLE II.

APPOINTMENT OF MANAGER; SERVICES TO BE PERFORMED

2.1 Appointment of Manager. Owner hereby engages and retains Manager as -----
the sole and exclusive agent and manager of the Owner and Manager hereby accepts such appointment on the terms and conditions hereinafter set forth, it being understood that this Agreement shall cause Manager to be, at law, Owner's agent upon the terms contained herein.

2.2 General Duties. Manager shall devote its best efforts to performing

its duties hereunder to manage, operate and maintain the Owner in a diligent, careful and vigilant manner. The services of Manager are to be of scope and quality not less than those generally performed by professional property managers of other similar properties in the area. Manager shall make available to Owner the full benefit of the judgment, experience and advice of the members of Manager's organization and staff with respect to the policies to be pursued by Owner relating to the operation of the Owner.

2.3 Specific Duties. Manager's duties include the following:

(a) Lease Obligations. Manager shall perform all duties of the

landlord under all leases insofar as such duties relate to operation, maintenance, and day-to-day management. Manager shall also provide or cause to be provided, at Owner's expense, all services normally provided to tenants of like premises, including where applicable and without limitation, gas, electricity or other utilities required to be furnished to tenants under leases, normal repairs and maintenance, and cleaning, and janitorial service. Manager shall arrange for and supervise the performance of all installations and improvements in space leased to any tenant which are either expressly required under the terms of the lease of such space or which are customarily provided to tenants.

(b) Maintenance. Manager shall cause the Owner to be maintained in

the same manner as similar properties in the area. Manager's duties and supervision in this respect shall include, without limitation, cleaning of the interior and the exterior of the Improvements and the public common areas on the Owner and the making and supervision of repair, alterations, and decoration of the Improvements, subject to and in strict compliance with this Agreement and the Leases. Non-budgeted expenses for any individual item of work which are not reimbursed by a tenant shall not exceed the sum of \$1,000 unless specifically authorized in advance by Owner, provided that emergency repairs which are immediately necessary for the preservation or safety of the Owner, or for the safety of occupant or other persons, or required to avoid the suspension of any necessary service of the Owner may be made by Manager without prior approval of Owner if under the circumstances Owner cannot be conveniently notified before the required emergency repairs must be done.

(c) Notice of Violations. Manager shall forward to Owner promptly

upon receipt all notices of violation or other notices from any governmental authority, and board of fire underwriters or any insurance company, and shall make such recommendations regarding compliance with such notice as shall be appropriate.

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(d) Personnel. In the event Owner notifies Manager of the necessity

of Manager employing additional personnel to manage the Owner, Manager shall cause to be hired personnel to maintain and operate the Owner. The persons so hired shall be the employees or independent contractors of Manager and not of Owner. Manager shall use due care in the selection and supervision of such employees or independent contractors and shall not pay such employees or independent contractors out of operating revenues from the Owner. Manager shall be responsible for the preparation of and shall timely file all payroll tax reports and timely make payments of all withholding and other payroll taxes with respect to each employee.

(e) Utilities and Supplies. Manager shall, on behalf of Owner, enter

into or renew contracts for electricity, gas, steam, landscaping, fuel, oil,

maintenance and other services as are customarily furnished or rendered in connection with the operation of similar rental property in the area, or as it, in its reasonable judgment, shall deem prudent, provided that Manager shall submit to Owner for its approval such contracts for items of expense which are not reimbursable by tenants. Unless Owner notifies Manager of its disapproval of any such contract within 10 days after receipt thereof, Owner shall be deemed to have approved such contract. Manager shall also purchase all supplies which Manager shall deem necessary to maintain and operate the Owner, provided that no such purchase which is not in the ordinary course of business or which is of a nature not reimbursed by tenants shall be made by Manager without the prior consent of Owner. The non-budgeted purchase of supplies calling for an aggregate purchase price in excess of \$1,000, which amount is not reimbursed by tenants, shall not be made without the prior consent of Owner.

(f) Expenses. Manager shall analyze all bills received for services,

work and supplies in connection with the maintaining and operating the Owner, pay all such bills, and, if requested by Owner, pay, when due, utility and water charges, sewer rent and assessments, and any other amount payable in respect to the Owner. All bills shall be paid by Manager within the time required to obtain discounts, if any. Owner may from time to time request that Manager forward certain bills to Owner promptly after receipt, and Manager shall comply with any such request. It is understood that the payment of real property taxes and assessment and insurance premiums will be paid out of the Account (as hereinafter defined) by Manager at the direction of Owner. All expenses shall be billed at net cost (i.e., less all rebates, commissions, discounts and

allowances, however designed).

(g) Monies Collected. Manager shall collect all rent and other monies

from tenants and any sums otherwise due Owner with respect to the Owner in the ordinary course of business. In collecting such monies, Manager shall inform tenants of the Owner that all remittances are to be in the form of a check or money order. Owner authorizes Manager to request, demand, collect and receipt for all such rent and other monies and to institute legal proceedings in the name of Owner for the collection thereof and for the dispossession of any tenant in default under its lease. Manager shall not, however, compromise with any tenant or waive Owner's rights under any lease without Owner's consent.

(h) Banking Accommodations. Manager shall establish and maintain a

separate checking account (the "Account"). All monies deposited from time to time in the Account shall be deemed to be trust funds and shall be and remain the property of Owner and shall be withdrawn and disbursed by Manager for the account of Owner only as expressly permitted by this Agreement for

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the purposes of performing the obligations of Manager hereunder. No monies collected by Manager on Owner's behalf shall be commingled with funds of Manager. The Account shall be maintained, and monies shall be deposited therein and withdrawn therefrom, in accordance with the following:

(i) All sums received from rents and other income from the Owner shall be promptly deposited by Manager in the Account. Manager shall have the right to designate two or more persons who shall be authorized to draw against the Account, but only for purposes authorized by this Agreement.

(ii) All sums due to Manager hereunder, whether for compensation, reimbursement for expenditures, or otherwise, as herein provided, shall be a charge against the operating revenues of the Owner and shall be paid and/or withdrawn by Manager from the Account prior to the making of any other disbursements therefrom.

(iii) By the 20/th/ day of each month, Manager shall forward to

Owner net operating proceeds from the preceding month, retaining at all times, however a reserve of \$3,000.

(i) Tenant Complaints. Manager shall maintain business-like relations

with the tenants of the Owner.

(j). Ownership Agreement. Manager has received a copy of Owner's

Agreement of Limited Ownership (the "Ownership Agreement") and is familiar with the terms thereof. Manager shall use reasonable care to avoid any act or omission which, in the performance of its duties hereunder, shall in any way conflict with the terms of the Ownership Agreement.

(k) Signs. Manager shall place and remove, or cause to be placed and

removed, such signs upon the Owner as Manager deems appropriate, subject, however, to the terms and conditions of the Leases and to any applicable ordinances and regulations.

(l) Other Services. Manager shall recommend from time to time to

Owner such procedures with respect to Owner as Manager may deem advisable for the most efficient and economic management services which normally are performed in connection with the operation of first-class office and commercial buildings or other buildings, as applicable, and perform all services normally provided to similar premises, without additional charges to Owner.

2.4 Approval of Leases, Contracts, Etc. Manager shall not approve the

execution of or otherwise enter into or bind Owner with respect to leases or any contract or agreement without the prior consent of Owner; provided that without such consent, except to the extent required under Section 2.3(e), Manager may enter into any contracts or agreements (excluding Leases of space in the Owner) on behalf of Owner in the ordinary course of the management, operation and maintenance of the Owner for the obtaining of utility, maintenance or other services to tenant; and further provided that without such consent, Manager may enter into any contracts or agreements on behalf of Owner, in the case of casualty, breakdown in machinery or other similar emergency, if in

the opinion of Manager emergency action or immediate approval for the commencement of repairs is necessary to prevent additional damage or greater total expenditure or to protect the Owner from damage or prevent default on the part of Owner under any of the Leases, in which event such action taken shall be taken concurrently with prompt notice to Owner.

2.5 Accounting, Records and Reports.

(a) Records. Managers shall maintain all office records and books of

account and shall record therein, and keep copies of, each invoice received from services, work and supplies ordered in connection with the maintenance and operation of the Owner. Such records shall be maintained on a double entry basis. Owner and persons designated by Owner shall at all reasonable time have access to and the right to audit and make independent examinations of such records, books and accounts and all vouchers, files and all other material pertaining to the Owner and that Agreement, all of which Manager agrees to keep safe, available and separate from any records not pertaining to Owner, at a place recommended by Manager and approved by Owner.

(b) Monthly Reports. On or before the 15/th/ day of each month

following the month for which such report or statement is prepared and during the term of this Agreement, Manager shall prepare and submit to Owner the

following reports and statements:

- (i) Rental collection record in a form to be agreed upon by Manager and Owner;
- (ii) Monthly operating statement in a form to be agreed upon by Manager and Owner;
- (iii) Copy of cash disbursements ledger entries for such month;
- (iv) Copy of cash receipts ledger entries for such month;
- (v) The original copies of all contracts entered into by Manager on behalf of Owner during such month; and
- (vi) Copy of ledger entries for such month relating to security deposits maintained by Manager.

(c) Budgets and Leasing Plans. Not later than 30 days before the

anniversary of this Agreement and any extensions thereof, Manager shall prepare and submit to Owner for its approval an operating budget and a marketing and leasing plan on the Owner for the calendar year immediately following such submission. The budget and leasing plan shall be in the form of the budget and plan approved by Owner prior to the date thereof. As often as reasonably necessary during the period covered by any such budget, Manager may submit to Owner for its approval an updated budget or plan incorporating such changes as shall be necessary to reflect cost over-runs and the like during such period. If Owner does not disapprove any such budget within 30 days after receipt thereof by Owner, such budget shall be deemed approved. If Owner shall disapprove any such budget or plan, it shall so notify Manager within said 30-day period and explain the reasons therefor.

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(d) Returns Required by Law. Managers shall execute and file when due

all forms, reports, and returns required by law relating to the employment of its personnel.

(e) Notices. Promptly after receipt, Manager shall deliver to Owner

all notices, from any tenant, or any governmental authority, that are not a routine nature. Managers shall also report expeditiously to Owner notice of any extensive damage to any part of the Owner.

ARTICLE III. EXPENSES

3.1 Owner's Expenses. Except as otherwise specifically provided, all

costs and expenses incurred hereunder by Manager shall be for the account of and on behalf of Owner. Such costs and expenses may include salaries and other employee-related expenses, and all legal, travel and other out-of-pocket expenses which are directly related to the management of specific Ownership Property, to the extent permitted by the Statement of Policy Regarding Real Estate Investment Trusts adopted by the North American Securities Administrators Association, Inc. All costs and expenses for which Owner is responsible under this Agreement, shall be paid by Manager out of the Account. In the event said account does not contain sufficient funds to pay all said expenses, Owner shall fund all sums necessary to meet such additional costs and expenses.

3.2 Manager's Expenses. Managers shall, out of its own funds, pay all of

its general overhead and administrative expenses.

ARTICLE IV.

MANAGER'S COMPENSATION

4.1 Management Fee. Commencing on the date hereof, Owner shall pay

Manager, as compensation for its services hereunder, an amount equal to two and one-half percent (2.5%) of the Gross Revenues paid monthly from the rental income received from Owner, over the term of this agreement ("Management Fee").

4.2 Audit Adjustment. If any audit of the records, books or accounts

relating to the Owner discloses an overpayment or underpayment of Management Fees, Owner or Manager shall promptly pay to the other party the amount of such overpayment or underpayment, as the case may be. If such audit discloses an overpayment of Management Fees for any fiscal year of more than the correct Management Fees for such Fiscal year, Manager shall bear cost of such audit.

ARTICLE V.

INSURANCE AND INDEMNIFICATION

5.1 Insurance to be Carried.

(a) The Owner shall be insured by Owner against such hazards as Owner shall deem appropriate, but in any event insurance sufficient to comply with the Leases and the

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Ownership Agreement shall be maintained. All liability policies shall provide sufficient insurance satisfactory to both Owner and Manager and shall contain waivers of subrogation for the benefit of Manager.

(b) Manager shall obtain and keep in full force and effect, in accordance with the laws of the state in which each Ownership Property is located, employer's liability insurance applicable to and covering all employees of Manager at the Owner and all persons engaged in the performance of any work required hereunder, and Manager shall furnish Owner certificates of insurers naming Owner as a co-insured and evidencing that such insurance is in effect. If any work under this Agreement is subcontracted as permitted herein, Manager shall include in each subcontract a provision that the subcontractor shall also furnish Owner with such a certificate.

5.2 Cooperation with Insurers. Manager shall cooperate with and provide

reasonable access to the Owner to representatives of insurance companies and insurance brokers or agents with respect to insurance which is in effect or for which application has been made. Manager shall use its best efforts to comply with all requirements of insurers.

5.3 Accidents and Claims. Manager shall promptly investigate and shall

report in detail to Owner all accidents, claims for damage relating to the Ownership, operation or maintenance of the Owner, and any damage or destruction to the Owner and the estimated costs of repair thereof, and shall prepare for approval by Owner all reports required by an insurance company in connection with any such accident, claim, damage, or destruction. Such reports shall be given to Owner promptly and any report not so given within 10 days after the occurrence of any such accident, claim, damage or destruction shall be noted in the monthly report delivered to Owner pursuant to section 2.5(b). Manager is authorized to settle any claim against an insurance company not exceeding \$500 arising out of any policy and, in connection with such claim, to execute proofs of loss and adjustments of loss and to collect and receipt for loss proceeds. If a claim against an insurance company exceeds \$500, Manager shall take no action specified in the immediately preceding sentence with respect thereto without the approval of Owner.

5.4 Indemnification. Manager shall hold Owner harmless from and indemnify

and defend Owner against any and all claims or liability for any injury or damage to any person or property whatsoever for which Manager is responsible occurring in, on, or about the Owner, including, without limitation, the Improvements when such injury or damage shall be caused by the negligence of Manager, its agents, servants, or employees, except to the extent that Owner recovers insurance proceeds with respect to such matter. Owner will indemnify and hold Manager harmless against all liability for injury to persons and damage to property caused by Owner's negligence and which did not result from the negligence or misconduct of Manager, except to the extent Manager recovers insurance proceeds with respect to such matter.

ARTICLE VI.
TERM, TERMINATION

6.1 Term. This Agreement shall commence on the date first above written

and shall continue until terminated in accordance with the earliest to occur of the following:

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(a) One year from the date of the commencement of the term hereof. However, this Agreement will be automatically extended for an additional one year period at the end of each year unless Owner or Manager gives sixty (60) days written notice of its intention to terminate the Agreement;

(b) Sixty (60) days after prior written notice of intention to terminate the Agreement given by Owner or Manager:

(c) Upon any change in control of Manager, unless Owner consents to such change; or

(d) Immediately upon the occurrence of any of the following:

(i) A decree or order is rendered by a court having jurisdiction (A) adjudging Manager as bankrupt or insolvent, or (B) approving as properly filed a petition seeking reorganization, readjustment, arrangement, composition or similar relief for Manager under the federal bankruptcy laws or any similar applicable law or practice, or (C) appointing a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of Manager or a substantial part of the property of Manager, or for the winding up or liquidation of its affairs, or

(ii) Manager (A) institutes proceedings to be adjudicated a voluntary bankrupt or an insolvent, (B) consents to the filing of a bankruptcy proceeding against it, (C) files a petition or answer or consent seeking reorganization, readjustment, arrangement, composition or relief under any similar applicable law or practice, (D) consents to the filing of any such petition, or to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency for it or for a substantial part of its property, (E) makes an assignment for the benefit of creditors, (F), is unable to or admits in writing its inability to pay its debts generally as they become due unless such inability shall be the fault of Owner, or (G) takes corporate or other action in furtherance of any of the aforesaid purposes.

Upon termination, the obligations of the parties hereto shall cease, provided that Manager shall comply with the provisions hereof applicable in the event of termination and shall be entitled to receive all compensation which may be due Manager hereunder up to the date of such termination, and provided, further, that if this Agreement terminates pursuant to clause (d) above, Owner shall have other remedies as may be available at law or in equity.

6.2 Manager's Obligations after Termination. Upon the termination of this

Agreement, Manager shall have the following duties:

(a) Manager shall deliver to Owner, or its designee, all books and records with respect to the Owner.

(b) Manager shall transfer and assign to Owner, or its designee, all service contracts and personal property relating to or used in the operation and maintenance of the Owner, except personal property paid for and owned by Manager. Manager shall also, for a period of sixty

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(60) days immediately following the date of such termination, make itself available to consult with and advise Owner, or its designee, regarding the operation and maintenance of the Owner.

(c) Manager shall render to Owner an accounting of all funds Owner in its possession and shall deliver to Owner a statement of Management Fees claimed to be due Manager and shall cause funds of Owner held by Manager relating to the Owner to be paid to Owner or its designee.

ARTICLE VII.
MISCELLANEOUS

7.1 Notices. All notices, approvals, consents and other communications

hereunder shall be in writing, and, except when receipt is required to start the running of a period of time, shall be deemed given when delivered in person or on the fifth day after its mailing by either party by registered or certified United States mail, postage prepaid and return receipt requested, to the other party, at the addresses set forth after their respect name below or at such different addresses as either party shall have theretofore advised the other party in writing in accordance with this Section 7.1.

Owner: WELLS REAL ESTATE INVESTMENT TRUST, INC.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

Manager: WELLS MANAGEMENT COMPANY, INC.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

7.2 Governing Law. This Agreement shall be governed by and construed in

accordance with the laws of the State of Georgia.

7.3 Assignment. Manager may delegate partially or in full its duties and

rights under this Agreement but only with the prior written consent of Owner. Except as provided in the immediately preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

7.4 No Waiver. The failure of Owner to seek redress for violation or to

insist upon the strict performance of any covenant or condition of this Agreement, shall not constitute a waiver thereof for the future.

7.5 Amendments. This Agreement may not be amended without the vote of a

majority of interest of the Limited Owners of Owner and only by an instrument in writing signed by the party against whom enforcement of the amendment is sought.

7.6 Headings. The headings of the various subdivisions of this Agreement

are for reference only and shall not define or limit any of the terms or

provisions hereof.

7.7 Counterparts. This Agreement may be executed in two or more

counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.8 Entire Agreement. This Agreement contains the entire understanding

and all agreements between Owner and Manager respecting the management of the Owner. There are no representations, agreements, arrangements or understandings, oral or written, between Owner and Manager relating to the management of the Owner that are not fully expressed herein.

7.9 Disputes. If there shall be a dispute between Owner and Manager

relating to this Agreement resulting in litigation, the prevailing party in such litigation shall be entitled to recover from the other party to such litigation such amount as the court shall fix as reasonable attorneys' fees.

7.10 Activities of Manager. The obligations of Manager pursuant to the

terms and provisions of this Agreement shall not be construed to preclude Manager from engaging in other activities or business ventures, whether or not such other activities or ventures are in competition with the Owner or the business of Owner.

7.11 Independent Contractor. Manager and Owner shall not be construed as

joint venturers or Owners of each other pursuant to this Agreement, and neither shall have the power to bind or obligate the other except as set forth herein. In all respects, the status of Manger to Owner under this Agreement is that of an independent contractor.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

Wells Real Estate Investment Trust, Inc.

By: _____
Name: _____
Title: _____

Wells Management Company, Inc.

By: _____
Name: _____
Title: _____

LEASING AND COORDINATING AGREEMENT

THIS AGREEMENT, made as of the ____ day of _____, 1998, between WELLS REAL ESTATE INVESTMENT TRUST, INC., a Delaware corporation (the "Owner"), and WELLS MANAGEMENT COMPANY, INC., a Georgia corporation (the "Agent").

WITNESSETH:

WHEREAS, the Owner intends to raise money from the sale of the Owner's stock for the acquisition or construction of income-producing improvements on several tracts as yet unspecified but to be acquired by Owner; and

WHEREAS, the Owner intends to employ the Agent to manage any leasable improvements that may be constructed by the Owner; and

WHEREAS, the Owner and Agent are entering into this Agreement to establish the terms and conditions for such services.

NOW THEREFORE, in consideration of the mutual premises and covenants herein contained, the Owner and Agent agree as follows:

1. Leasing Agent. The Owner hereby engages the Agent for the term

hereof as the exclusive leasing and tenant coordinating agent for commercial buildings to be developed by the Owner.
2. Effective Date and Terms. This Agreement shall become effective

upon the date hereof. The initial term of this Agreement shall be for a period of 12 months beginning on the date the Owner notifies the Agent in writing that one or more Owner are available for lease. The term shall be automatically extended for an additional one year period at the end of each year unless the Owner or Agent give sixty (60) days written notice of their intention not to renew this Agreement. Both the Owner and the Agent may terminate this Agreement at an earlier date upon sixty (60) days written notice to the other party. The Agent may engage in preleasing activities as of the date hereof.
3. Leasing Functions. The Agent, by the execution hereof, accepts

the Owner's engagement of the Agent as the exclusive leasing and tenant coordination agent of the Owner for the term hereof, and agrees to use its best efforts to perform the following specific functions:
 - (a) to seek diligently tenants and obtain signed leases for the Owner under the terms prescribed by the Owner;
 - (b) to coordinate the planning of each tenant's space with the architect and obtain such tenant's approval of the plan;
 - (c) to coordinate the construction of each tenant's space with the contractor or the Owner and prepare an accounting of tenant coverage costs (if any) for such tenant;
 - (d) to coordinate each tenant's moving into its completed offices; and
 - (e) not later than 30 days before the anniversary of this Agreement and extensions thereof, the Agent shall prepare and submit to the Owner for its approval a marketing and leasing plan for the Owner for the calendar year immediately following such submission. The leasing plan shall be in the form approved by the Owner prior to the date thereof. As often as reasonably

necessary during the period covered by any such plan, the Agent may submit to the Owner for its approval an updated plan incorporating such changes as shall be necessary to reflect leasing experience during such period. If the Owner does not disapprove any such plan within 30 days after receipt thereof by the Owner, such plan shall be deemed approved. If the Owner shall disapprove any such plan, it shall so notify the Agent within said 30 day period and explain the reasons therefor.

4. Reimbursement. The Agent shall be reimbursed by the Owner for all

expenses of the Owner that the Agent incurs in connection with the performance of its duties and obligations pursuant to this Agreement, provided that such expenses are expressly authorized by the Owner. Such reimbursements may include salaries and other employee-related expenses, travel and other out-of-pocket expenses directly related to a specific Owner to the extent permitted by the Statement of Policy Regarding Real Estate Investment Trusts by the North American Securities Administrators Association, Inc., as amended (the "NASAA Guidelines").

5. Compensation of the Agent.

5.1. Agent. For performing the functions outlined in Section 3 the

Agent shall be compensated as follows:

(a) The Agent shall be paid two percent (2%) of the Gross Revenues paid monthly from rents collected;

(b) In addition to the compensation paid to the Agent under Section 5.1(a) above, the Agent shall be entitled to receive a separate competitive fee for the one-time initial rent-up or lease-up of a newly constructed property, provided said fee is not included in the purchase price of the property paid by the Owner. For this purpose, a total rehabilitation shall be included in the phrase "newly constructed". The fee paid the Agent under this section is intended to comply with the applicable provision of the NASAA Guidelines, and in all instances shall be interpreted in a manner which will comply with said provision;

(c) The Agent's compensation under Section 5.1(a), but not Section 5.1(b) hereof, shall apply to all renewals, extensions or expansions of leases which the Agent has originally negotiated; and

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(d) For planning and coordinating the construction of any tenant finish along with the Owner or any architect, contractor or other authorized person, the payment for which shall be the responsibility of the tenant, the Agent shall be entitled to receive from any such tenant an amount equal to 5% of the amount as remitted by the tenant to the Owner or to a representative of the Owner in payment for such construction.

As used herein, the term "Gross Revenues" shall mean all amounts actually collected as rents or other charges for the use and occupancy of Owner, but shall exclude interests and other investments income of the Owner and proceeds received by the Owner from a sale, exchange, condemnation, eminent domain taking, casualty or other disposition of assets of the Owner.

5.2 Co-Brokerage. The Owner agrees that the Agent shall not be

required to share or co-broker the compensation outlined in Section 5.1(a) and (b) with another agent. The parties further agree that the amount paid to other real estate agents for their brokerage services shall reduce, on a dollar by dollar basis, the amount paid to the Agent under Section 5.1(b) hereof. Any commissions due other real estate agents for procuring a tenant shall be paid by the Owner.

5.3 Sale of Owner. If the Owner are sold, the Owner agrees to

furnish the Agent with an agreement signed by the purchaser assuming the Owner's obligations to pay compensation earned under Section 5.1 of this Agreement.

6. Agent's Limited Liability.

6.1 Agent's Liability. The Agent's liability is limited in the

following ways:

(a) The Agent shall not be responsible for acts or omissions of any contractor, any subcontractor or any of their agents or employees or any other persons performing any of the work on the Owner which did not result from the negligence or misconduct of Agent.

(b) The Agent shall not be responsible for errors or omissions of the architect, his or its engineers, employees or agents or any other independent engineer, surveyor or other professionals providing services in connection with the construction of the Owner which did not result from the negligence or misconduct of Agent.

6.2 Indemnification of Owner. In the performance of its duties

hereunder, the Agent shall diligently endeavor to protect the property rights and interests of the Owner as vested in the Owner. The Agent hereby agrees to indemnify the Owner and hold the Owner harmless from and against any claims, actions, damages expenses (including, without limitation, attorneys' and accountants' fees and court costs) and liabilities relating to the negligence or misconduct of the Agent.

7. Notices. Any notice which may be or is required to be given

hereunder shall be deemed given when received by personal delivery or by registered or certified United States mail, postage prepaid, return receipt requested, addressed to the Owner and/or the Agent at the address

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set forth after their respective name below, or at such different addresses as either party shall have theretofore advised the other party in writing in accordance with this Section 7.

Owner: Wells Real Estate Investment Trust, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

Agent: Wells Management Company, Inc.
3885 Holcomb Bridge Road
Norcross, Georgia 30092

8. Limitation. Except as otherwise specifically provided in this

Agreement, the Agent shall have not right to incur any liability on behalf of the Owner or to bind the Owner by an contract or obligation.

9. Activities of Agent. The obligations of the Agent pursuant to the

terms and provisions of this Agreement shall not be construed to preclude the Agent from engaging in other activities or business ventures, whether or not such other activities or ventures are in competition with the Owner or the business of the Owner.

10. Independent Contractor. The Agent and the Owner shall not be

construed as joint venturers or Owners of each other pursuant to this Agreement,

and neither shall have the power to bind or obligate the other except as set forth herein. In all respects the status of the Agent to the Owner under this Agreement is that of an independent contractor.

11. Governing Law. This Agreement shall be governed by and construed

in accordance with the laws of the State of Georgia.

12. Counterparts. This Agreement may be executed in multiple

counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement.

13. Entire Agreement. This Agreement contains the entire

understanding and all agreements between the parties hereto respecting the leasing and coordinating of tenant improvements on the Owner. There are no representations, agreements, arrangements or understandings, oral or written, among the parties hereto relating to the leasing and tenant coordinating of the improvements on the Owner which are not fully expressed herein.

14. Section Headings. The section headings in this Agreement are

inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Agreement or in any way affect this Agreement.

15. Disputes. If there shall be a dispute among the Agent and the

Owner relating to this Agreement resulting in litigation, the prevailing party in such litigation shall be entitled to recover from the other party to such litigation such amount as the court shall fix as reasonably attorney's fees.

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16. Binding Agreement. This Agreement shall be binding upon the

parties hereto and their successors and assigns. This Agreement shall not be changed orally, but may be changed only by a written agreement signed by the Owner and the Agent. No waiver or any breach of any covenant, condition or agreement contained herein shall be construed to be a subsequent waiver of that covenant, condition or agreement or of any subsequent breach thereof or of this Agreement.

17. Assignment. Agent may delegate partially or in full its duties

and rights under this Agreement but only with the vote of a majority in interest of the Limited Owners of the Owner. Except as provided in the immediately preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

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IN WITNESS WHEREOF, the parties hereto have cause this Agreement to be executed as of the day and year first above written.

WELLS REAL ESTATE INVESTMENT TRUST, INC.

By: _____
Name: _____
Title: _____

WELLS MANAGEMENT COMPANY, INC.

By: _____

Name: _____

Title: _____

[LETTERHEAD OF ARTHUR ANDERSEN LLP APPEARS HERE]

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our report and to all references to our Firm included in or made a part of this registration statement.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
January 23, 1998