
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2005

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 0-25739

WELLS REAL ESTATE INVESTMENT TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

58-2328421

(I.R.S. Employer Identification Number)

**6200 The Corners Parkway
Norcross, Georgia**
(Address of principal executive offices)

30092
(Zip Code)

Registrant's telephone number, including area code

(770) 449-7800

N/A

(Former name, former address, and former fiscal year, if changed since last report)

**Number of shares outstanding of each of the registrant's
classes of common stock, as of April 30, 2005:**

Common Stock, par value \$.01 per share: 463,810,245 shares

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes No

FORM 10-Q
WELLS REAL ESTATE INVESTMENT TRUST, INC.
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Forward-Looking Statements

Certain statements contained in this Form 10-Q of Wells Real Estate Investment Trust, Inc. (“Wells REIT”) other than historical facts may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend for all such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as applicable by law. Such statements include, in particular, statements about our plans, strategies, and prospects and are subject to certain risks and uncertainties, as well as known and unknown risks, which could cause actual results to differ materially from those projected or anticipated. Therefore, such statements are not intended to be a guarantee of our performance in future periods. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “anticipate,” “estimate,” “believe,” “continue,” or other similar words. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date this report is filed with the Securities and Exchange Commission. We make no representation or warranty (express or implied) about the accuracy of any such forward-looking statements contained in this Form 10-Q, and we do not intend to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Any such forward-looking statements are subject to unknown risks, uncertainties, and other factors and are based on a number of assumptions involving judgments with respect to, among other things, future economic, competitive, and market conditions, all of which are difficult or impossible to predict accurately. To the extent that our assumptions differ from actual results, our ability to meet such forward-looking statements, including our ability to generate positive cash flow from operations, provide dividends to stockholders, and maintain the value of our real estate properties, may be significantly hindered. Following are some of the risks and uncertainties, although not all risks and uncertainties, which could cause actual results to differ materially from those presented in our forward-looking statements:

General economic risks

- Adverse changes in general economic conditions or local conditions;
- Adverse economic conditions affecting the particular industry of one or more of our tenants;

Enterprise risks

- Our dependency on Wells Capital, Inc. (“Wells Capital”) and its affiliates and their key personnel for various administrative services;
- Wells Capital’s ability to attract and retain high-quality personnel who can provide acceptable service levels and generate economies of scale over time;

Real estate risks

- Our ability to achieve appropriate occupancy levels resulting in sufficient rental amounts;
- Supply of or demand for similar or competing rentable space, which may impact our ability to retain or obtain new tenants at lease expiration at acceptable rental amounts;
- Tenant ability or willingness to satisfy obligations relating to our lease agreements;
- Higher than expected property operating expenses, including property taxes, insurance, property management fees, and other costs at our properties;
- Our ability to secure adequate insurance at reasonable and appropriate rates to avoid uninsured losses or losses in excess of insured amounts;

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- Discovery of previously undetected environmentally hazardous or other defects or adverse conditions at our properties;
 - Our ability to invest stockholder proceeds to acquire properties at appropriate amounts that provide acceptable returns;
 - Our potential need to fund foreseen and unforeseen capital expenditures, including those related to tenant build-out projects, tenant improvements and lease-up costs, out of operating cash flow;
 - Our ability to sell a property when desirable at an acceptable return, including the ability of the purchaser to satisfy any continuing obligations to us;

Financing and equity risks

- Our continued access to adequate credit facilities or other debt financing and refinancing as appropriate;
- Our ability to pay amounts to our lenders before any distributions to our stockholders;
- Increases in interest rates related to our variable rate debt;
- Lender-required restrictive covenants relating to our operations, and our ability to satisfy such restrictions;
- Possible limitations on our ability to borrow funds in the future that may result from our participation in the Section 1031 Exchange Program sponsored by affiliates of Wells Capital;
- Future demand for our equity securities through our dividend reinvestment plan;
- Potential changes to our share redemption program or dividend reinvestment plan;
- The amount of redemptions or prices paid in future periods for redeemed shares under the share redemption program, as approved by our board of directors;

Other operational risks

- Our reliance on third parties to appropriately manage our properties;
- Our ability to continue to qualify as a REIT for tax purposes;
- Higher than expected administrative operating expenses, including expenses associated with operating as a public company;
- Our ability to comply with any governmental, tax, real estate, environmental, and zoning laws and regulations, and the related costs of compliance; and
- Our ability to generate sufficient cash flow from operations to be able to maintain our dividend yield as a percentage of our stockholders' invested capital at its current level.

PART I. FINANCIAL STATEMENTS

The information furnished in our accompanying consolidated balance sheets and consolidated statements of income, stockholders' equity, and cash flows reflects all adjustments, that are, in our opinion, necessary for a fair presentation of the aforementioned financial statements.

The financial statements should be read in conjunction with the notes to our financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this report on Form 10-Q and with our Annual Report on Form 10-K for the year ended December 31, 2004. Our results of operations for the three months ended March 31, 2005, are not necessarily indicative of the operating results expected for the full year.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except for share and per share amounts)

	March 31, 2005 (unaudited)	December 31, 2004
Assets:		
Real estate assets, at cost:		
Land	\$ 619,319	\$ 619,319
Buildings and improvements, less accumulated depreciation of \$241,665 and \$219,718 at March 31, 2005 and December 31, 2004, respectively	3,138,550	3,156,291
Intangible lease assets, less accumulated amortization of \$70,009 and \$56,922 at March 31, 2005 and December 31, 2004, respectively	274,393	287,481
Construction in progress	36,332	27,916
Assets held for sale, net	514,025	517,222
Total real estate assets	4,582,619	4,608,229
Investments in unconsolidated joint ventures	92,849	93,979
Cash and cash equivalents	45,967	40,412
Tenant receivables, net of allowance for doubtful accounts of \$604 and \$1,044 at March 31, 2005 and December 31, 2004, respectively	80,710	83,895
Due from affiliates	1,719	1,479
Prepaid expenses and other assets	18,713	13,503
Deferred financing costs, less accumulated amortization of \$3,752 and \$3,317 at March 31, 2005 and December 31, 2004, respectively	10,743	11,077
Deferred lease costs, less accumulated amortization of \$32,869 and \$26,541 at March 31, 2005 and December 31, 2004, respectively	178,929	184,260
Other assets held for sale, net	85,245	86,855
Total assets	\$5,097,494	\$5,123,689
Liabilities and Stockholders' Equity:		
Lines of credit and notes payable	\$1,010,534	\$ 890,182
Intangible lease liabilities, less accumulated amortization of \$23,994 and \$20,474 at March 31, 2005 and December 31, 2004, respectively	116,651	120,171
Accounts payable and accrued expenses	61,594	82,298
Due to affiliates	4,365	3,274
Dividends payable	12,791	12,730
Deferred rental income	26,116	32,468
Liabilities related to assets held for sale, net	64,765	64,780
Total liabilities	1,296,816	1,205,903
Commitments and Contingencies	—	—
Minority Interest	5,011	4,961
Redeemable Common Stock	141,578	225,955
Stockholders' Equity:		
Preferred stock, \$.01 par value; 100,000,000 shares authorized; none outstanding	—	—
Common stock, \$.01 par value; 900,000,000 shares authorized; 465,295,995 shares outstanding at March 31, 2005, and 473,486,397 shares outstanding at December 31, 2004	4,653	4,735
Additional paid-in capital	4,119,057	4,203,918
Cumulative distributions in excess of earnings	(328,114)	(295,914)
Redeemable common stock	(141,578)	(225,955)
Other comprehensive income	71	86
Total stockholders' equity	3,654,089	3,686,870
Total liabilities and stockholders' equity	\$5,097,494	\$5,123,689

See accompanying notes.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except for share and per share amounts)

	(Unaudited) Three Months Ended March 31,	
	2005	2004
Revenues:		
Rental income	\$ 110,632	\$ 105,006
Tenant reimbursements	31,857	29,905
Lease termination income	794	72
	143,283	134,983
Expenses:		
Property operating costs	44,804	42,951
Asset and property management fees:		
Related party	5,716	4,271
Other	1,472	519
Depreciation	22,037	20,868
Amortization	16,078	13,808
General and administrative	3,922	3,151
	94,029	85,568
Real estate operating income	49,254	49,415
Other income (expense):		
Interest expense	(10,672)	(6,584)
Interest and other income	460	146
Equity in income of unconsolidated joint ventures	1,395	1,138
Loss on extinguishment of debt	—	(367)
	(8,817)	(5,667)
Income from continuing operations before minority interest	40,437	43,748
Minority interest in earnings of consolidated entities	(143)	(126)
Income from continuing operations	40,294	43,622
Income from discontinued operations	10,429	9,002
Net income	\$ 50,723	\$ 52,624
Net income per common share—basic and diluted:		
Net income from continuing operations—basic and diluted	\$ 0.09	\$ 0.09
Net income from discontinued operations—basic and diluted	\$ 0.02	\$ 0.02
Net income per common share—basic and diluted	\$ 0.11	\$ 0.11
Weighted-average shares outstanding: Basic and diluted	473,855,757	463,394,161

See accompanying notes.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2004
AND FOR THE THREE MONTHS ENDED MARCH 31, 2005 (UNAUDITED)
(in thousands, except per share amounts)

	Common Stock		Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Redeemable Common Stock	Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount					
Balance, December 31, 2003	465,050	\$ 4,650	\$4,138,017	\$ (180,261)	\$ —	\$ —	\$ 3,962,406
Issuance of common stock	19,494	195	194,747	—	—	—	194,942
Redemptions of common stock	(9,711)	(97)	(97,018)	—	—	—	(97,115)
Dividends (\$0.70 per share)	—	—	—	(325,375)	—	—	(325,375)
Commissions on stock sales and related dealer-manager fees	—	—	(17,617)	—	—	—	(17,617)
Other offering costs	—	—	(757)	—	—	—	(757)
Redeemable common stock	—	—	—	—	(225,955)	—	(225,955)
Shares repurchased upon settlement	(1,347)	(13)	(13,454)	—	—	—	(13,467)
Components of comprehensive income:							
Net income	—	—	—	209,722	—	—	209,722
Change in value of interest rate swap	—	—	—	—	—	86	86
Comprehensive income							209,808
Balance, December 31, 2004	473,486	4,735	4,203,918	(295,914)	(225,955)	86	3,686,870
Issuance of common stock	4,760	48	47,547	—	—	—	47,595
Redemptions of common stock	(12,950)	(130)	(129,372)	—	—	—	(129,502)
Dividends (\$0.18 per share)	—	—	—	(82,923)	—	—	(82,923)
Commissions on stock sales	—	—	(3,013)	—	—	—	(3,013)
Other offering costs	—	—	(23)	—	—	—	(23)
Redeemable common stock	—	—	—	—	84,377	—	84,377
Components of comprehensive income:							
Net income	—	—	—	50,723	—	—	50,723
Change in value of interest rate swap	—	—	—	—	—	(15)	(15)
Comprehensive income							50,708
Balance, March 31, 2005	465,296	\$ 4,653	\$4,119,057	\$ (328,114)	\$ (141,578)	\$ 71	\$ 3,654,089

See accompanying notes.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	(Unaudited) Three months ended March 31,	
	2005	2004
Cash Flows from Operating Activities:		
Net income from continuing operations	\$ 40,294	\$ 43,622
Adjustments to reconcile net income from continuing operations to net cash provided by continuing operations:		
Equity in income of unconsolidated joint ventures	(1,395)	(1,138)
Minority interest in earnings of consolidated entities	143	126
Depreciation	22,037	20,868
Amortization	15,786	14,296
Changes in assets and liabilities:		
Tenant receivables, net	3,290	(10,268)
Due to/from affiliates	931	(148)
Prepaid expenses and other assets	(9,035)	(6,249)
Accounts payable and accrued expenses	(18,254)	(4,589)
Deferred rental income	(6,371)	2,718
Distributions received from unconsolidated joint ventures	1,890	2,988
Total adjustments	9,022	18,604
Net cash provided by continuing operations	49,316	62,226
Net cash provided by discontinued operations	12,948	13,239
Net cash provided by operating activities	62,264	75,465
Cash Flows from Investing Activities:		
Investment in real estate and related assets	(7,288)	(131,036)
Investment in tenant improvement escrows	(15)	(6)
Contributions to joint ventures	(36)	—
Acquisition and advisory fees paid	(1,408)	(19,186)
Deferred lease costs paid	(801)	(15,114)
Net sale proceeds received from joint ventures	431	—
Net cash used in investing activities	(9,117)	(165,342)
Cash Flows from Financing Activities:		
Proceeds from lines of credit and notes payable	130,480	413,200
Repayments of lines of credit and notes payable	(9,648)	(218,347)
Dividends paid	(82,955)	(81,400)
Issuance of common stock	47,595	55,342
Redemptions of common stock	(129,807)	(56,055)
Commissions on stock sales and related dealer-manager fees paid	(3,125)	(1,921)
Other offering costs paid	(32)	(13,455)
Funds paid for interest rate lock	—	(12,700)
Deferred financing costs paid	(100)	(123)
Net cash (used in) provided by financing activities	(47,592)	84,541
Net increase (decrease) in cash and cash equivalents	5,555	(5,336)
Cash and cash equivalents, beginning of period	40,412	53,481
Cash and cash equivalents, end of period	\$ 45,967	\$ 48,145

See accompanying notes.

WELLS REAL ESTATE INVESTMENT TRUST, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2005
(unaudited)

1. Organization

Wells Real Estate Investment Trust, Inc. ("Wells REIT") is a Maryland corporation that engages in the acquisition and ownership of commercial real estate properties throughout the United States, including properties that are under construction, are newly constructed, or have operating histories. Wells REIT was incorporated in 1997, commenced operations on June 5, 1998, and qualifies as a real estate investment trust ("REIT") for federal income tax purposes. Wells REIT conducts business primarily through Wells Operating Partnership, L.P. ("Wells OP"), a Delaware limited partnership, or through Wells OP's subsidiaries. Wells REIT is the sole general partner of Wells OP and possesses full legal control and authority over the operations of Wells OP. Wells Capital is the sole limited partner of Wells OP. Wells OP owns properties directly or through wholly owned subsidiaries and has also entered into certain joint ventures with real estate limited partnerships sponsored by Wells Capital, as well as certain joint ventures with parties not affiliated with Wells REIT or Wells Capital. References to Wells REIT herein shall include all subsidiaries of Wells REIT, including Wells OP, its subsidiaries, and consolidated joint ventures. See Note 6 included herein for a further discussion of Wells Capital.

At March 31, 2005, Wells REIT owned interests in 111 properties either directly or through joint ventures comprising approximately 25.4 million square feet of commercial office and industrial space located in 26 states and the District of Columbia. At March 31, 2005, these properties were approximately 98% leased.

Since its inception, Wells REIT has completed four public offerings of common stock at \$10 per share. Combined with the dividend reinvestment program, such offerings have provided approximately \$5.0 billion in total offering proceeds. Out of these proceeds, Wells REIT paid costs associated with the offerings of (1) approximately \$168.1 million in acquisition and advisory fees and acquisition expenses, (2) approximately \$467.0 million in selling commissions and dealer manager fees, and (3) approximately \$62.3 million in organization and other offering costs. In addition, Wells REIT used approximately \$304.7 million to redeem shares pursuant to Wells REIT's share redemption program and repurchase shares resulting from a legal settlement. The remaining offering proceeds of approximately \$4.0 billion were primarily used to fund the purchase of real estate assets. Wells REIT's fourth public offering closed on July 25, 2004, and Wells REIT does not anticipate offering additional shares to the public.

Wells REIT registered an additional 100 million shares of common stock with the Securities and Exchange Commission (the "SEC") for issuances pursuant to its dividend reinvestment plan under a Registration Statement on Form S-3 (Commission File No. 333-114212), which was filed and became effective with the SEC on April 5, 2004.

Wells REIT's stock is not listed on a national exchange. However, Wells REIT's Articles of Incorporation currently require Wells REIT to begin the process of liquidating its investments and distributing the resulting proceeds to the stockholders if its shares are not listed on a national exchange by January 30, 2008. Wells REIT's Articles of Incorporation can only be amended by a proxy vote of Wells REIT's stockholders.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of Wells REIT have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission, including the instructions to Form 10-Q and Article 10 of Regulation S-X, and do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, the statements for the

unaudited interim periods presented include all adjustments, which are of a normal and recurring nature, necessary for a fair presentation of the results for such periods. Results for these interim periods are not necessarily indicative of full-year results. For further information, refer to the financial statements and footnotes included in Wells REIT's Annual Report on Form 10-K for the year ended December 31, 2004.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets are primarily comprised of prepaid taxes, insurance and operating costs, escrow accounts held by lenders to pay future real estate taxes, insurance and tenant improvements, earnest money paid in connection with future acquisitions, and capitalized acquisition fees that have not yet been applied to investments in real estate assets. Prepaid expenses and other assets will be expensed as incurred or reclassified to other asset accounts upon being put into service in future periods. Balances without a future economic benefit are written off as they are identified.

Income Taxes

Wells REIT has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), and has operated as such beginning with its taxable year ended December 31, 1998. To qualify as a REIT, Wells REIT must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of its annual "REIT taxable income," computed without regard to the dividends-paid deduction and by excluding net capital gains to stockholders. As a REIT, Wells REIT is generally not subject to federal income taxes. Accordingly, neither a provision nor a benefit for federal income taxes has been made in the accompanying consolidated financial statements. Wells REIT is subject to certain state and local taxes related to the operations of properties in certain locations, which has been provided for in the accompanying financial statements.

Stockholders' Equity

The par value of investor proceeds raised is classified as common stock, with the remainder allocated to additional paid-in capital.

Wells REIT maintains a share redemption program that allows stockholders to redeem shares held at a specified price within certain limitations. Under Accounting Series Release No. 268, "*Presentation in Financial Statements of Redeemable Preferred Stock*," if the redemption of shares is outside the control of the issuer, such shares are required to be classified as mezzanine, or temporary, equity. Wells REIT's share redemption program was amended for redemptions made beginning in January 2004. The amended plan modified the share redemption program by, among other things, removing the discretionary feature of approving redemption requests. Redemptions are limited to the aggregate proceeds received from the dividend reinvestment plan. Since cumulative funds received under the dividend reinvestment plan totaled approximately \$432.8 million and aggregate redemptions to date totaled approximately \$291.2 million at March 31, 2005, the difference of approximately \$141.6 million has been recorded as redeemable common stock on the consolidated balance sheet and statement of stockholders' equity.

Reclassifications

Certain prior period amounts, as reported, have been reclassified to conform to the current period financial statement presentation, including but not limited to the reclassifications noted in the following paragraph.

Through the first quarter 2004, Wells REIT and its unconsolidated joint ventures reported the amortization of the fair values of in-place leases, including opportunity costs associated with lost rentals that are avoided by acquiring in-place leases and tenant relationships, as an adjustment to rental income in the consolidated statements of income. In the second quarter 2004, Wells REIT began presenting this amortization as amortization expense in the consolidated statements of income, and reclassified such amortization from rental income to amortization expense for the three months ended March 31, 2004. The period of amortization continues to be the term of the respective lease and results in no change in previously reported net income.

Recent Accounting Pronouncement

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (“SFAS”) No. 123-R, which replaces SFAS No. 123, *Accounting for Stock-Based Compensation*, and supersedes Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*. SFAS No. 123-R applies to all transactions involving the issuance of equity securities, including, among others, common stock and stock options, in exchange for goods and services, including services provided by employees. SFAS No. 123-R requires Wells REIT to recognize expenses for all stock options awarded to employees over the respective vesting periods. SFAS No. 123-R will become applicable to Wells REIT effective January 1, 2006. To date, the fair value of options granted by Wells REIT is \$0. The adoption of this statement is not expected to have a material effect on Wells REIT’s financial position or results of operations.

3. Real Estate Disposition

On February 25, 2005, Wells REIT, along with various Wells-affiliated entities, entered into a definitive purchase and sale agreement (“Agreement”) to sell 27 properties from its existing portfolio for a gross sale price of \$786.0 million, excluding closing costs and brokerage fees, to Lexington Corporate Properties Trust (“Purchaser”), an unaffiliated third party. Wells REIT’s share of the \$786.0 million in gross sales price is approximately \$760.8 million. Of the 27 properties under contract, 23 properties are wholly owned by Wells REIT. Wells REIT’s net book value of the properties is approximately \$567.3 million. Wells REIT’s share of the gain to be recorded upon the close of the transaction, including closing costs, is estimated at approximately \$188.9 million. In accordance with Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (“Statement 144”), Wells REIT classified the 23 wholly owned properties as held for sale as of March 31, 2005. As such, the historical assets and liabilities have been classified as held for sale and the results of operations and cash flows related to these 23 properties, as well as the results of operations and cash flows for the Eisenhower Boulevard Building sold in June 2004, have been presented as discontinued operations, in the accompanying financial statements. (See *Subsequent Events* for more information as to the status of this transaction).

The detail comprising assets and liabilities held for sale as presented in the accompanying consolidated balance sheets is as follows (in thousands):

	March 31, 2005	December 31, 2004
Assets held for sale		
Land	\$ 68,146	\$ 68,131
Building and improvements, net	420,832	422,768
Intangible lease asset, net	25,047	26,323
Total assets held for sale	\$ 514,025	\$ 517,222
Other assets held for sale		
Investment in bonds	\$ 64,500	\$ 64,500
Tenant receivables, net	8,959	9,374
Deferred lease acquisition costs, net	6,450	7,365
Intangible lease origination costs, net	5,336	5,616
Total other assets held for sale	\$ 85,245	\$ 86,855
Liabilities related to assets held for sale		
Obligations under capital leases	\$ 64,500	\$ 64,500
Intangible lease liabilities, net	265	280
Total liabilities related to assets held for sale	\$ 64,765	\$ 64,780

The detail comprising income from discontinued operations as presented in the accompanying consolidated statements of income is as follows (in thousands):

	Quarter Ended March 31, 2005	Quarter Ended March 31, 2004
Revenues:		
Rental income	\$ 14,984	\$ 15,117
Tenant reimbursements	2,229	2,379
Lease termination income	—	83
	<u>17,213</u>	<u>17,579</u>
Expenses:		
Property operating costs	2,601	2,607
Asset and property management fees		
Related party	320	680
Other	132	118
General and administrative expenses	147	163
Depreciation	1,936	3,259
Amortization	1,648	1,750
	<u>6,784</u>	<u>8,577</u>
Real estate operating income	10,429	9,002
Other income (expense):		
Interest expense	(1,131)	(1,131)
Interest and other income	1,131	1,131
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
Income from discontinued operations	\$ 10,429	\$ 9,002

4. Lines of Credit and Notes Payable

As of March 31, 2005 and December 31, 2004, Wells REIT had lines of credit and notes payable outstanding as follows (in thousands):

	March 31, 2005	December 31, 2004
Secured Pooled Facility	\$ 350,000	\$ 350,000
Aon Center Chicago Mortgage Note	200,000	200,000
Leo Burnett Building Mortgage Note	120,000	120,000
WDC Mortgage Note	115,167	115,167
\$105.0 Million Promissory Note	82,000	—
\$45.0 Million Term Loan Agreement	45,000	—
3100 Clarendon Boulevard Building Mortgage Note	35,565	35,716
One Brattle Square Building Mortgage Note	29,808	30,143
1075 West Entrance Building Mortgage Note	16,529	16,672
Merck Construction Loan	16,465	12,984
\$85 Million Secured Line of Credit	—	9,500
\$50 Million Secured Line of Credit	—	—
	<u>\$ 1,010,534</u>	<u>\$ 890,182</u>

During the three months ended March 31, 2005, Wells REIT had the following activity with respect to its lines of credit and notes payable.

On March 28, 2005, Wells REIT entered into a \$105.0 Million Promissory Note with Wachovia Bank, N.A. secured by a property at 800 Nicollet Mall in Minneapolis, Minn. (the "US Bancorp Building"). Borrowings under the loan bear interest at a variable per annum rate equal to the London InterBank Offered Rate ("LIBOR") for a 30-day period plus 0.75% (3.62% at March 31, 2005). The loan requires monthly payments of interest only and matures on June 1, 2005. Wells REIT may prepay the outstanding principal balance, or any part thereof, at any time without penalty, and may extend the term of the loan for up to an additional 30 days by providing written notice to the lender.

On March 30, 2005, Wells REIT entered into a \$45.0 Million Term Loan Agreement with JP Morgan Chase Bank, N.A. Under the terms of the loan agreement, the lender agrees to make a single disbursement of the loan, consisting of one or more LIBOR Advances and/or one or more Alternative Base Rate Advances, as elected by Wells REIT. LIBOR Advances under the loan will bear interest at a variable per annum rate equal to the sum of (a) LIBOR for the relevant one-, two-, or three-month LIBOR interest period, divided by (b) one minus the reserve requirement, plus 0.75%. The "reserve requirement" means the maximum aggregate reserve requirement that is imposed under Regulation D on Eurocurrency liabilities. Alternative Base Rate Advances under the loan will bear interest at a variable per annum rate equal to the higher of (i) the prime rate or (ii) the sum of the federal funds effective rate plus 0.50%. The "prime rate" means the prime rate of interest announced from time to time by lending institutions. The "federal funds effective rate" means the interest rate equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System. The loan matures on July 29, 2005. Wells REIT may extend the term of the loan for up to two additional 30-day periods by providing written notice to the lender. Interest only payments on each LIBOR Advance are payable on the last day of the applicable interest period. Interest only payments on each Alternative Base Rate Advance are payable on the first day of each calendar month. The \$45.0 million draw under the loan in March 2005 was a 30-day LIBOR Advance; therefore, the interest rate is calculated using the 30-day LIBOR rate divided by one minus the reserve requirement, plus 0.75% (3.625% at March 31, 2005). The proceeds of the \$45.0 Million Term Loan and the \$105.0 Million Promissory Note (mentioned above) were used to redeem shares pursuant to the share redemption program.

Effective March 4, 2005, Wells REIT extended the maturity date of its \$50 Million Secured Line of Credit to June 2006. The \$50 Million Secured Line of Credit represents a revolving credit facility secured by a pool of borrowing base properties. In addition to extending the maturity of the facility, the borrowing base properties (Experian/TRW Building, Kraft Atlanta Building, and IKON Building) were replaced by the Cingular Atlanta Building. All other material terms of the facility remain unchanged from the existing agreement. Under the terms of the facility, Wells REIT may borrow the lesser of (1) an amount equal to 75% of the aggregate appraised value of lender approved borrowing base properties or (2) \$50 million, reduced by amounts under outstanding unused letters of credit (see Note 7 for detail). As of March 31, 2005, the borrowing base properties included one property with an aggregate book value of \$76.5 million, and based on the value of this property, Wells REIT was able to borrow up to \$21.6 million. Interest on the \$50 million Secured Line of Credit accrues at a per annum rate of LIBOR plus 1.75% per annum (4.62% at March 31, 2005). This facility contains covenants that, among other things, restrict Wells REIT's debt to total assets to 50%.

5. Supplemental Disclosures of Non-Cash Investing and Financing Activities

	Three Months Ended, March 31 (in thousands)	
	2005	2004
Acquisition and advisory fees applied to investments	\$ —	\$ 357
Acquisition and advisory fees due to affiliate	\$ 1,587	\$ 1,581
Sales commissions payable	\$ —	\$ 4,182
Acquisition of intangible lease liability	\$ —	\$ 2,431
Dividends payable	\$ 12,791	\$ 11,964
Accrued capital expenditures	\$ 5,565	\$ 4,642
Due from affiliates	\$ 1,699	\$ 5,848
Assumption of loan upon acquisition of property	\$ —	\$ 31,103
Redeemable common stock	\$ 141,578	\$ 131,533

6. Related-Party Transactions

On December 30, 2004, Wells REIT entered into three agreements with certain affiliates, effective January 1, 2005: (1) Asset Management Advisory Agreement (the "2005 Asset Advisory Agreement"); (2) Acquisition Advisory Agreement (the "2005 Acquisition Advisory Agreement"); and (3) Master Property Management, Leasing, and Construction Management Agreement (the "2005 Property Management Agreement"). These agreements replaced an existing Advisory Agreement, covering the period from January 30, 2004 through December 31, 2004 and an existing Asset/Property Management Agreement dated June 17, 2003 (the "2004 Asset/Property Management Agreement").

2005 Asset Advisory Agreement

The 2005 Asset Advisory Agreement is an agreement between Wells REIT and Wells Management Company, Inc. ("Wells Management"). Under the terms of the 2005 Asset Advisory Agreement, Wells REIT will pay asset advisory fees to Wells Management for, among other things:

- serving as Wells REIT's investment and financial advisor;
- managing the day-to-day operations of Wells REIT;
- formulating and implementing strategies to administer, promote, manage, operate, maintain, improve, finance and refinance, market, lease, and dispose of properties; and
- providing certain accounting, SEC compliance, and other administrative services for Wells REIT.

The fee for these services will be payable monthly in an amount equal to one-twelfth of 0.5% of the fair market value of all properties owned by Wells REIT plus its interest in properties held through joint ventures. This fee is reduced by (i) tenant reimbursed property management fees paid to Wells Management, and (ii) in the event that Wells Management retains an independent third-party property manager to manage one or more properties currently being managed by Wells Management, the amount of property management fees paid to such third-party property managers. At the option of Wells Management, up to ten percent of such monthly fee may be paid in shares of common stock of Wells REIT. These fees are recorded in the accompanying consolidated statements of income as asset and property management fees-related party. Wells REIT incurred \$6.0 million in such fees for the three months ended March 31, 2005, of which approximately \$0.3 million is included in income from discontinued operations (See Note 3). Under the 2004 Asset/Property Management Agreement, Wells REIT

incurred \$5.0 million in total asset and property management fees for the three months ended March 31, 2004, of which approximately \$0.7 million is included in income from discontinued operations.

Additionally, per the 2005 Asset Advisory Agreement, Wells Management is entitled to earn the following disposition and incentive fees, which are similar in nature to previous agreements:

- For any property sold by Wells REIT, a disposition fee of the lesser of 50% of a competitive real estate commission or 3.0% of the sales price of the property, subordinated to the payment of distributions to stockholders equal to the sum of the stockholders' invested capital plus an 8% return on invested capital;
- Incentive fee of 10% of net sales proceeds remaining after stockholders have received distributions equal to the sum of the stockholders' invested capital plus an 8% return of invested capital; or
- Listing fee of 10% of the excess by which the market value of the stock plus distributions paid prior to listing exceeds the sum of 100% of the stockholders' invested capital plus an 8% return on invested capital.

Wells REIT incurred no disposition, incentive, or listing fees during the three months ended March 31, 2005. However, on February 21, 2005, the board of directors of Wells REIT approved a subordinated disposition fee of 0.33% of the gross sale price of the properties sold (see Note 3 and Note 8 for more details) to be paid to Wells Management as a result of the closing of this transaction. Since the subordinated conditions have not been met at this time, this fee was not paid at the closing of the property sale but will be paid only in the event and at the time that the subordinated conditions (mentioned above) are met.

The 2005 Asset Advisory Agreement has a one-year term and automatically renews unless either side gives notice of its intent not to renew. In addition, either party may terminate the 2005 Asset Advisory Agreement upon 60 days' written notice.

2005 Acquisition Advisory Agreement

The 2005 Acquisition Advisory Agreement is an agreement between Wells REIT and Wells Capital. Under the terms of the Acquisition Advisory Agreement, Wells REIT will pay a fee to Wells Capital for services relating to, among other things, capital-raising functions; the investigation, selection, and acquisition of properties; and certain transfer agent and stockholder communication functions. The fee payable to Wells Capital under the Acquisition Advisory Agreement will be 3.5% of aggregate gross proceeds raised from the sale of shares of Wells REIT, exclusive of proceeds received from the Wells REIT's dividend reinvestment plan, which are used to fund repurchases of shares of common stock pursuant to the Wells REIT's share redemption program. Acquisition and advisory fees and acquisition expenses are shown below for the periods presented (in thousands):

	Three Months Ended March 31,	
	2005	2004
Acquisition and advisory fees & acquisition expenses	\$1,587	\$1,937

2005 Property Management Agreement

The 2005 Property Management Agreement is an agreement between Wells REIT and Wells Management. The 2005 Property Management Agreement retains Wells Management to manage, coordinate the leasing of, and manage construction activities related to certain properties of Wells REIT. Any amounts paid under the 2005 Property Management Agreement for properties being managed by Wells Management on December 31, 2004 under the 2004 Asset/Property Management Agreement (the "Existing Portfolio Properties") will have the economic effect of reducing amounts payable for asset advisory services with respect to such properties under the 2005 Asset Advisory Agreement. Management and leasing fees payable to Wells Management for properties to be acquired in the future shall be specified in an amendment to the 2005 Property Management Agreement, which must be approved by Wells REIT's board of directors and will be payable in addition to fees payable

pursuant to the 2005 Asset Advisory Agreement. Wells REIT anticipates that fees for the management and leasing of properties other than Existing Portfolio Properties will be generally consistent with the descriptions set forth below:

- For properties for which Wells Management will provide property management services, it is anticipated that Wells REIT will pay Wells Management a market-based property management fee generally based on gross monthly income of the property.
- For properties for which Wells Management provides leasing agent services, it is anticipated that Wells REIT will pay (i) a one-time initial lease-up fee in an amount not to exceed one-month's rent for the initial rent-up of a newly constructed building; (ii) a market-based commission based on the net rent payable during the term of a new lease (not to exceed ten years); (iii) a market-based commission based on the net rent payable during the term of any renewal or extension of any tenant lease; and (iv) a market-based commission based on the net rent payable with respect to expansion space for the remaining portion of the initial lease term.
- For properties for which Wells Management provides construction management services, it is anticipated that Wells REIT will pay (i) for planning and coordinating the construction of tenant-directed improvements, that portion of lease concessions for tenant-directed improvements as is specified in the lease or lease renewal, subject to a limit of 5% of such lease concessions, and (ii) for other construction management services, a construction management fee to be determined and agreed to in an appropriate contract amendment.

As Wells REIT acquired no new properties during the first quarter of 2005, no additional property management fees were incurred under this agreement for the three months ended March 31, 2005. However, Wells REIT incurred approximately \$143,400 in construction management services under this agreement for the three months ended March 31, 2005.

The 2005 Property Management Agreement has a one-year term and automatically renews unless either side gives notice of its intent not to renew. In addition, either party may terminate the 2005 Property Management Agreement upon 60 days' written notice.

Under the 2005 Asset Advisory Agreement, the 2005 Acquisition Advisory Agreement and the 2005 Property Management Agreement, Wells REIT is required to reimburse each service provider for various costs and expenses incurred in connection with the performance of its duties under such agreements, including reasonable wages and salaries and other employee-related expenses such as taxes, insurance, and benefits of employees of the service provider who are directly engaged in providing services for or on behalf of Wells REIT. Under these agreements, reimbursements for such employee-related expenses may not exceed \$8.2 million in the aggregate during any fiscal year. Wells REIT incurred approximately \$2.1 million and \$1.7 million for the three months ended March 31, 2005 and 2004, respectively, and these reimbursements are included in general and administrative expenses in the consolidated statements of income.

Dealer Manager Agreement

Wells REIT maintains a dealer manager agreement with Wells Investment Securities, Inc. ("WIS"), whereby WIS performs dealer manager services for offerings of Wells REIT shares related to its dividend reinvestment plan. For these services, WIS earns selling commissions of 5% of gross offering proceeds raised pursuant to Wells REIT's dividend reinvestment plan, the majority of which are reallocated to participating broker-dealers. The amount of commissions incurred related to WIS is shown below for the periods presented (in thousands):

	Three Months Ended March 31,	
	2005	2004
Commissions	\$ 2,213	\$ 3,874
Portion of commissions reallocated	In excess of 99%	In excess of 99%

Due To/From Affiliates

Due to affiliates included in the consolidated balance sheets is primarily comprised of (1) accrued administrative salaries and other non-salary operating expense reimbursements to Wells Capital and Wells Management, (2) accrued asset management fees owed to Wells Management, and (3) accrued acquisition and advisory fees and acquisition expenses due to Wells Capital. Due from affiliates included in the consolidated balance sheets is primarily comprised of Wells REIT's share of the cash to be distributed from its joint venture investments.

Economic Dependency

Wells REIT has engaged Wells Capital and its affiliates, Wells Management and WIS, to provide certain services that are essential to Wells REIT, including asset management services, supervision of the management and leasing of properties owned by Wells REIT, asset acquisition and disposition services, the sale of shares of Wells REIT common stock pursuant to its dividend reinvestment plan, as well as other administrative responsibilities for Wells REIT including accounting services, shareholder communications, and investor relations. These agreements are terminable by either party on 60 days' written notice. As a result of these relationships, Wells REIT is dependent upon Wells Capital, Wells Management, and WIS.

Wells Capital, Wells Management, and WIS are all owned and controlled by Wells Real Estate Funds, Inc. ("WREF"). The operations of Wells Capital, Wells Management, and WIS represent substantially all of the business of WREF. Accordingly, Wells REIT focuses on the financial condition of WREF when assessing the financial condition of Wells Capital, Wells Management, and WIS. In the event that WREF were to become unable to meet its obligations as they become due, Wells REIT might be required to find alternative service providers.

WREF's net income was approximately \$5.5 million for the three months ended March 31, 2005. Future net income generated by WREF will be largely dependent upon the amount of fees earned by Wells Capital, Wells Management, and WIS based on, among other things, the level of investor proceeds raised from the sale of Wells Real Estate Investment Trust II, Inc. ("Wells REIT II") common stock and the volume of future acquisitions and dispositions of real estate assets by Wells-sponsored programs. As of March 31, 2005 and December 31, 2004, WREF held cash balances of approximately \$16.2 million and \$6.3 million, respectively. WREF believes that it has adequate liquidity available in the form of cash on hand and current receivables necessary to meet its obligations as they become due.

Litigation Against Related Parties

During early 2004, a putative class action complaint was filed against, among others, Leo F. Wells, III, the president and a director of Wells REIT, Wells Capital, and Wells Management. The Court granted the plaintiffs' motion to permit voluntary dismissal of this suit, and it was dismissed without prejudice. In November 2004, the same plaintiffs filed a second putative class action complaint against, among others, Mr. Wells, Wells Capital, and Wells Management. On January 28, 2005, the defendants filed motions to dismiss the plaintiffs' claims. The Court has not yet ruled on those motions. The details of both complaints are outlined below.

As a matter of background, on or about March 12, 2004, a putative class action complaint (the "Original Complaint") was filed by four individuals (the "plaintiffs") against Wells Real Estate Fund I ("Wells Fund I"), and Wells Fund I's general partners, Wells Capital and Leo F. Wells, III, who is the president and a director of Wells REIT, as well as Wells Management and WIS (*Hendry et al. v. Leo F. Wells, III et al.*, Superior Court of Gwinnett County, Georgia, Civil Action No. 04-A-2791 2). Wells Fund I is a public limited partnership. The plaintiffs filed the Original Complaint purportedly on behalf of all limited partners holding B units of Wells Fund I as of January 15, 2003. The Original Complaint alleged, among other things, that (a) the general partners, WIS, and Wells Fund I negligently and fraudulently made false statements and material omissions in connection with the initial sale (September 6, 1984–September 5, 1986) of the B units to investors of Wells Fund I by making

false statements and omissions in sales literature relating to the distribution of net sale proceeds to holders of B units, among other things; (b) the general partners and Wells Fund I negligently and fraudulently misrepresented and concealed disclosure of, among other things, alleged discrepancies between such statements and provisions in the partnership agreement for a period of time in order to delay such investors from taking any legal, equitable, or other action to protect their investments in Wells Fund I, among other reasons; (c) Mr. Wells and Wells Management breached an alleged contract arising out of a June 2000 consent solicitation to the limited partners; and (d) the general partners and Wells Fund I breached fiduciary duties to the limited partners. On June 3, 2004, the Court granted the plaintiffs' motion to permit voluntary dismissal, and the Original Complaint was dismissed without prejudice.

On or about November 24, 2004, the plaintiffs filed a second putative class action complaint (the "Complaint") against Mr. Wells, Wells Capital, Wells Management, and Wells Fund I (*Hendry et al. v. Leo F. Wells, III et al.*, Superior Court of Gwinnett County, Georgia, Civil Action No. 04A-13051 6). The plaintiffs filed the Complaint purportedly on behalf of all limited partners holding B units of Wells Fund I as of January 9, 2002. The Complaint alleges, among other things, that the general partners breached their fiduciary duties to the limited partners by, among other things: (a) failing to timely disclose alleged inconsistencies between sales literature and the partnership agreement relating to the distribution of net sale proceeds; (b) engaging in a scheme to fraudulently conceal alleged inconsistencies between sales literature and the partnership agreement relating to the distribution of net sale proceeds; and (c) not accepting a settlement offer proposed by a holder of A units and a holder of A and B units in other litigation naming Wells Fund I as a defendant, in which other litigation the court subsequently granted summary judgment in favor of Wells Fund I. The Complaint also alleges that misrepresentations and omissions in an April 2002 consent solicitation to the limited partners caused that consent solicitation to be materially misleading. In addition, the Complaint alleges, among other things, that the general partners and Wells Management breached an alleged contract arising out of a June 2000 consent solicitation to the limited partners relating to an alleged waiver of deferred management fees.

The plaintiffs seek, among other remedies, the following: judgment against the general partners of Wells Fund I, jointly and severally, in an amount to be proven at trial; punitive damages; disgorgement of fees earned by the general partners directly or through their affiliates; a declaration that the consent obtained as a result of an April 2002 consent solicitation is null and void; enforcement of an alleged contract arising out of the June 2000 consent solicitation to waive Wells Management's deferred management fees; and an award to plaintiffs of their attorneys' fees, costs, and expenses. The Complaint states that Wells Fund I is named only as a necessary party defendant and that the plaintiffs seek no money from or relief at the expense of Wells Fund I. On January 28, 2005, the defendants filed motions to dismiss the plaintiffs' claims. On March 31, 2005, the plaintiffs filed briefs in opposition to the defendants' motions to dismiss. The Court has not yet ruled on these pending motions. Due to the uncertainties inherent in the litigation process, it is not possible to predict the ultimate outcome of this matter at this time. However, an adverse outcome could adversely affect the ability of Wells Capital, Wells Management, WIS, and Mr. Wells to fulfill their duties under the agreements and relationships they have with us.

7. Commitments and Contingencies

Properties Under Construction

As of March 31, 2005, Wells REIT had three executed construction agreements with unrelated third parties for the purpose of constructing two buildings, Merck New Jersey and Citigroup Fort Mill, and one building expansion, TRW Denver. As of March 31, 2005, Wells REIT had approximately \$20.3 million in costs remaining to be incurred under these contracts.

Commitments Under Existing Lease Agreements

Certain lease agreements include provisions that, at the option of the tenant, may obligate Wells REIT to expend certain amounts of capital to expand an existing property, construct on adjacent property, or provide other expenditures for the benefit of the tenant, in favor of additional rental revenue. At March 31, 2005, no tenants have exercised such options, which have not been fully satisfied as of that date.

Letters of Credit

At March 31, 2005, Wells REIT had two unused letters of credit totaling approximately \$28.4 million outstanding from financial institutions. One of these letters of credit in the amount of \$400,000 expires in February 2006, and the other letter of credit expires in December 2005. These letters of credit were required by unrelated third parties to ensure completion of Wells REIT's obligations under certain earn-out and related construction agreements.

Earn-out Agreements

Wells REIT acquired certain properties subject to purchase agreements that require Wells REIT to pay additional consideration to the seller provided certain unleased space is leased within a specified period after closing based on a pre-determined formula. As of March 31, 2005, no amounts are due under the remaining earn-out agreement.

Leasehold Property Obligations

Certain properties are subject to ground leases with various expiration dates as disclosed in Wells REIT's Annual Report on Form 10-K for the year ended December 31, 2004.

Take-out Purchase and Escrow Agreements

As of March 31, 2005, Wells REIT had commitments outstanding under three Take-out Purchase and Escrow Agreements (the "Take-out Agreements"). Under the terms of the Take-out Agreements, Wells REIT has committed to purchase any unsold co-tenancy interests in properties acquired by subsidiaries of Wells Management, an affiliate of Wells Capital (See Note 6 above), by the Offering Period End Date, as defined (See table below). Wells Management acquired these properties with the intent of selling co-tenancy interests in each property to persons seeking qualified replacement property pursuant to Section 1031 of the Code.

Information on the Take-out Agreements at March 31, 2005 is as follows:

<u>Location of Property</u>	<u>Property Acquisition Date</u>	<u>Offering Period End Date</u>	<u>Initial Maximum Exposure</u>	<u>Remaining Exposure at March 31, 2005</u>	<u>Fee Earned *</u>
Orlando, FL	May 19, 2004	May 19, 2005	\$12.6 million	\$ 1.4 million	\$22,411
Vernon Hills, IL	August 19, 2004	May 19, 2005	\$23.1 million	\$ 19.0 million	\$83,038
Livermore, CA	August 20, 2004	May 20, 2005	\$19.6 million	\$ 17.5 million	\$83,313

* These fees represent amounts earned by Wells REIT for its agreement to extend the offering period to the end date shown above.

Litigation

Wells REIT is from time to time a party to other legal proceedings, which arise in the ordinary course of its business. Wells REIT is not currently involved in any litigation the outcome of which would, in management's judgment based on information currently available, have a material adverse effect on the results of operations or financial condition of Wells REIT, nor is management aware of any such litigation threatened against the Wells REIT. (See *Litigation Against Related Parties* above).

8. Subsequent Events

Sale of Portfolio of Real Estate Assets

On April 13, 2005, Wells REIT, along with various Wells-affiliated entities, sold 27 properties from its existing portfolio for a gross sales price of \$786.0 million, excluding closing costs and brokerage fees, to Lexington Corporate Properties Trust, an unaffiliated third party. Wells REIT and other affiliated property owners originally purchased the 27 properties from various unaffiliated entities for an aggregate purchase price of approximately \$609.7 million. Wells REIT's share of the \$786.0 million in gross sales price is approximately \$760.8 million. Wells REIT's share of the \$609.7 million aggregate original purchase price paid for these properties is approximately \$587.1 million. Net sales proceeds applicable to Wells REIT is approximately \$756.2 million. Wells REIT recognized a gain of approximately \$188.9 million from the sale of these properties in the second quarter of 2005, which is subject to change as additional information becomes available in subsequent periods.

As part of the disposition mentioned above, Wells REIT sold 23 properties that are wholly owned through various affiliated subsidiaries. Of the \$786.0 million gross sales price, approximately \$716.1 million is related to these 23 properties, which Wells REIT originally purchased for an aggregate purchase price of \$556.1 million. The names and locations of the properties are listed below:

<i>Property Name</i>	<i>Property Location</i>	<i>Building Square Footage</i>
Bank of America Orange County	Brea, CA	637,503
Capital One Richmond	Glen Allen, VA	225,220
DaimlerChrysler Dallas	Westlake, TX	130,290
Allstate Indianapolis	Indianapolis, IN	89,956
EDS Des Moines	Des Moines, IA	405,000
Kraft Atlanta	Suwanee, GA	87,219
Kerr-McGee	Houston, TX	101,111
PacifiCare San Antonio	San Antonio, TX	142,500
ISS Atlanta	Atlanta, GA	289,000
Experian/TRW	Allen, TX	292,700
Travelers Express Denver	Lakewood, CO	68,165
Dana Kalamazoo	Kalamazoo, MI	150,945
Dana Detroit	Farmington Hills, MI	112,480
Transocean Houston	Houston, TX	155,991
Lucent	Cary, NC	120,000
Ingram Micro	Millington, TN	701,819
Nissan	Irving, TX	268,445
IKON	Houston, TX	157,790
ASML	Tempe, AZ	95,133
Dial	Scottsdale, AZ	129,689
Metris Tulsa	Tulsa, OK	101,100
Alstom Power Richmond	Midlothian, VA	99,057
AT&T Pennsylvania	Harrisburg, PA	81,859

In addition, Wells REIT sold four properties that are owned through unconsolidated joint ventures with affiliates. Approximately \$69.9 million of the \$786.0 million gross sale price is related to these four properties, which were originally purchased for an aggregate purchase price of approximately \$53.6 million. Wells REIT's share of the approximately \$69.9 million of gross sales price attributable to these four properties is approximately \$44.8 million. Wells REIT's share of the approximately \$53.6 million original purchase price for these four properties was approximately \$31.0 million. The names and locations of these four properties, along with the name of the joint venture affiliates and the approximate percentage ownership of Wells REIT in each of these properties are listed below:

<u>Property Name</u>	<u>Property Location</u>	<u>% Owned</u>	<u>Joint Venture Affiliate</u>	<u>Building Square Footage</u>
John Wiley Indianapolis	Fishers, IN	71.9%	Wells Real Estate Fund XIII, L.P.	141,047
AmeriCredit	Orange Park, FL	71.9%	Wells Real Estate Fund XIII, L.P.	85,000
AT&T Oklahoma	Oklahoma City, OK	55.0%	Wells Real Estate Fund XII, L.P.	128,500
Gartner	Ft. Myers, FL	56.8%	Wells Real Estate Fund XI, L.P. Wells Real Estate Fund XII, L.P.	62,400

Declaration of Special Distribution

On April 19, 2005, the Board of Directors of Wells REIT declared a special distribution of \$1.62 per share to every stockholder of record of Wells REIT as of June 1, 2005, representing substantially all of the net sales proceeds received from the disposition mentioned above. Net sales proceeds is defined as total proceeds received from the sale less closing costs associated with the sale. This special distribution will be considered a return of a portion of the stockholders' invested capital and, as such, will reduce their remaining investment in Wells REIT by \$1.62 per share.

Amendment to Dividend Reinvestment Plan

On April 19, 2005, the Board of Directors of Wells REIT elected to amend Wells REIT's dividend reinvestment plan ("DRP") effective for shares acquired with dividends declared and paid beginning in June 2005 to lower the purchase price of DRP shares to \$8.00 per share.

Loan Refinancing

On May 4, 2005, Wells REIT refinanced the amount outstanding under the unsecured \$45.0 Million Term Loan Agreement by obtaining a long-term, fixed-rate loan from the same lender, JP Morgan Chase Bank, N.A. (the "\$45.0 Million Fixed-Rate Loan"). The \$45.0 Million Fixed-Rate Loan matures on June 1, 2012, and requires payments of interest only each month at a rate of 5.195% per annum, with all principal and any unpaid interest due on the maturity date. The \$45.0 Million Fixed-Rate Loan may not be prepaid before maturity without incurring a prepayment penalty. If Wells REIT prepays the \$45.0 Million Fixed-Rate Loan prior to maturity, the lender is entitled to a prepayment penalty equal to the greater of (A) one percent (1%) of the outstanding principal balance of the loan at the time such payment is received, or (B) the present value as of the date such payment is received of the remaining scheduled payments of principal and interest from the date such payment is received through the maturity date, less the payment received. The \$45.0 Million Fixed-Rate Loan is secured by the 4250 N. Fairfax Building, a 14-story office building containing approximately 304,000 aggregate rentable square feet located at 4250 North Fairfax Street in Arlington, Virginia. By obtaining the \$45.0 Million Fixed-Rate Loan, Wells REIT fully repaid and satisfied the \$45.0 Million Term Loan Agreement outstanding at March 31, 2005.

On May 5, 2005, Wells REIT refinanced the amount outstanding under the \$105.0 Million Promissory Note by obtaining a \$105.0 Million long-term, fixed-rate loan from the same lender, Wachovia Bank, N.A. (the "\$105.0 Million Fixed-Rate Loan"). At closing, Wells REIT obtained the full principal amount of this loan. The \$105.0

Million Fixed-Rate Loan matures on May 11, 2015, and requires payments of interest only each month at a rate of 5.29% per annum, with all principal and any unpaid interest due on the maturity date. The \$105.0 Million Fixed-Rate Loan may not be prepaid before maturity without incurring a prepayment penalty. If Wells REIT prepays the \$105.0 Million Fixed-Rate Loan prior to maturity, the lender is entitled to a prepayment penalty in an amount equal to the greater of (A) two percent (2.0%) of the principal amount being prepaid, or (B) the present value of a series of payments payable on each payment date from the prepayment date until the maturity date, such payments will be equal to 5.29% per annum minus the lesser of (i) the yield on the U.S. Treasury issue (primary issue) with a maturity date closest to the maturity date, or (ii) the yield on the U.S. Treasury issue (primary issue) with a term equal to the remaining average life of the indebtedness; divided by twelve and multiplied by the principal due after application of the constant monthly payment due under the note on the date of such prepayment. In addition to the amounts described in the preceding sentence, in the event of a prepayment occurring on or prior to the first anniversary of the date of the \$105.0 Million Fixed-Rate Loan, an additional prepayment fee equal to three percent (3%) of the principal balance will also be immediately due and payable. The fixed-rate loan is secured by the US Bancorp Building, a 32-story office building containing approximately 930,000 rentable square feet located at 800 Nicollet Mall in Minneapolis, Minnesota. By obtaining the \$105.0 Million Fixed-Rate Loan, Wells REIT fully repaid and satisfied the \$105.0 Million Promissory Note outstanding at March 31, 2005.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our accompanying financial statements and notes thereto. See also "Forward-Looking Statements" preceding Part I, as well as the notes to our consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2004.

Liquidity and Capital Resources*Overview*

From the commencement of our initial public offering in January 1998 through December 31, 2004, we raised significant funds through the sale of our common stock in four public offerings. Proceeds from these sales of common stock, net of offering costs and expenses, were used primarily for the acquisition of real estate properties and for certain capital expenditures identified at the time of acquiring certain properties. We do not anticipate receiving significant proceeds in the future from the sale of our common stock, as all remaining shares under the fourth offering were sold during the year ended December 31, 2004. We expect to continue to receive proceeds from shares issued under our dividend reinvestment plan; however, it is anticipated that a substantial portion of these funds may be used to fund redemptions of our shares of common stock as approved by our board of directors.

We expect that our primary source of future cash flows will be cash provided by operating activities that are primarily generated from the operations of our properties and distributions from our unconsolidated joint ventures. We believe there is a possibility of generating additional cash through the selective and strategic sale of certain operating properties (See a description of recently sold properties in Note 3 to the accompanying consolidated financial statements). Dividends paid will be dependent upon the amount of cash we generate from operating activities and on our expectations of future cash flows and determination of near term cash needs for capital improvements, tenant re-leasing, share redemptions, and debt repayments. However, special dividends may be paid to distribute some or all of the net proceeds from property sales to our stockholders.

Short-Term Liquidity and Capital Resources

During the three months ended March 31, 2005, we generated approximately \$62.3 million of cash flow from operating activities. This cash was generated primarily from revenues at our properties and cash flow distributions from our unconsolidated joint ventures net of cash paid for direct property operating expenses, management fees, general administrative expenses, and interest expense. From cash flows from operating activities and cash on hand, we paid dividends to stockholders of approximately \$83.0 million. We expect operating cash flow to cover dividends paid to stockholders for the six months ended June 30, 2005 and the remainder of 2005, as a result of paying certain annual nonrecurring expenditures during the first quarter of 2005 including, among other items, prepaid property insurance and accrued real estate taxes. Other than dividends paid to stockholders, our most significant use of cash during the three months ended March 31, 2005 was the redemption of common stock pursuant to our share redemption program. We funded these redemptions primarily with borrowings from two new facilities, mentioned further below. Additionally, capital additions of approximately \$7.3 million consisted of improvements made at our existing properties, or as part of ongoing construction projects, which were funded by (1) proceeds from the issuance of common stock under our dividend reinvestment plan, net of commissions and selling expenses, and net of amounts used to redeem shares under our share redemption program and (2) net new borrowings under lines of credit and notes payable.

With respect to the cash generated from the issuance of our common stock, we raised approximately \$47.6 million from the dividend reinvestment plan in March 2005 and paid approximately \$3.2 million in commissions and offering costs, a portion of which related to the payment of fees accrued at December 31, 2004, and approximately \$1.4 million in acquisition advisory fees and acquisition expenses. During the three months ended

March 31, 2005, investors redeemed approximately \$129.8 million in shares under the terms of our share redemption program. Under the program, there was an aggregate of approximately \$233.0 million available for redemptions in 2005, of which 15% of this amount has been set aside to fund redemptions upon the death of a stockholder and required minimum distribution redemptions. During the first quarter of 2005, we used proceeds from two short-term loans to fund the backlog of redemptions existing from 2004, as well as requests received during 2005. We expect to refinance these short-term loans with permanent, fixed-rate financing in May 2005. (See *Subsequent Events* at the end of this section for more detail.)

With respect to net new borrowings, we received \$130.5 million in gross proceeds from lines of credit and notes payable, and repaid \$9.6 million. Included in the new borrowings were two short-term facilities, mentioned above, which were used to fund the accumulated redemption requests pursuant to our share redemption program. In connection with these two new facilities, we incurred approximately \$85,000 in fees and expenses associated therewith. We used substantially all of the proceeds from these two facilities to redeem accumulated redemption requests from 2004 and the first quarter of 2005 pursuant to our share redemption program.

On April 13, 2005, we sold 27 properties, some of which are owned jointly with affiliated entities, for a gross sales price of approximately \$786.0 million pursuant to a contract with a third-party purchaser. Our share of the \$786.0 in gross purchase price is approximately \$760.8 million. Subsequent to the transaction closing and period end, the board of directors declared a special distribution of substantially all of the net sales proceeds to stockholders in the form of a return of invested capital to stockholders of record on June 1, 2005 (see *Subsequent Events* at the end of this section for more detail). As a result of this sale, the amount of cash generated by properties will decrease and the amount available for quarterly dividends will also decrease. We, therefore, expect the gross dollar value of dividends declared per share to decrease in future quarterly periods as compared to the gross dollar value of dividends declared before the sale of properties noted above. However, we currently anticipate that our dividend yield, as a percentage of stockholders' remaining investment (after reduction by the amount of the special distribution mentioned above), will remain at 7% for at least the remainder of 2005. Because we do not anticipate reducing debt with the proceeds of this sale and the amount of assets held will decrease as a result of the sale, we expect our ratio of debt to total assets to increase from approximately 17% as of December 31, 2004 to approximately 23% following the close of this sale and special distribution of net sales proceeds to our stockholders in June 2005.

Long-Term Liquidity and Capital Resources

We expect that our future sources of capital will be derived from net cash flows from property operations, proceeds from secured or unsecured financings from banks and other lenders, shares issued under our dividend reinvestment plan, net of share redemptions, and the selective and strategic sale of properties.

We anticipate our future long-term liquidity requirements will include, but not be limited to, scheduled debt maturities, renovations, expansions and other significant capital improvements at our properties, leasing costs, and property acquisitions and investments in real estate ventures.

We expect substantially all net cash from operations will be used to pay dividends. To the extent that capital expenditures at our existing properties exceed excess operating cash flow, we may borrow to fund these capital expenditures. We are currently projecting that capital expenditures necessary at our existing properties will total approximately \$286.2 million, including tenant improvements, leasing commissions, and building capital improvements, over the next five years. To the degree that cash flows provided by operations are lower due to lower returns on properties, dividends paid may be lower. Proceeds raised from sales of shares under our dividend reinvestment plan in excess of amounts used to fund share redemptions may be utilized for capital improvements or expansion at our properties or to fund or partially fund new property acquisitions. Our cash flow from operations depends significantly on market rents and the ability of tenants to make rental payments. We believe that the diversity of our tenant base and the focus placed on relatively high credit-quality tenants helps mitigate the risk of tenant bankruptcies. Conversely, economic downturns in general or in one or more of our core markets could

adversely impact the ability of our tenants to make lease payments and our ability to re-lease space on favorable terms when leases expire. In the event of either situation, our cash flow and consequently our ability to meet capital needs could adversely affect our ability to pay dividends at expected levels.

Results of Operations

Overview

As of March 31, 2005, we owned interests in 111 real estate properties that were approximately 98% leased. Of our portfolio, 23 wholly owned properties, which were sold on April 13, 2005, are classified as discontinued operations in the accompanying consolidated statements of income for each of the periods presented due to their impending sale (See Note 3 to the accompanying consolidated financial statements for more information). Our results of income from continuing operations have not changed significantly for each period presented primarily as a result of the more stable nature of our existing portfolio, notably related to the small number of properties acquired during the periods subsequent to December 31, 2003. We expect virtually all components of income from continuing operations in the statement of income to be comparable in 2005, as compared to 2004, as a result of owning real estate assets acquired during the year ended December 31, 2003 for a full year. Additionally, relationships between the components of continuing operations should remain comparable, unless otherwise noted below. We do not anticipate results of continuing operations in future periods to change significantly from the three months ended March 31, 2005 at this time, except as identified below. We do not expect that the continuing operating results of individual properties will change significantly in the near term, as the rental revenues are generally based on long-term leases that do not allow for significant increases in rental income and the majority of our in-place leases do not expire in the near term. Additionally, we generally do not expect a significant increase in continuing operating expenses at existing properties, but to the extent that operating expenses do increase, the majority of our in-place leases have clauses that require the tenants to bear the substantial majority of the burden of such increases.

Comparison of the three months ended March 31, 2005 vs. the three months ended March 31, 2004

Rental income increased by \$5.6 million during the three months ended March 31, 2005 to \$110.6 million from \$105.0 million for the three months ended March 31, 2004. Of this increase, approximately \$4.4 million relates to properties acquired or developed subsequent to December 31, 2003. Tenant reimbursements increased by \$2.0 million during the three months ended March 31, 2005 to \$31.9 million from \$29.9 million for the three months ended March 31, 2004. Substantially all of this increase relates to properties acquired or developed subsequent to December 31, 2003.

Lease termination income was \$0.8 million for the three months ended March 31, 2005 as compared to \$0.1 million for the three months ended March 31, 2004. The income for the three months ended March 31, 2005 primarily relates to the termination of the Motorola, Inc. lease at the River Corporate Center Building. At the time of the lease termination, a new lease was executed with Countrywide Home Loans, Inc. for all of the vacated space. Lease termination income for the three months ended March 31, 2004 relates primarily to the Jones Lang LaSalle, Inc. lease termination in the Aon Center Chicago Building. Lease termination income for the three months ended March 31, 2005 is not expected to be comparable to future periods, as such income will be dependent upon the execution of such agreements that are deemed in the best interest of the portfolio over the long-term.

Property operating expenses increased by \$1.8 million during the three months ended March 31, 2005 to \$44.8 million from \$43.0 million for the three months ended March 31, 2004. Of this increase, \$1.3 million relates to properties acquired or developed subsequent to December 31, 2003. Property operating costs represented approximately 31% and 32% of the sum of the rental income and tenant reimbursements revenue for the three months ended March 31, 2005 and 2004, respectively.

Asset and property management fees increased by \$2.4 million during the three months ended March 31, 2005 to \$7.2 million from \$4.8 million for the three months ended March 31, 2004. This increase substantially relates to

the addition of asset and property management fees related to properties occupied by government tenants, and the provision that third-party management fees that are reimbursed by tenants no longer reduce management fees payable to Wells Management. Asset and property management fees as a percentage of the sum of rental income and tenant reimbursements revenue were approximately 5% and 4% for the three months ended March 31, 2005 and 2004, respectively.

Depreciation expense increased by \$1.1 million during the three months ended March 31, 2005 to \$22.0 million from \$20.9 million for the three months ended March 31, 2004. This increase is primarily due to the addition to properties acquired or developed subsequent to December 31, 2003. Depreciation expense represented approximately 20% of rental income for the three months ended March 31, 2005 and 2004, respectively.

Amortization increased by \$2.3 million during the three months ended March 31, 2005 to \$16.1 million from \$13.8 million for the three months ended March 31, 2004. This increase is primarily due to a full period's effect of additional property acquisitions after the adoption of Statement of Financial Accounting Standards No. 141, *Business Combinations* ("FAS 141"), resulting in more acquired assets being classified as intangible lease assets and lease origination assets compared to prior periods resulting in additional amortization expense, as well as the execution of certain second-generation leases at some of our properties and initial leases at recently developed properties. It is expected that amortization of deferred lease costs and intangible lease assets will stabilize during the remainder of 2005 compared to the same periods in 2004, as a full period of amortization expense is recognized relating to our 2004 property acquisitions.

General and administrative expense increased by \$0.7 million during the three months ended March 31, 2005 to \$3.9 million from \$3.2 million for the three months ended March 31, 2004. This increase is primarily attributable to additional regulatory and reporting costs, as well as an increase in administrative salary reimbursements related to a larger portfolio. General and administrative expense represents approximately 3% and 2% of the sum of the rental income and tenant reimbursements revenue for the three months ended March 31, 2005 and 2004, respectively.

Interest expense increased by \$4.1 million during the three months ended March 31, 2005 to \$10.7 million from \$6.6 million for the three months ended March 31, 2004 due to significantly higher average amounts of borrowings outstanding during the first quarter of 2005, as compared to the first quarter of 2004. Interest expense in the future will be dependent upon the amount of borrowings outstanding, current interest rates, and the deferred financing costs associated with obtaining debt facilities. Interest expense is expected to increase in the near term as we intend to refinance the short-term notes taken out in March 2005 with long-term, fixed-rate debt in order to secure low interest rates and mitigate future volatility. Once this refinancing is complete, future interest expense will be comparable, as we will have a majority of borrowings under long-term, fixed-rate debt facilities. Having no amounts currently outstanding under our variable rate lines of credit mitigates our exposure to rising interest rates.

Interest and other income increased by \$0.4 million during the three months ended March 31, 2005 to \$0.5 million from \$0.1 million for the three months ended March 31, 2004. The amount of interest income in each period represents interest earned on cash generated from operations. The level of interest income in future periods will primarily be dependent upon the amount of operating cash on hand and is not expected to be significant or change significantly from the amount earned during the three months ended March 31, 2005. In addition to interest income, during the three months ended March 31, 2005, we earned approximately \$189,000 of take-out fees related to our participation in Wells Capital's 1031 Program, which may not be indicative of amounts earned in future periods, as such income is dependent upon the continuation and growth of the program and our continued involvement.

Equity in income of unconsolidated joint ventures increased by \$0.3 million during the three months ended March 31, 2005 to \$1.4 million from \$1.1 million for the three months ended March 31, 2004. This increase is primarily related to a change in the estimate of the weighted-average composite useful lives for building assets owned by unconsolidated joint ventures to 40 years from 25 years, effective July 1, 2004, thereby resulting in

lower depreciation expense and higher resulting net income. Equity in income of unconsolidated joint ventures is expected to fluctuate in future periods due to the disposition of a portion of the underlying properties as part of the portfolio sale (See Note 3 to the accompanying consolidated financial statements).

In accordance with Statement 144, we have classified the operations of properties held for sale and sold as discontinued operations for all periods presented. Discontinued operations were \$10.4 million and \$9.0 million for the three months ended March 31, 2005 and 2004, respectively, consisting entirely of operations of the Eisenhower Boulevard Building and 23 wholly owned properties classified as held for sale as of March 31, 2005. The Eisenhower Boulevard Building was disposed of during the second quarter 2004. The 23 wholly owned properties were disposed of on April 13, 2005 (See *Subsequent Events* at the end of this section for more detail).

Net income from continuing operations per share was \$0.09 for the three months ended March 31, 2005 and 2004, respectively. In future quarters, we do not expect net income from continuing operations to change significantly from earnings of approximately \$0.09 per share per quarter, absent any further dispositions or changes to our tenant base or credit quality.

Funds From Operations

We believe that funds from operations (“FFO”) is a beneficial indicator of the performance of any equity REIT. Because FFO calculations exclude such factors as depreciation and amortization of real estate assets and gains or losses from sales of operating real estate assets (which can vary among owners of identical assets in similar conditions based on historical cost accounting and useful-life estimates), they facilitate comparisons of operating performance between periods and between other REITs. Our management believes that accounting for real estate assets in accordance with U.S. generally accepted accounting principles (“GAAP”) implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered the presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. As a result, we believe that the use of FFO, together with the required GAAP presentations, provide a more complete understanding of our performance relative to our competitors and a more informed and appropriate basis on which to make decisions involving operating, financing, and investing activities. Other REITs may not define FFO in accordance with the current National Association of Real Estate Investment Trust’s (“NAREIT”) definition (as we do) or may interpret the current NAREIT definition differently than we do.

FFO is a non-GAAP financial measure and does not represent net income as defined by GAAP. Net income as defined by GAAP is the most relevant measure in determining our operating performance, because FFO includes adjustments that investors may deem subjective, such as adding back expenses such as depreciation and amortization. Accordingly, FFO should not be considered as an alternative to net income as an indicator of our operating performance.

Our calculation of FFO, which excludes the cost of capital improvements and related capitalized interest, is presented in the following table, in thousands:

	Three Months Ended March 31,	
	2005	2004
Net income	\$ 50,723	\$ 52,624
Add:		
Depreciation of real assets	23,972	24,127
Amortization of lease-related costs	17,726	15,557
Depreciation and amortization—unconsolidated partnerships	820	1,250
FFO	<u>\$ 93,241</u>	<u>\$ 93,558</u>
Weighted-average shares outstanding	<u>473,856</u>	<u>463,394</u>

Through the first quarter 2004, we, and our unconsolidated joint ventures, previously presented the amortization of the fair values of in-place leases, including opportunity costs associated with lost rentals that are avoided by acquiring in-place leases and tenant relationships, as an adjustment to rental income in our consolidated statements of income. Beginning with the second quarter 2004, we, and our unconsolidated joint ventures, have presented this amortization as amortization expense in our consolidated statements of income, and have reclassified such amortization from rental income to amortization expense for all periods previously presented. The period of amortization continues to be the term of the respective lease. This reclassification results in no change in previously reported net income, however, does increase FFO by approximately \$9.9 million for the three months ended March 31, 2004. The primary purpose of this change is to more closely align our presentation of such costs with similar costs as classified by other companies in the real estate industry.

Set forth below is additional information (often considered in conjunction with FFO) that may be helpful in assessing our operating results:

- In accordance with GAAP, we recognized straight-line rental revenue of approximately \$4.9 million and \$5.3 million during the three months ended March 31, 2005 and 2004, respectively.
- The amortization of deferred financing costs in the accompanying consolidated statements of income totaled approximately \$0.4 million and \$0.8 million for the three months ended March 31, 2005 and 2004, respectively. Additionally, the loss on extinguishment of debt in the accompanying consolidated statements of income totaled approximately \$0 and \$0.4 million for the three months ended March 31, 2005 and March 31, 2004, respectively.
- The amortization of intangible lease assets and intangible lease liabilities recorded as a net increase in revenues in the accompanying consolidated statements of income totaled approximately \$0.3 million and \$0.8 million for the three months ended March 31, 2005 and 2004, respectively.

REIT Qualification

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, and have operated as such beginning with our taxable year ended December 31, 1998. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our "REIT taxable income," computed without regard to the dividends-paid deduction and by excluding our net capital gain to our stockholders. As a REIT, we generally will not be subject to federal income tax on income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income taxes on our taxable income for four years following the year during which qualification is lost, unless the Internal Revenue Service grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to stockholders. However, we believe that we are organized and operate in such a manner as to qualify for treatment as a REIT and intend to continue to operate in the foreseeable future so as to remain qualified as a REIT for federal income tax purposes. No provision for federal income taxes has been made in our accompanying consolidated financial statements, as we made distributions in excess of taxable income for the periods presented. We are subject to certain state and local taxes related to the operations of properties in certain locations, which have been provided for in our accompanying consolidated financial statements.

Inflation

We are exposed to inflation risk as income from long-term leases is the primary source of our cash flows from operations. There are provisions in the majority of our tenant leases that would protect us from the impact of inflation. These provisions include rent steps, reimbursement billings for operating expense pass-through charges, real estate tax and insurance reimbursements on a per-square-foot basis, or in some cases, annual reimbursement of operating expenses above a certain per-square-foot allowance. However, due to the long-term nature of the leases, the leases may not re-set frequently enough to cover inflation.

Application of Critical Accounting Policies

Our accounting policies have been established to conform with GAAP. The preparation of financial statements in conformity with GAAP requires us to use judgment in the application of accounting policies, including making estimates and assumptions. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If our judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied, thus, resulting in a different presentation of the financial statements. Additionally, other companies may utilize different estimates that may impact comparability of our results of operations to those of companies in similar businesses.

Investment in Real Estate Assets

We are required to make subjective assessments as to the useful lives of our depreciable assets. We consider the period of future benefit of the asset to determine the appropriate useful lives. These assessments have a direct impact on net income. The estimated useful lives of our assets by class are as follows:

Buildings	40 years
Building improvements	5-25 years
Land improvements	20-25 years
Tenant improvements	Lease term
Intangible lease assets	Lease term

Allocation of Purchase Price of Acquired Assets

Upon the acquisition of real properties, it is our policy to allocate the purchase price of properties to acquired tangible assets, consisting of land and building, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, other value of in-place leases, and value of tenant relationships, based in each case on their fair values.

The fair values of the tangible assets of an acquired property (which includes land and buildings) are determined by valuing the property as if it were vacant, and the “as-if-vacant” value is then allocated to land and building based on our determination of the relative fair value of these assets. We determine the as-if-vacant fair value of a property using methods similar to those used by independent appraisers. Factors considered by us in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, we include real estate taxes, insurance, and other operating expenses and estimates of lost rental revenue during the expected lease-up periods based on current market demand. We also estimate the cost to execute similar leases including leasing commissions, legal, and other related costs.

The fair values of above-market and below-market in-place lease values is recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) our estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining noncancelable term of the lease. The above-market and below-market lease values are capitalized as intangible lease assets and liabilities and amortized as an adjustment of rental income over the remaining terms of the respective leases.

The fair values of in-place leases include direct costs associated with obtaining a new tenant, opportunity costs associated with lost rentals that are avoided by acquiring an in-place lease, and tenant relationships. Direct costs associated with obtaining a new tenant include commissions, tenant improvements, and other direct costs and are

estimated based on management's consideration of current market costs to execute a similar lease. These direct costs are included in deferred lease costs in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases. The value of opportunity costs is calculated using the contractual amounts to be paid pursuant to the in-place leases over a market absorption period for a similar lease. Customer relationships are valued based on expected renewal of a lease or the likelihood of obtaining a particular tenant for other locations. These lease intangibles are included in intangible lease assets in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases. Prior to April 1, 2004, these lease intangibles were amortized as an adjustment to rental income rather than to expense. As such, the related amortization has been reclassified from an adjustment to rental income to expense in the consolidated statements of income for the three months ended March 31, 2004.

Estimates of the fair values of the tangible and intangible assets require us to estimate market lease rates, property operating expenses, carrying costs during lease-up periods, discount rates, market absorption periods, and the number of years the property is held for investment. The use of inappropriate estimates would result in an incorrect assessment of our purchase price allocations, which could impact the amount of our reported net income.

Valuation of Real Estate Assets

We continually monitor events and changes in circumstances that could indicate that the carrying amounts of the real estate and related intangible assets, both operating properties and properties under construction, in which we have an ownership interest, either directly or through investments in joint ventures, may not be recoverable. When indicators of potential impairment are present which indicate that the carrying amounts of real estate and related intangible assets may not be recoverable, we assess the recoverability of these assets by determining whether the carrying value will be recovered through the undiscounted future operating cash flows expected from the use of the asset and its eventual disposition. In the event that such expected undiscounted future cash flows do not exceed the carrying value, we adjust the real estate and related intangible assets to the fair value and recognize an impairment loss.

Projections of expected future cash flows require that we estimate future market rental income amounts subsequent to the expiration of current lease agreements, property operating expenses, discount rates, the number of months it takes to re-lease the property, and the number of years the property is held for investment, among other factors. The use of inappropriate assumptions in the future cash flow analysis would result in an incorrect assessment of the property's future cash flows and fair value, and could result in the misstatement of the carrying value of our real estate and related intangible assets and our net income. We have determined that there has been no impairment in the carrying value of real estate assets held by us or any unconsolidated joint ventures at March 31, 2005.

Related-Party Transactions and Agreements

General

See Note 6 to our consolidated financial statements for a discussion of the various agreements we have with related parties.

Economic Dependency

We have engaged Wells Capital and its affiliates, Wells Management and WIS, to provide certain services that are essential to us, including asset management services, supervision of the management and leasing of properties owned by us, asset acquisition and disposition services, the sale of shares of our common stock pursuant to our dividend reinvestment plan, as well as other administrative responsibilities for us including accounting services, shareholder communications, and investor relations. These agreements are terminable by either party on 60 days' written notice. As a result of these relationships, we are dependent upon Wells Capital, Wells Management, and WIS.

Wells Capital, Wells Management, and WIS are all owned and controlled by Wells Real Estate Funds, Inc. (“WREF”). The operations of Wells Capital, Wells Management, and WIS represent substantially all of the business of WREF. Accordingly, we focus on the financial condition of WREF when assessing the financial condition of Wells Capital, Wells Management, and WIS. In the event that WREF were to become unable to meet its obligations as they become due, we might be required to find alternative service providers.

WREF’s net income was approximately \$5.5 million for the three months ended March 31, 2005. Future net income generated by WREF will be largely dependent upon the amount of fees earned by Wells Capital, Wells Management, and WIS based on, among other things, the level of investor proceeds raised from the sale of Wells REIT II common stock and the volume of future acquisitions and dispositions of real estate assets by Wells-sponsored programs. As of March 31, 2005 and December 31, 2004, WREF held cash balances of approximately \$16.2 million and \$6.3 million, respectively. WREF believes that it has adequate liquidity available in the form of cash on hand and current receivables necessary to meet its obligations as they become due.

Litigation Against Related Parties

During early 2004, a putative class action complaint was filed against, among others, Leo F. Wells, III, the president and a director of Wells REIT, Wells Capital, and Wells Management. The Court granted the plaintiffs’ motion to permit voluntary dismissal of this suit, and it was dismissed without prejudice. In November 2004, the same plaintiffs filed a second putative class action complaint against, among others, Mr. Wells, Wells Capital, and Wells Management. On January 28, 2005, the defendants filed motions to dismiss the plaintiffs’ claims. The Court has not yet ruled on those motions. The details of both complaints are outlined below.

As a matter of background, on or about March 12, 2004, a putative class action complaint (the “Original Complaint”) was filed by four individuals (the “plaintiffs”) against Wells Real Estate Fund I (“Wells Fund I”), and Wells Fund I’s general partners, Wells Capital and Leo F. Wells, III, who is the president and a director of Wells REIT, as well as Wells Management and WIS (*Hendry et al. v. Leo F. Wells, III et al.*, Superior Court of Gwinnett County, Georgia, Civil Action No. 04-A-2791 2). Wells Fund I is a public limited partnership. The plaintiffs filed the Original Complaint purportedly on behalf of all limited partners holding B units of Wells Fund I as of January 15, 2003. The Original Complaint alleged, among other things, that (a) the general partners, WIS, and Wells Fund I negligently and fraudulently made false statements and material omissions in connection with the initial sale (September 6, 1984 – September 5, 1986) of the B units to investors of Wells Fund I by making false statements and omissions in sales literature relating to the distribution of net sale proceeds to holders of B units, among other things: (b) the general partners and Wells Fund I negligently and fraudulently misrepresented and concealed disclosure of, among other things, alleged discrepancies between such statements and provisions in the partnership agreement for a period of time in order to delay such investors from taking any legal, equitable, or other action to protect their investments in Wells Fund I, among other reasons; (c) Mr. Wells and Wells Management breached an alleged contract arising out of a June 2000 consent solicitation to the limited partners; and (d) the general partners and Wells Fund I breached fiduciary duties to the limited partners. On June 3, 2004, the Court granted the plaintiffs’ motion to permit voluntary dismissal, and the Original Complaint was dismissed without prejudice.

On or about November 24, 2004, the plaintiffs filed a second putative class action complaint (the “Complaint”) against Mr. Wells, Wells Capital, Wells Management, and Wells Fund I (*Hendry et al. v. Leo F. Wells, III et al.*, Superior Court of Gwinnett County, Georgia, Civil Action No. 04A-13051 6). The plaintiffs filed the Complaint purportedly on behalf of all limited partners holding B units of Wells Fund I as of January 9, 2002. The Complaint alleges, among other things, that the general partners breached their fiduciary duties to the limited partners by, among other things, (a) failing to timely disclose alleged inconsistencies between sales literature and the partnership agreement relating to the distribution of net sale proceeds; (b) engaging in a scheme to fraudulently conceal alleged inconsistencies between sales literature and the partnership agreement relating to the distribution of net sale proceeds; and (c) not accepting a settlement offer proposed by a holder of A units and a holder of A and B units in other litigation naming Wells Fund I as a defendant, in which other litigation the court

subsequently granted summary judgment in favor of Wells Fund I. The Complaint also alleges that misrepresentations and omissions in an April 2002 consent solicitation to the limited partners caused that consent solicitation to be materially misleading. In addition, the Complaint alleges, among other things, that the general partners and Wells Management breached an alleged contract arising out of a June 2000 consent solicitation to the limited partners relating to an alleged waiver of deferred management fees.

The plaintiffs seek, among other remedies, the following: judgment against the general partners of Wells Fund I, jointly and severally, in an amount to be proven at trial; punitive damages; disgorgement of fees earned by the general partners directly or through their affiliates; a declaration that the consent obtained as a result of an April 2002 consent solicitation is null and void; enforcement of an alleged contract arising out of the June 2000 consent solicitation to waive Wells Management's deferred management fees; and an award to plaintiffs of their attorneys' fees, costs, and expenses. The Complaint states that Wells Fund I is named only as a necessary party defendant and that the plaintiffs seek no money from or relief at the expense of Wells Fund I. On January 28, 2005, the defendants filed motions to dismiss the plaintiffs' claims. On March 31, 2005, the plaintiffs' filed briefs in opposition to the defendants' motions to dismiss. The Court has not yet ruled on these pending motions. Due to the uncertainties inherent in the litigation process, it is not possible to predict the ultimate outcome of this matter at this time. However, an adverse outcome could adversely affect the ability of Wells Capital, Wells Management, WIS, and Mr. Wells to fulfill their duties under the agreements and relationships they have with us.

Commitments and Contingencies

We are subject to certain contingent liabilities and commitments with regard to certain transactions. Refer to Note 7 to our consolidated financial statements for further explanation. Examples of such commitments and contingencies include:

- Properties Under Construction
- Commitments Under Existing Lease Agreements
- Letters of Credit
- Earn-out Agreements
- Leasehold Property Obligations
- Take-out Purchase and Escrow Agreements
- Litigation

Conflicts of Interest

Wells Capital is also a general partner in or advisor to Wells REIT II and various public real estate limited partnerships sponsored by Wells Capital. As such, there are conflicts of interest where Wells Capital, while serving in the capacity as general partner or advisor for another Wells-sponsored program, may be in competition with us in connection with property acquisitions or for tenants in similar geographic markets. The compensation arrangements between Wells Capital and these other Wells Real Estate Funds could influence its advice to us.

Additionally, certain members of our board of directors also serve on the board of Wells REIT II and may encounter certain conflicts of interest regarding investment and operations decisions.

Subsequent Events

Sale of Portfolio of Real Estate Assets

On April 13, 2005, we, along with various Wells-affiliated entities, sold 27 properties from our existing portfolio for a gross sales price of \$786.0 million, excluding closing costs and brokerage fees, to Lexington Corporate Properties Trust, an unaffiliated third party. We, along with other affiliated property owners, originally purchased

the 27 properties from various unaffiliated entities for an aggregate purchase price of approximately \$609.7 million. Our share of the \$786.0 million in gross sales price is approximately \$760.8 million. Our share of the \$609.7 million aggregate original purchase price paid for these properties is approximately \$587.1 million. Net sales proceeds applicable to our ownership interest is approximately \$756.2 million. We recognized a gain of approximately \$188.9 million from the sale of these properties in the second quarter of 2005, which is subject to change as additional information becomes available in subsequent periods.

As part of the disposition mentioned above, we sold 23 properties that are wholly owned through various affiliated subsidiaries. Of the \$786.0 million gross sales price, approximately \$716.1 million is related to these 23 properties, which we originally purchased for an aggregate purchase price of \$556.1 million. The names and locations of the properties are listed below:

<u>Property Name</u>	<u>Property Location</u>	<u>Building Square Footage</u>
Bank of America Orange County	Brea, CA	637,503
Capital One Richmond	Glen Allen, VA	225,220
DaimlerChrysler Dallas	Westlake, TX	130,290
Allstate Indianapolis	Indianapolis, IN	89,956
EDS Des Moines	Des Moines, IA	405,000
Kraft Atlanta	Suwanee, GA	87,219
Kerr-McGee	Houston, TX	101,111
PacifiCare San Antonio	San Antonio, TX	142,500
ISS Atlanta	Atlanta, GA	289,000
Experian/TRW	Allen, TX	292,700
Travelers Express Denver	Lakewood, CO	68,165
Dana Kalamazoo	Kalamazoo, MI	150,945
Dana Detroit	Farmington Hills, MI	112,480
Transocean Houston	Houston, TX	155,991
Lucent	Cary, NC	120,000
Ingram Micro	Millington, TN	701,819
Nissan	Irving, TX	268,445
IKON	Houston, TX	157,790
ASML	Tempe, AZ	95,133
Dial	Scottsdale, AZ	129,689
Metris Tulsa	Tulsa, OK	101,100
Alstom Power Richmond	Midlothian, VA	99,057
AT&T Pennsylvania	Harrisburg, PA	81,859

In addition, we sold four properties that are owned through unconsolidated joint ventures with affiliates. Approximately \$69.9 million of the \$786.0 million gross sale price is related to these four properties, which were originally purchased for an aggregate purchase price of approximately \$53.6 million. Our share of the approximately \$69.9 million of gross sales price attributable to these four properties is approximately \$44.8 million. Our share of the approximately \$53.6 million original purchase price for these four properties was approximately \$31.0 million. The names and locations of these four properties, along with the name of the joint venture affiliates and our approximate percentage ownership in each of these properties are listed below:

<u>Property Name</u>	<u>Property Location</u>	<u>% Owned</u>	<u>Joint Venture Affiliate</u>	<u>Building Square Footage</u>
John Wiley Indianapolis	Fishers, IN	71.9%	Wells Real Estate Fund XIII, L.P.	141,047
AmeriCredit	Orange Park, FL	71.9%	Wells Real Estate Fund XIII, L.P.	85,000
AT&T Oklahoma	Oklahoma City, OK	55.0%	Wells Real Estate Fund XII, L.P.	128,500
Gartner	Ft. Myers, FL	56.8%	Wells Real Estate Fund XI, L.P. Wells Real Estate Fund XII, L.P.	62,400

Declaration of Special Distribution

On April 19, 2005, our Board of Directors declared a special distribution of \$1.62 per share to every stockholder of record as of June 1, 2005, representing substantially all of the net sales proceeds received from the disposition mentioned above. Net sales proceeds is defined as total proceeds received from the sale less closing costs associated with the sale. This special distribution will be considered a return of a portion of the stockholders' invested capital and, as such, will reduce their remaining investment in our common stock by \$1.62 per share.

Amendment to Dividend Reinvestment Plan

On April 19, 2005, our Board of Directors elected to amend our dividend reinvestment plan ("DRP") effective for shares acquired with dividends declared and paid beginning in June 2005 to lower the purchase price of DRP shares to \$8.00 per share.

Loan Refinancing

On May 4, 2005, we refinanced the amount outstanding under the unsecured \$45.0 Million Term Loan Agreement by obtaining a long-term, fixed-rate loan from the same lender, JP Morgan Chase Bank, N.A. (the "\$45.0 Million Fixed-Rate Loan"). The \$45.0 Million Fixed-Rate Loan matures on June 1, 2012, and requires payments of interest only each month at a rate of 5.195% per annum, with all principal and any unpaid interest due on the maturity date. The \$45.0 Million Fixed-Rate Loan may not be prepaid before maturity without incurring a prepayment penalty. If we prepay the \$45.0 Million Fixed-Rate Loan prior to maturity, the lender is entitled to a prepayment penalty equal to the greater of (A) one percent (1%) of the outstanding principal balance of the loan at the time such payment is received, or (B) the present value as of the date such payment is received of the remaining scheduled payments of principal and interest from the date such payment is received through the maturity date, less the payment received. The \$45.0 Million Fixed-Rate Loan is secured by the 4250 N. Fairfax Building, a 14-story office building containing approximately 304,000 aggregate rentable square feet located at 4250 North Fairfax Street in Arlington, Virginia. By obtaining the \$45.0 Million Fixed-Rate Loan, we fully repaid and satisfied the \$45.0 Million Term Loan Agreement outstanding at March 31, 2005.

On May 5, 2005, we refinanced the amount outstanding under the \$105.0 Million Promissory Note by obtaining a \$105.0 Million long-term, fixed-rate loan from the same lender, Wachovia Bank, N.A. (the "\$105.0 Million Fixed-Rate Loan"). At closing, we obtained the full principal amount of this loan. The \$105.0 Million Fixed-Rate Loan matures on May 11, 2015, and requires payments of interest only each month at a rate of 5.29% per annum, with all principal and any unpaid interest due on the maturity date. The \$105.0 Million Fixed-Rate Loan may not be prepaid before maturity without incurring a prepayment penalty. If we prepay the \$105.0 Million Fixed-Rate Loan prior to maturity, the lender is entitled to a prepayment penalty in an amount equal to the greater of (A) two percent (2.0%) of the principal amount being prepaid, or (B) the present value of a series of payments payable on each payment date from the prepayment date until the maturity date, such payments will be equal to 5.29% per annum minus the lesser of (i) the yield on the U.S. Treasury issue (primary issue) with a maturity date closest to the maturity date, or (ii) the yield on the U.S. Treasury issue (primary issue) with a term equal to the remaining average life of the indebtedness; divided by twelve and multiplied by the principal due after application of the constant monthly payment due under the note on the date of such prepayment. In addition to the amounts described in the preceding sentence, in the event of a prepayment occurring on or prior to the first anniversary of the date of the \$105.0 Million Fixed-Rate Loan, an additional prepayment fee equal to three percent (3%) of the principal balance will also be immediately due and payable. The fixed-rate loan is secured by the US Bancorp Building, a 32-story office building containing approximately 930,000 rentable square feet located at 800 Nicollet Mall in Minneapolis, Minnesota. By obtaining the \$105.0 Million Fixed-Rate Loan, we fully repaid and satisfied the \$105.0 Million Promissory Note outstanding at March 31, 2005.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates on our indebtedness, which could impact our financial condition and results of operations. We manage our exposure to these market risks through our regular operating and financing activities. Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flow, primarily through a low to moderate level of overall borrowings. Additionally, we manage our ratio of fixed to floating rate debt with the objective of achieving the most efficient mix between favorable rates and exposure to rate changes based on anticipated market conditions. We have and may from time to time enter into interest rate swap agreements or interest rate cap agreements to hedge our exposure to fluctuating interest rates. We do not anticipate any material changes in our exposure to interest rate fluctuations or in our management thereof. We intend to use derivative financial instruments as risk management tools and not for speculative or trading purposes.

All of our debt was entered into for other than trading purposes, and the fair value of our debt approximates its carrying amount.

As of March 31, 2005, \$867.1 million of our outstanding debt is subject to fixed rates or is effectively fixed due to an interest rate swap agreement. The outstanding debt has an average interest rate of approximately 4.63% with expirations ranging from 2006 to 2028. A change in the market interest rate impacts the net financial instrument position of our fixed rate debt portfolio but has no impact on interest incurred or cash flows. Such agreements may result in higher fixed interest rates in certain periods of lower variable interest rates, but are intended to decrease our exposure to potential increases in interest rates.

As of March 31, 2005, \$143.5 million of our outstanding debt is based on variable interest rates including the amounts outstanding under the two notes related to the share redemption funding in the total amount of approximately \$127.0 million. Additionally, the amount outstanding under the \$21.1 million term loan payable has stated a variable interest rate; however, we have entered into an interest rate swap agreement that results in a fixed rate of 2.75% for this debt. To the extent that we borrow funds in the future under our variable rate lines of credit, we would have exposure to increases in interest rates, which would increase our cost of debt.

ITEM 4. CONTROLS AND PROCEDURES**Management's Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures**

We carried out an evaluation, under the supervision and with the participation of management, including the Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 15d-15(e) under the Securities Exchange Act of 1934 as of the end of the period covered by this report. Based upon that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report in providing a reasonable level of assurance that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in applicable SEC rules and forms, including providing a reasonable level of assurance that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our Principal Executive Officer and our Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no identified change in our internal control over financial reporting that occurred during the quarter ended March 31, 2005 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

We are from time to time a party to other legal proceedings, which arise in the ordinary course of our business. We are not currently involved in any litigation the outcome of which would, in management's judgment based on information currently available, have a material adverse effect on our results of operations or financial condition, nor is management aware of any such litigation threatened against us during the quarter ended March 31, 2005 requiring disclosure under Item 103 of Regulation S-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

- (a) During the quarter ended March 31, 2005, we did not sell any equity securities that were not registered under the Securities Act of 1933.
- (b) The fourth public offering was closed on July 25, 2004. The Registration Statement relating to our dividend reinvestment plan (No. 333-114212) was declared effective on April 5, 2004. The initial sale of shares pursuant to this Registration Statement occurred with respect to dividends declared and paid in September 2004. The net offering proceeds raised pursuant to the dividend reinvestment plan will be used for general corporate purposes, including, but not limited to, the acquisition of interests in additional properties or real estate investments, funding of tenant improvements, leasing commissions and other lease-up costs, repayment of debt, and funding of our share redemption program.
- (c) During the quarter ended March 31, 2005, we redeemed shares as follows (in thousands, except per share amounts):

<u>Period</u>	<u>Approximate Number of Shares Redeemed*</u>	<u>Approximate Average Price Paid per Share</u>	<u>Maximum Approximate Dollar Value of Shares Available that May Yet Be Redeemed in Calendar Year 2005 Under the Plan**</u>
January 2005	—	\$ 10.00	\$233,030
February 2005	—	\$ 10.00	\$233,030
March 2005	12,970	\$ 10.00	\$103,333

* All shares redeemed were redeemed pursuant to our share redemption program, as amended.

** Of this maximum amount available for redemptions in calendar year 2005, our board of directors has reserved 15% (approximately \$35 million) for redemptions relating to the death of a stockholder and redemptions required to satisfy minimum distribution requirements under the Code.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

There have been no defaults with respect to any of our indebtedness during the first quarter of 2005.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of our stockholders during the first quarter of 2005.

ITEM 5. OTHER INFORMATION

As our stock is currently not listed on a national exchange, there is no significant public trading market for our stock. Consequently, there is the risk that a stockholder may not be able to sell our stock at a time or price acceptable to the stockholder. Our board of directors has authorized a share redemption program for investors who have held their shares for more than one year, subject to the limitation that (i) during any calendar year, we will not redeem in excess of 5% of the weighted-average common shares outstanding during the prior calendar year, and (ii) in no event shall the aggregate amount of redemptions under our share redemption program exceed aggregate proceeds received from the sale of shares pursuant to our dividend reinvestment plan.

Any shares we redeem pursuant to our share redemption program are purchased at the lesser of \$10 per share or the purchase price paid by the stockholder, less in both instances amounts previously distributed to the

stockholder which were attributable to net sales proceeds from the sale of properties. We are under no obligation to redeem shares under our share redemption program, and our board of directors may amend or terminate the share redemption program at any time upon 30 days' notice.

ITEM 6. EXHIBITS

The Exhibits required to be filed with this report are set forth on the Exhibit Index to First Quarter Form 10-Q attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WELLS REAL ESTATE INVESTMENT TRUST, INC. (Registrant)

Dated: May 5, 2005

By: /s/ DOUGLAS P. WILLIAMS

Douglas P. Williams
Executive Vice President, Director, and
Principal Financial Officer

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**EXHIBIT INDEX
TO
FIRST QUARTER FORM 10-Q
OF
WELLS REAL ESTATE INVESTMENT TRUST, INC.**

Exhibit Number	Description of Document
10.70	Purchase and Sale Agreement among Wells Operating Partnership, LP, Wells Fund XII – REIT Joint Venture Partnership, Wells Fund XIII – REIT Joint Venture Partnership, Wells REIT, LLC – VA I, Wells BREA I, L.P., Westlake Wells, L.P., Danacq Farmington Hills LLC, Danacq Kalamazoo LLC, Wells – EDS Des Moines, L.P., Wells Fund XI-Fund XII-REIT Joint Venture, as sellers, and Lexington Corporate Properties Trust, as purchaser, dated February 25, 2005
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

PURCHASE AND SALE AGREEMENT

BETWEEN AND AMONG

**WELLS OPERATING PARTNERSHIP, L.P.,
WELLS FUND XII – REIT JOINT VENTURE PARTNERSHIP,
WELLS FUND XIII – REIT JOINT VENTURE PARTNERSHIP,
WELLS REIT, LLC – VA I,
WELLS BREA I, L.P.,
WESTLAKE WELLS, L.P.,
DANACQ FARMINGTON HILLS LLC,
DANACQ KALAMAZOO LLC,
WELLS – EDS DES MOINES, L.P.,
AND
THE WELLS FUND XI-FUND XII-REIT JOINT VENTURE,**

AS SELLERS

AND

LEXINGTON CORPORATE PROPERTIES TRUST,

AS PURCHASER

February 25, 2005

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SCHEDULE OF EXHIBITS

Exhibit "A-1"	Description of Wells OP Lands
Exhibit "A-2"	Description of Wells Affiliate Lands
Exhibit "A-3"	Description of Wells OP Leasehold Interest Lands
Exhibit "B"	List of Personal Property
Exhibit "B-1"	List of Property Excluded from Wells OP Personal Property
Exhibit "B-2"	List of Property Excluded from Wells Affiliate Personal Property
Exhibit "C"	List of Existing Commission Agreements
Exhibit "D"	List of Associations and Declarations of Covenants, Conditions, Easements and Restrictions
Exhibit "E"	Form of Escrow Agreement
Exhibit "F"	List of Existing Environmental Reports
Exhibit "G"	List of Existing Surveys
Exhibit "H"	Forms of Ground Lessor Estoppel Certificates
Exhibit "I"	List of Leases
Exhibit "J"	List of Letters of Credit
Exhibit "K-1"	Title Exceptions for Wells OP Lands
Exhibit "K-2"	Title Exceptions for Wells Affiliate Lands
Exhibit "K-3"	Title Exceptions for Wells OP Leasehold Interest Lands
Exhibit "L"	List of Service Contracts
Exhibit "M"	Form of Tenant Estoppel Certificate
Exhibit "N"	Allocation of Earnest Money to Properties
Exhibit "O"	List of Purchase Prices for Each Property

Exhibit “P”	List of Exceptions
Exhibit “Q”	List of Third Party Management Agreements
Exhibit “R”	Property Tax Appeals
Exhibit “S”	List of Knowledge Parties
Exhibit “T”	Form of Lease Guarantor Estoppel Certificate
Exhibit “U”	Obligations as to Certain Leasing Commission Obligations
Exhibit “V”	List of Additional Matters for Confirmation in Estoppel Certificates
Exhibit “W”	Excluded Computer Software
Exhibit “X”	List of Security Deposits
Exhibit “Y”	Form of Highwoods Estoppel Certificate
Exhibit “Z”	Form of Pending Kerr McGee Sewer Easement
Exhibit “AA”	Form of Pending Capital One Lake Easement Deed
Exhibit “BB”	Intentionally Deleted
Exhibit “CC”	Form of Second Amendment to Gartner Office Lease
Exhibit “DD”	Form of Letter Amendment to ISS Building III Lease
Exhibit “EE”	Alstom Power Property / French Drain Work
Exhibit “FF”	Gartner Parking Plans

SCHEDULE OF CLOSING DOCUMENTS

Schedule 1	Form of Assignment and Assumption of ASML Sub-Ground Lease
Schedule 2	Form of Assignment and Assumption of Ingram Micro Bond Lease
Schedule 3	Form of Assignment and Assumption of ISS Bond Lease
Schedule 4	Form of Assignment and Assumption of Leases and Security Deposits and Leasing Commission Obligations arising after Closing
Schedule 5	Form of Assignment and Assumption of ASML Sublease
Schedule 6	Form of Assignment and Assumption of Ingram Micro Sublease
Schedule 7	Form of Assignment and Assumption of ISS Subleases
Schedule 8	Form of Bill of Sale to Personal Property
Schedule 9	Form of Assignment and Assumption of Ingram Micro Loan Documents
Schedule 10	Form of Assignment and Assumption of ISS Bond Documents
Schedule 11	Form of Assignment and Assumption of Service Contracts
Schedule 12	Form of General Assignment of Seller's Interest in Intangible Property
Schedule 13	Form of Seller's Affidavit (for Purchaser's Title Insurance Purposes)
Schedule 14	Form of Seller's Certificate (as to Seller's Representations and Warranties)
Schedule 15	Form of Seller's FIRPTA Affidavit
Schedule 16	Form of Ingram Micro Bond Certificate
Schedule 17	Form of ISS Home Office Payment Agreement
Schedule 18	Form of Assignment and Assumption of Agreements Regarding ISS Letters of Credit
Schedule 19	Form of Assignment of Letters of Credit
Schedule 20	Forms of Seller's Estoppels
Schedule 21	Form of Assignment and Assumption of Highwoods Rental Guaranty Agreements

Schedule 22 Form of Assignment and Assumption of Pacificare Escrow Agreement

Schedule 23 Form of Purchaser's Certificate (as to Purchaser's Representations and Warranties)

Schedule of Closing Documents
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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (the “**Agreement**”), made and entered into this 25th day of February, 2005, by and among **WELLS OPERATING PARTNERSHIP, L.P.**, a Delaware limited partnership (“**Wells OP**”), **WELLS FUND XII - REIT JOINT VENTURE PARTNERSHIP**, a Georgia general partnership having Wells Real Estate Fund XII, L.P., a Georgia limited partnership and Wells OP as all of its general partners (“**Wells Fund XII - REIT JV**”), **WELLS FUND XIII - REIT JOINT VENTURE PARTNERSHIP**, a Georgia general partnership having Wells Real Estate Fund XIII, L.P., a Georgia limited partnership and Wells OP as all of its general partners (“**Wells Fund XIII-REIT JV**”), **WELLS REIT, LLC, VA I**, a Georgia limited liability company having Wells OP as its sole member (“**Wells Virginia REIT**”), **WELLS BREA I, L.P.**, a Delaware limited partnership having Wells Brea, LLC, a Delaware limited liability company as its sole general partner (“**Wells Brea**”), **WESTLAKE WELLS, L.P.**, a Texas limited partnership having Wells Real Estate Westlake, TX, LLC, a Delaware limited liability company as its sole general partner (“**Wells Westlake**”), **DANACQ FARMINGTON HILLS LLC**, a Delaware limited liability company, having Wells OP as its sole member (“**Wells Farmington Hills**”), **DANACQ KALAMAZOO LLC**, a Delaware limited liability company having Wells OP as its sole member (“**Wells Kalamazoo**”), **WELLS - EDS DES MOINES, L.P.**, a Texas limited partnership having Wells Real Estate - Des Moines, IA, LLC, a Delaware limited liability company as its sole general partner (“**Wells EDS**”), **THE WELLS FUND XI - FUND XII - REIT JOINT VENTURE**, a Georgia general partnership having Wells Real Estate Fund XI, L.P., a Georgia limited partnership, Wells Real Estate Fund XII, L.P., a Georgia limited partnership and Wells OP as all of its general partners (“**Wells Funds XI and XII REIT JV**”) (Wells OP, Wells Fund XII - REIT JV, Wells Fund XIII - REIT JV, Wells Virginia REIT, Wells Brea, Wells Westlake, Wells Farmington Hills, Wells Kalamazoo, Wells EDS, and Wells Funds XI and XII REIT JV being collectively referred to as “**Sellers**” and sometimes individually referred to as “**Seller**”) and **LEXINGTON CORPORATE PROPERTIES TRUST**, a Maryland statutory real estate investment trust (together with its permitted successors and assigns, “**Purchaser**”).

WITNESSETH:

WHEREAS, Wells OP (doing business in the State of North Carolina as Wells Operating Partnership, Limited Partnership) desires to sell its fee simple estate in certain improved real property defined herein as the “Allstate Property” located in Decatur Township, Marion County, Indiana; the “AT&T (PA) Property” located in Susquehanna Township, Dauphin County, Pennsylvania; the “Capital One Property” located in the Three Chopt District, Henrico County, Virginia; the “Dial Corporation Property” located at 15501 N. Dial Boulevard, Scottsdale, Maricopa County, Arizona; the “Experian Property” located in the City of Allen, Collin County, Texas; the “Gartner Surface Parking Property” located in Fort Myers, Lee County, Florida; the “IKON Property” located at 810 and 820 Gears Road, Harris County, Texas; the “Kerr McGee Property” located in Harris County, Texas; the “Kraft Foods Property” located in Forsyth County, Georgia; the “Lucent Property” located in Wake County, North Carolina; the “Metris

Property” located in the City of Tulsa, Tulsa County, Oklahoma; the “Nissan Property” located in the City of Irving, Dallas County, Texas; the “PacifiCare Property” located in the City of San Antonio, Bexar County, Texas; the “Transocean Property” located in Harris County, Texas; and the “Travelers Express Property” located in Jefferson County, Colorado, together with certain related personal and intangible property, and Purchaser desires to purchase such real, personal and intangible property; and

WHEREAS, Wells OP also desires to sell its leasehold estates in certain improved real property and associated improvements defined herein as the “ASML Property” located in Maricopa County, Arizona; the “Ingram Micro Property” located in Millington, Tennessee; and the “ISS Property” located in the City of Atlanta, Fulton County, Georgia, together with certain related personal and intangible property, and Purchaser desires to purchase such real, personal and intangible property; and

WHEREAS, Wells Fund XII - REIT JV desires to sell its fee simple estate in certain improved real property defined herein as the “AT&T (OK) Property” located in Oklahoma County, Oklahoma, together with certain related personal and intangible property, and Purchaser desires to purchase such real, personal and intangible property; and

WHEREAS, Wells Fund XIII - REIT JV desires to sell its fee simple state in certain improved real property defined herein as the “Americredit Property” located in Clay County, Florida, and the “John Wiley Property” located in Delaware Township, Hamilton County, Indiana; together with certain related personal and intangible property, and Purchaser desires to purchase such real, personal and intangible property; and

WHEREAS, Wells Virginia REIT desires to sell its fee simple estate in certain improved real property defined herein as the “Alstom Power Property” located in the Clover Hill District, Chesterfield County, Virginia, together with certain related personal and intangible property, and Purchaser desires to purchase such real, personal and intangible property; and

WHEREAS, Wells Brea desires to sell its fee simple estate in certain improved real property defined herein as the “Bank of America Property” located at 275 S. Valencia Avenue, Brea, Orange County, California, together with certain related personal and intangible property, and Purchaser desires to purchase such real, personal and intangible property; and

WHEREAS, Wells Westlake desires to sell its fee simple estate in certain improved real property defined herein as the “Daimler Chrysler Property” located in the City of Westlake, Tarrant County, Texas, together with certain related personal and intangible property, and Purchaser desires to purchase such real, personal and intangible property; and

WHEREAS, Wells Farmington Hills and Wells Kalamazoo desire to sell their respective fee simple estates in certain improved real property defined herein, respectively, as the “Dana (Farmington Hills) Property” and the “Dana (Kalamazoo) Property”, together with certain related personal and intangible property associated with each of said properties, and Purchaser desires to purchase such real, personal and intangible properties; and

WHEREAS, Wells EDS desires to sell its fee simple estate in certain improved real property defined herein as the “EDS Property” located in the City of Des Moines, Polk County, Iowa, together with certain related personal and intangible property, and Purchaser desires to purchase such real, personal and intangible property; and

WHEREAS, Wells Funds XI and XII REIT JV desire to sell its fee simple estate in certain improved real property defined herein as the “Gartner Office Building Property” located at 12600 Gateway Boulevard, in Fort Myers, Lee County, Florida, together with certain related personal and intangible property, and Purchaser desires to purchase such real, personal and intangible property; and

WHEREAS, the parties hereto desire to provide for said sale and purchase on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, for and in consideration of the premises, the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto hereby covenant and agree as follows:

ARTICLE 1. DEFINITIONS

For purposes of this Agreement, each of the following capitalized terms shall have the meaning ascribed to such terms as set forth below:

“**Allstate Property**” shall mean that certain improved real property located in Decatur Township, Marion County, Indiana, together with certain related personal and intangible property, being the Wells OP Land identified as the “Allstate Property” on **EXHIBIT “A-1”** attached hereto, together with the related Wells OP Improvements, the Wells OP Personal Property, the Wells OP Intangible Property and all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Land and Wells OP Improvements.

“**Allstate Purchase Option**” shall mean that certain Purchase Option Agreement, dated as of September 11, 2002, between Midwest Logistics Partners, L.P. and Hartsfield Building, LLC, the interest of Hartsfield Building, LLC having been assigned to Wells OP pursuant to that certain Assignment and Assumption of Lease, Contracts and Option Contract, dated September 27, 2002, between Hartsfield Building LLC and Wells OP, and as affected by that certain Letter, dated December 16, 2004, from Wells OP to Midwest Logistics Partners, L.P. extending said option.

“**Alstom Power Property**” shall mean that certain improved real property located in the Clover Hill District, Chesterfield County, Virginia, together with certain related personal and intangible property, being the Wells Virginia REIT Land identified as the “Alstom Power Property” on **EXHIBIT “A-2”** attached hereto and made a part hereof, together with the related Wells Virginia REIT Improvements, Wells Virginia REIT Personal Property, and Wells Virginia

REIT Intangible Property, and all right, title and interest of Wells Virginia REIT as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells Virginia REIT Land and Wells Virginia REIT Improvements.

“**Americredit Property**” shall mean that certain improved real property located in Clay County, Florida, together with certain related personal and intangible property, being the Wells Fund XIII - REIT JV identified as the “Americredit Property” on **EXHIBIT “A-2”** attached hereto and made a part hereof, together with the related Wells Fund XIII -REIT JV Improvements, Wells Fund XIII - REIT JV Personal Property, and Wells Fund XIII - REIT JV Intangible Property, and all right, title and interest of Wells Fund XIII - REIT JV as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells Fund XIII - REIT JV Land and Wells Fund XIII - REIT JV Improvements.

“**ASML Non-Disturbance Agreement**” shall have the meaning ascribed thereto in **Section 4.3(t)** hereof.

“**ASML Prime Ground Lease**” shall mean that certain Ground Lease, dated October 8, 1984, between the Arizona Board of Regents, as lessor, and Price-Elliott Research Park, Inc., an Arizona nonprofit corporation, as lessee, with respect to the land on which the ASML Property is located.

“**ASML Prime Ground Lease Estoppel Certificate**” shall mean an estoppel certificate substantially in the form attached hereto as **EXHIBIT “H-1”** and made a part hereto executed by the ASML Prime Ground Lessor with respect to the ASML Prime Ground Lease.

“**ASML Prime Ground Lessor**” shall mean the Arizona Board of Regents.

“**ASML Property**” shall mean the leasehold estate of Wells OP in that certain improved real property located in Maricopa County, Arizona, together with certain related personal and intangible property, being the Wells OP Property identified as the “ASML Property” on **EXHIBIT “A-1”** attached hereto and made a part hereof, together with the related Wells OP Improvements, Wells OP Personal Property, and Wells OP Intangible Property, and all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Leasehold Estate.

“**ASML Sub-Ground Lease**” shall mean that certain Ground Lease, dated August 22, 1997, between Price-Elliott Research Park, Inc., an Arizona nonprofit corporation, as lessor, and Ryan Companies US, Inc., a Minnesota corporation, as lessee, as the interest of the “lessee” was assigned to Wells OP pursuant to that certain Assignment and Assumption Agreement, dated March 29, 2000, between Ryan Companies US, Inc., as assignor, and Wells OP, as assignee.

“**ASML Sub-Ground Lease Estoppel Certificate**” shall mean an estoppel certificate substantially in the form attached hereto as **EXHIBIT “H-2”** and made a part hereof executed by the ASML Sub-Ground Lessor with respect to the ASML Sub-Ground Lease.

“ASML Sub-Ground Lessor” shall mean Price-Elliott Research Park, Inc., an Arizona nonprofit corporation.

“ASML Sublease” shall mean that certain sublease between Wells OP as landlord and ASM Lithography, Inc. as tenant, as more particularly described on **Exhibit “I”** attached hereto and made a part hereof.

“Assignment and Assumption of Agreements Regarding ISS Letters of Credit” shall mean that certain Assignment and Assumption of Agreements Regarding ISS Letters of Credit to be executed by Wells OP and Purchaser at the Closing, in the form attached hereto as **SCHEDULE 19** and made a part hereof.

“Assignment and Assumption of ASML Sub-Ground Lease” shall mean that certain Assignment and Assumption of Lease to be executed and delivered by Wells OP and Purchaser at the Closing with respect to the ASML Sublease, in the form attached hereto as **SCHEDULE 1** and made a part hereof.

“Assignment and Assumption of Highwoods Rental Guaranty Agreements” shall mean that certain Assignment and Assumption of Highwoods Rental Guaranty Agreements to be executed by Wells OP and Purchaser at the Closing, in the form attached hereto as **SCHEDULE 21** and made a part hereof.

“Assignment and Assumption of Ingram Micro Bond Lease” shall mean that certain Absolute Assignment of Lease and Assumption Agreement to be executed and delivered by Wells OP and Purchaser at the Closing with respect to the Ingram Micro Bond Lease, in the form attached hereto as **SCHEDULE 2** and made a part hereof.

“Assignment and Assumption of Ingram Micro Loan Documents” shall mean that certain Assignment of Fee Construction Mortgage Deed of Trust and Assignment of Rents and Leases to be executed and delivered by Wells OP and Purchaser at the Closing, in the form attached hereto as **SCHEDULE 9** and made a part hereof.

“Assignment and Assumption of Ingram Micro Sublease” shall mean that certain Assignment and Assumption of Lease to be executed and delivered by Wells OP and Purchaser at the Closing with respect to the Ingram Micro Sublease, in the form attached hereto as **SCHEDULE 6** and made a part hereof.

“Assignment and Assumption of ISS Bond Documents” shall mean that certain Assignment and Assumption of ISS Bond Documents to be executed and delivered by Wells OP and Purchaser at the Closing with respect to the ISS Bond Documents, in the form attached hereto as **SCHEDULE 10** and made a part hereof.

“Assignment and Assumption of ISS Bond Lease” shall mean that certain Assignment and Assumption of Lease to be executed and delivered by Wells OP and Purchaser at the Closing with respect to the ISS Bond Lease, in the form attached hereto as **SCHEDULE 3** and made a part hereof.

“Assignment and Assumption of ISS Subleases” shall mean that certain Assignment and Assumption of Leases to be executed and delivered by Wells OP and Purchaser at the Closing with respect to the ISS Subleases, in the form attached hereto as **SCHEDULE 7** and made a part hereof.

“Assignment and Assumption of Leases” shall mean the form of assignment and assumption of Leases and Security Deposits and obligations under the Commission Agreements to be executed and delivered by Purchaser and the applicable Seller as to the Leases, Security Deposits and Commission Agreements with respect to the Property or Properties owned by such Seller, at the Closing in the form attached hereto as **SCHEDULE 4**.

“Assignment and Assumption of Service Contracts” shall mean the form of assignment and assumption of the Service Contracts to be executed and delivered by Purchaser and the applicable Seller as to the Service Contracts with respect to the Property or Properties owned by such Seller, at the Closing in the form attached hereto as **SCHEDULE 11**.

“Assignment of Letters of Credit” shall mean the form of Assignment of Letters of Credit to be executed and delivered by Purchaser and the applicable Sellers at the Closing with respect to the Letters of Credit in the form attached hereto as **SCHEDULE 19** and made a part hereof.

“Association” and **“Associations”** shall mean each and any one or more of those certain property owners associations established and existing with respect to the Properties identified on **EXHIBIT “D”** attached hereto and made a part hereof.

“Association Estoppel Certificate” or **“Association Estoppel Certificates”** shall mean those certain estoppel certificates executed on behalf of the applicable Associations, substantially in the forms required pursuant to **Section 6.1(e)** hereof, with respect to the Properties described on **EXHIBIT “D”** attached hereto and made a part hereof.

“Association Notices of Sale” shall have the meaning ascribed therein in **Section 5.1(ff)** hereof.

“AT&T (OK) Property” shall mean that certain improved real property located in Oklahoma City, Oklahoma County, Oklahoma, together with certain related personal and intangible property, being the Wells Fund XII - REIT JV Property identified as the “AT&T (OK) Property” on **EXHIBIT “A-2”** attached hereto and made a part hereof, together with the related Wells Fund XII - REIT JV Improvements, Wells Fund XII - REIT JV Personal Property, and Wells Fund XII - REIT JV Intangible Property, and all right, title and interest of Wells Fund XII - REIT JV as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells Fund XII - REIT JV Land and Wells Fund XII - REIT JV Improvements.

“AT&T (PA) Property” shall mean that certain improved real property located in Susquehanna Township, Dauphin County, Pennsylvania, together with certain related personal

and intangible property, being the Wells OP Property identified as the "AT&T (PA) Property" on **EXHIBIT "A-1"** attached hereto and made a part hereof, together with the related Wells OP Improvements, Wells OP Personal Property, and Wells OP Intangible Property, and all right, title and interest of Wells OP as "landlord" or "lessor" in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Land and Wells OP Improvements.

"Bank of America Property" shall mean that certain improved real property located in Brea, Orange County, California, together with certain related personal and intangible property, being the Wells Brea Property identified as the "Bank of America Property" on **EXHIBIT "A-2"** attached hereto and made a part hereof, together with the related Wells Brea Improvements, Wells Brea Personal Property, and Wells Brea Intangible Property, and all right, title and interest of Wells Brea as "landlord" or "lessor" in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells Brea Land and Wells Brea Improvements.

"Bank of America ROFR Notice" shall mean that certain letter, dated January 11, 2005, from Wells Brea to Bank of America, NT & SA (now known as Bank of America N.A.), together with that certain term sheet accompanying said letter, as described in **Section 4.3(l)** hereof.

"Basket Limitation" shall mean an amount equal to \$100,000.00;

"Bill of Sale" shall mean the form of bills of sale to the Personal Property to be executed and delivered to Purchaser by Wells Affiliate as to the Wells Affiliate Personal Property, and to Purchaser by Wells OP as to the Wells OP Personal Property, at the Closing in the form attached hereto as **SCHEDULE 8**.

"Bond Documents" shall have the meaning ascribed thereto in **Section 4.1(w)** hereof.

"Broker" shall have the meaning ascribed thereto in **Section 10.1** hereof.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which banking institutions in the States of Georgia or New York are authorized by law or executive action to close.

"Cap Limitation" shall mean, with respect to each Property, an amount equal to five percent (5%) of the Purchase Price of such Property, not to exceed two percent (2%) of the total Purchase Price in the aggregate.

"Capital One Lake Easement Deed" shall mean that certain instrument of deed among Loch Levan Land Limited Partnership, Highwoods Realty Limited Partnership, Wells OP and Wyndham Commercial Association, Inc., substantially in the form of **Exhibit "AA"** attached hereto and made a part hereof, with such changes thereto as may be reasonably requested by any party thereto.

“Capital One Property” shall mean that certain improved real property located in the Three Chopt District, Henrico County, Virginia, together with certain related personal and intangible property, being the Wells OP Property identified as the “Capital One Property” on **EXHIBIT “A-1”** attached hereto and made a part hereof, together with the related Wells OP Improvements, Wells OP Personal Property, and Wells OP Intangible Property, and all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Land and Wells OP Improvements.

“Closing” shall mean the consummation of the purchase and sale of the Properties pursuant to the terms of this Agreement.

“Closing Date” shall mean the First Closing Date or any Deferred Closing Date, as the context may permit or require.

“Closing Documents” shall mean any certificate, instrument or other document delivered pursuant to this Agreement.

“Commission Agreements” shall have the meaning ascribed thereto in **Section 4.1(g)** hereof, and such agreements are more particularly described on **EXHIBIT “C”** attached hereto and made a part hereof.

“Daimler Chrysler Property” shall mean that certain improved real property located in the City of Westlake, Tarrant County, Texas, together with certain related personal and intangible property, being the Wells Westlake Property identified as the “Daimler Chrysler Property” on **EXHIBIT “A-2”** attached hereto and made a part hereof, together with the related Wells Westlake Improvements, Wells Westlake Personal Property, and Wells Westlake Intangible Property, and all right, title and interest of Wells Westlake as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells Westlake Land and Wells Westlake Improvements.

“Dana (Farmington Hills) Property” shall mean that certain improved real property located in the City of Farmington Hills, Oakland County, Michigan, together with certain related personal and intangible property, being the Wells Farmington Hills Property identified as the “Wells (Farmington Hills) Property” on **EXHIBIT “A-2”** attached hereto and made a part hereof, together with the related Wells Farmington Hills Improvements, Wells Farmington Hills Personal Property, and Wells Farmington Hills Intangible Property, and all right, title and interest of Wells Farmington Hills as “landlord” or “lessor” in and to the Lease, any guaranties of the Lease and the Security Deposit, with respect to such Wells Farmington Hills Land and Wells Farmington Hills Improvements.

“Dana (Kalamazoo) Property” shall mean that certain improved real property located in Kalamazoo County, Michigan, together with certain related personal and intangible property, being the Wells Kalamazoo Property identified as the “Wells Kalamazoo Property” on **EXHIBIT “A-2”** attached hereto and made a part hereof, together with the related Wells Kalamazoo Improvements, Wells Kalamazoo Personal Property, and Wells Kalamazoo Intangible Property,

and all right, title and interest of Wells Kalamazoo as “landlord” or “lessor” in and to the Lease, any guaranties of the Lease and the Security Deposit, with respect to such Wells Kalamazoo Land and Wells Kalamazoo Improvements.

“**Declarant**” or “**Declarants**” shall mean with respect to each applicable Property the “declarant” or similar person under any Declaration affecting such Property.

“**Declarant Estoppel Certificate**” or “**Declarant Estoppel Certificates**” shall mean estoppel certificates executed by the holders of the rights of “Declarant” or similar rights under the Declarations, substantially in the form required pursuant to **Section 6.1(f)** hereof, affecting the Properties described on **EXHIBIT “D”** attached hereto and made a part hereof.

“**Declaration**” and “**Declarations**” shall mean those certain declarations of easements, covenants and conditions more particularly described on **EXHIBIT “D”** attached hereto and made a part hereof.

“**Deferred Closing Date**” shall have the meaning ascribed thereto in **Section 2.7(b)** hereof.

“**Deferred Closing Property**” shall have the meaning ascribed thereto in **Section 2.7(b)** hereof.

“**Dial Corporation Property**” shall mean that certain improved real property located in Scottsdale, Maricopa County, Arizona, together with certain related personal and intangible property, being the Wells OP Property identified as the “Dial Corporation Property” on **EXHIBIT “A-1”** attached hereto and made a part hereof, together with the related Wells OP Improvements, Wells OP Personal Property, and Wells OP Intangible Property, and all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Land and Wells OP Improvements.

“**Due Diligence Deliveries**” shall have the meaning ascribed thereto in **Section 3.2** hereof.

“**Due Diligence Material**” shall have the meaning ascribed thereto in **Section 3.7** hereof.

“**Earnest Money**” shall mean the sum of Forty Million Five Hundred Thousand and No/100 Dollars (\$40,500,000.00 U.S.), together with all interest which accrues thereon as provided in **Section 2.4(b)** hereof and in the Escrow Agreement.

“**EDS Property**” shall mean that certain improved real property located in Des Moines, Polk County, Iowa, together with certain related personal and intangible property, being the Wells EDS Property identified as the “EDS Property” on **EXHIBIT “A-2”** attached hereto and made a part hereof, together with the related Wells EDS Improvements, Wells EDS Personal Property, and Wells EDS Intangible Property, and all right, title and interest of Wells EDS as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells EDS Land and Wells EDS Improvements.

“Effective Date” shall mean the date upon which Sellers and Purchaser shall have executed and delivered at least two (2) fully executed counterparts of this Agreement to each other party, and at least three (3) executed counterparts of the Escrow Agreement to Escrow Agent.

“Environmental Law” shall mean any law, ordinance, rule, regulation, order, judgment, injunction or decree relating to pollution or substances or materials which are considered to be hazardous or toxic, including, without limitation, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Hazardous Materials Transportation Act, the Clean Water Act, the Toxic Substances Control Act, the Emergency Planning and Community Right to Know Act, any state and local environmental law, all amendments and supplements to any of the foregoing and all regulations and publications promulgated or issued pursuant thereto.

“Escrow Agent” shall mean the Title Company, at its office at 4170 Ashford Dunwoody Road, Suite 460, in Atlanta, Georgia, 30319.

“Escrow Agreement” shall mean that certain Escrow Agreement in the form attached hereto as **EXHIBIT “E”** entered into contemporaneously with the execution and delivery of this Agreement by Sellers, Purchaser and Escrow Agent with respect to the Earnest Money.

“Excess Amount” shall have the meaning ascribed thereto in **Section 11.3** hereof.

“Excluded Property” shall have the meanings set forth in **Sections 7.1** and **7.2** hereof.

“Existing Environmental Reports” shall mean those certain reports, correspondence and related materials, if any, more particularly described on **EXHIBIT “F”** attached hereto and made a part hereof.

“Existing Survey” and **“Existing Surveys”** shall mean any one or more of those certain surveys with respect to the Land and the Improvements or the Wells Affiliate Ground Lease Lands or the Wells OP Ground Lease Land, if any, more particularly described on **EXHIBIT “G”** attached hereto and made a part hereof.

“Experian Property” shall mean that certain improved real property located in the City of Allen, Collin County, Texas, together with certain related personal and intangible property, being the Wells OP Property identified as the “Experian Property” on **EXHIBIT “A-1”** attached hereto and made a part hereof, together with the related Wells OP Improvements, Wells OP Personal Property, and Wells OP Intangible Property, and all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Land and Wells OP Improvements.

“FIRPTA Affidavit” shall mean the form of FIRPTA Affidavit to be executed and delivered to Purchaser at Closing by each Seller as to the Property owned by such Seller, substantially in the form attached hereto as **SCHEDULE 15**.

“First Closing Date” shall have the meaning ascribed thereto in **Section 2.7(a)** hereof.

“Gartner Lease Amendment” shall mean an amendment to that certain Lease with Gartner Group, Inc. relating to the Gartner Office Building Property substantially in the form attached hereto as **Exhibit “CC”** and made a part hereof.

“Gartner Office Building Property” shall mean that certain improved real property located in Lee County, Florida, together with certain related personal and intangible property, being the Wells Funds XII and XIII REIT JV Property identified as the “Gartner Office Building Property” on **EXHIBIT “A-2”** attached hereto and made a part hereof, together with the related Wells Funds XII and XIII REIT JV Improvements, Wells Funds XII and XIII REIT JV Personal Property, and Wells Funds XII and XIII REIT JV Intangible Property, and all right, title and interest of Wells Funds XII and XIII REIT JV as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells Funds XII and XIII REIT JV Land and Wells Funds XII and XIII REIT JV Improvements.

“Gartner Office Lease” shall mean that certain office lease affecting the Gartner Property as more particularly described on the attached **Exhibit “I”**.

“Gartner Parking Lease” shall mean that certain parking lease affecting the Gartner Property as more particularly described on the attached **Exhibit “I”**.

“Gartner Parking Plans” shall mean those certain plans for the construction and installation of surface parking and related improvements on the Gartner Surface Parking Property as more particularly described on **Exhibit “FF”** attached hereto and made a part hereof.

“Gartner Parking Work” shall have the meaning ascribed thereto in **Section 4.3(s)** hereof and shall include the work contemplated under the Gartner Parking Plans.

“Gartner Property” shall mean, collectively, the Gartner Office Building Property, which is owned by Wells Funds XI and XII REIT JV, and the Gartner Surface Parking Property, which is owned by Wells OP.

“Gartner Surface Parking Property” shall mean that certain real property located in Lee County, Florida, improved as surface parking, which is adjacent to the Gartner Office Building Property owned by Wells Funds XI and XII REIT JV, together with certain related personal and intangible property, being the Wells OP Land identified as “Gartner Surface Parking Parcels” on **EXHIBIT “A-2”** attached hereto and made a part hereof, together with the related Wells OP Improvements, the Wells OP Personal Property, the Wells OP Intangible Property and all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Lease with respect to such Wells OP Land and Wells OP Improvements.

“General Assignment” shall mean an assignment by each applicable Seller of its interest in intangible property owned by such Seller (being such Seller’s interest in the Intangible Property) and being conveyed as a part of such Seller’s Property, to be executed by such Seller at Closing, substantially in the form attached hereto as **SCHEDULE 12** and made a part hereto, with such changes thereto as may be agreed upon by such Seller and Purchaser to convey such Seller’s intangible property associated with the Property of such Seller.

“Ground Lessor Estoppel Certificates” shall mean the ASML Prime Ground Lease Estoppel Certificate, the ASML Sub-Ground Lease Estoppel Certificate and the Ingram Micro Bond Lease Estoppel Certificate, substantially in the forms attached hereto as **EXHIBIT “H-1”**, **EXHIBIT “H-2”** and **EXHIBIT “H-3”**, respectively.

“Hazardous Substances” shall mean any and all pollutants, contaminants, toxic or hazardous wastes or any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized under any Environmental Law (including, without limitation, lead paint, asbestos, urea formaldehyde foam insulation, petroleum and polychlorinated biphenyls).

“Highwoods Estoppel Certificate” or **“Highwoods Estoppel Certificates”** shall mean estoppel certificates to be sought from Highwoods Properties, Inc., a Maryland corporation, with respect to each of the Highwoods Rental Guaranty Agreements, in substantially the form attached hereto as **EXHIBIT “Y”** and made a part hereof.

“Highwoods Rental Guaranty Agreements” shall mean (a) that certain Rental Guaranty Agreement (East Shore I), dated as of November 26, 2002, between Highwoods Properties, Inc., a Maryland corporation, and Wells OP, (b) that certain Rental Guaranty Agreement (East Shore II), dated as of November 26, 2002, between Highwoods Properties, Inc., a Maryland corporation, and Wells OP, and (c) that certain Rental Guaranty Agreement (East Shore III), dated as of November 26, 2002, between Highwoods Properties, Inc., a Maryland corporation, and Wells OP, with respect to certain Leases affecting the Capital One Property.

“IKON Property” shall mean that certain improved real property located in Harris County, Texas, together with certain related personal and intangible property, being the Wells OP Property identified as the “IKON Property” on **EXHIBIT “A-1”** attached hereto and made a part hereof, together with the related Wells OP Improvements, Wells OP Personal Property, and Wells OP Intangible Property, and all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Land and Wells OP Improvements.

“Improvements” shall mean the Wells OP Improvements and the Wells Affiliate Improvements.

“Ingram Micro Bond Certificate” shall mean that certain Bond Certificate substantially in the form attached hereto as **SCHEDULE 13** and made a part hereof.

“Ingram Micro Bond Lease” shall mean that certain Bond Real Property Lease, dated as of December 20, 1995, between the Ingram Micro Ground Lessor and Lease Plan North America, Inc., an Illinois corporation, as lessee, as the interest of the “lessee” thereunder was assigned pursuant to that certain Absolute Assignment of Lease and Assumption Agreement, dated as of December 20, 2000, between Lease Plan North America, Inc., as assignor, and Ingram Micro, L.P., a Tennessee limited partnership, as assignee, and as the interest of the “lessee” thereunder was further assigned pursuant to that certain Absolute Assignment of Lease and Assumption Agreement, dated as of September 20, 2001, between Ingram Micro, L.P., as assignor, and Wells OP, as assignee.

“Ingram Micro Bond Lease Estoppel Certificate” shall mean an estoppel certificate executed by the Ingram Micro Ground Lessor substantially in the form and substance as attached hereto as **EXHIBIT “H-3”** and made a part hereof with respect to the Ingram Micro Bond Lease.

“Ingram Micro Fee Construction Mortgage Deed of Trust and Assignment of Rents and Leases” shall mean that certain Fee Construction Mortgage Deed of Trust and Assignment of Rents and Leases, dated December 20, 1995, recorded as Instrument No. FN 4355 in the Register’s Office of Shelby County, Tennessee from the Ingram Micro Ground Lessor to First American Title Insurance Company for the benefit of Lease Plan North America, Inc., as mortgagee, as the interest of the “mortgagee” thereunder was assigned pursuant to that certain Assignment of Fee Construction Mortgage Deed of Trust and Assignment of Rents and Leases, dated as of December 20, 1995, between Lease Plan North American, Inc., as assignor, and ABN Amro Bank N.V., Atlanta Branch, as assignee, recorded as Instrument No. 4356, aforesaid records, as the interest of the “mortgagee” thereunder was further assigned pursuant to that certain Absolute Assignment of Bond and Deed of Trust, dated December 20, 2000, recorded as Instrument No. KV 3969, aforesaid records, between ABN Amro Bank N.V. (formerly referred to as ABN Amro Bank N.V., Atlanta Branch), as assignor, and Ingram Micro L.P., as assignee, as the interest of the “mortgagee” thereunder was further assigned pursuant to that certain Assignment of Fee Construction Mortgage Deed of Trust and Assignment of Rents and Leases, dated as of September 7, 2001, between Ingram Micro L.P., as assignor, and Wells OP, as assignee.

“Ingram Micro Ground Lessor” shall mean The Industrial Development Board of the City of Millington, Tennessee, a Tennessee public nonprofit corporation.

“Ingram Micro Industrial Development Revenue Note” shall mean that certain Industrial Development Revenue Note (Ingram Micro L.P.) Series 1995 of The Industrial Development Board of the City of Millington, Tennessee, dated as of December 20, 1995, by the Ingram Micro Ground Lessor to and in favor of Lease Plan North American, Inc., in the original principal amount of Twenty-Two Million and No/100 Dollars (\$22,000,000.00), the original of which has been lost or misplaced and is not in the possession of Sellers.

“Ingram Micro Leasehold Estate” shall mean the leasehold estate in the land and improvements forming a part of the Ingram Micro Property, created and existing under and by virtue of the Ingram Micro Bond Lease.

“Ingram Micro Loan Documents” shall mean the Ingram Micro Fee Construction Mortgage Deed of Trust and Assignment of Rents and Leases, the Ingram Micro Industrial Development Revenue Note, the Ingram Micro PILOT Agreement, and any other documents or agreements executed in connection with such documents to the extent of any or all of the interest of Wells OP therein.

“Ingram Micro PILOT Agreement” shall mean that certain Payment in Lieu of Tax Agreement, dated December 20, 1995, by and between Ingram Micro L.P. and the Ingram Micro Ground Lessor.

“Ingram Micro Property” shall mean the leasehold estate of Wells OP in that certain improved real property located in Millington, Shelby County, Tennessee, together with certain related personal and intangible property, being the Wells OP Property identified as the “Ingram Micro Property” on **EXHIBIT “A-1”** attached hereto and made a part hereof, together with the related Wells OP Improvements, Wells OP Personal Property, and Wells OP Intangible Property, and all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Leasehold Interest.

“Ingram Micro Sublease” shall mean that certain Indenture of Lease between Wells OP as landlord and Ingram Micro L.P. as tenant, as more particularly described on **EXHIBIT “I”** attached hereto and made a part hereof.

“Inspection Period” shall mean the period commencing on December 29, 2004, and expiring at 5:00 P.M. Eastern Standard Time on February 21, 2005.

“Intangible Property” shall mean the Wells OP Intangible Property and the Wells Affiliate Intangible Property.

“ISS” shall mean Internet Security Systems, Inc., a Georgia corporation.

“ISS Bond Documents” shall mean (a) that certain Bond Purchase Agreement between the ISS Issuer and Mount Vernon Place Partners, LLC, a Georgia limited liability company, dated as of September 1, 2000, relating to Taxable Revenue Bonds (Internet Security Systems, Inc. Project), Series 2000A, (b) Payment and Indemnity Agreement by and among the ISS Issuer, SunTrust Bank, Mount Vernon Place Partners, LLC, and ISS, dated as of September 1, 2000, relating to Taxable Revenue Bonds (Internet Security Systems, Inc. Project), Series 2000A, and (c) Home Office Payment Agreement by and among SunTrust Bank, the ISS Issuer and Mount Vernon Place Partners, LLC, dated as of September 1, 2000, as the interests of Mount Vernon Place Partners, LLC thereunder were assigned to Wells OP pursuant to that certain Assignment and Assumption of Bond Documents between Mount Vernon Place Partners, LLC and Wells OP, dated as of July 1, 2002.

“ISS Bond Lease” shall mean that certain Series 2000A Lease Agreement between the ISS Issuer and Mount Vernon Place Partners, LLC, a Georgia limited liability company, dated as

of September 1, 2000, recorded in Deed Book 29773, Page 621, Fulton County, Georgia records; as amended by that certain Amendment to Lease Agreement between the ISS Issuer and Mount Vernon Place Partners, LLC, dated as of December 20, 2001, recorded in Deed Book 31888, Page 436, aforesaid records; as amended by Second Amendment to Series 2000A Lease Agreement, between the ISS Issuer and Mount Vernon Place Partners, LLC, dated as of July 1, 2002, recorded in Deed Book 32669, Page 299, aforesaid records; as the interest of the "lessee" thereunder was assigned to Wells OP pursuant to that certain Assignment and Assumption of Lease between Mount Vernon Place Partners, LLC and Wells OP, dated as of July 1, 2002, recorded in Deed Book 32669, Page 313, aforesaid records; and as amended by that certain Amendment No. 3 to Series 2000A Lease Agreement between the ISS Issuer and Wells OP, dated December 29, 2003, recorded in Deed Book 36785, Page 24, aforesaid records.

"ISS Bonds" shall mean, collectively, (a) that certain Development Authority of Fulton County Taxable Revenue Bond (Internet Security Systems, Inc. Project), Series 2000A, issued by the ISS Issuer, dated as of September 14, 2000, Numbered AR-3, in the stated amount of \$26,000,000, (b) that certain Development Authority of Fulton County Taxable Revenue Bond (Internet Security Systems, Inc. Project), Series 2000A, issued by the ISS Issuer, dated as of December 20, 2001, Numbered AR-4, in the stated amount of \$6,500,000, and (c) that certain Development Authority of Fulton County Taxable Revenue Bond (Internet Security Systems, Inc. Project), Series 2000A, issued by the ISS Issuer, dated as of December 29, 2003, Numbered AR-5, in the stated amount of \$10,000,000.

"ISS Ground Lessor" shall mean the Development Authority of Fulton County, Georgia.

"ISS Home Office Payment Agreement" shall mean that certain Home Office Payment Agreement among the ISS Trustee, the ISS Issuer and Purchaser, in its capacities as the purchaser of the ISS Series 2000A Bonds and the successor lessee under the ISS Bond Lease, in the form and substance of **SCHEDULE 17** attached hereto and made a part hereof.

"ISS Issuer" shall mean the Development Authority of Fulton County, Georgia.

"ISS Lease Amendment" shall mean a letter amendment to that certain Lease with Internet Security Systems, Inc. for Building III substantially in the form attached hereto as **Exhibit "DD"** and made a part hereof.

"ISS Leasehold Estate" shall mean that certain leasehold estate in and to the land and improvements which are a part of the ISS Property, as said leasehold estate is created and established pursuant to the ISS Bond Lease.

"ISS Property" shall mean the leasehold estate of Wells OP in that certain improved real property located in the City of Atlanta, Fulton County, Georgia, together with certain related personal and intangible property, being the Wells OP Property identified as the "ISS Property" on **EXHIBIT "A-3"** attached hereto and made a part hereof, together with the related Wells OP Improvements, Wells OP Personal Property, and Wells OP Intangible Property, and all right, title and interest of Wells OP as "landlord" or "lessor" in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Land and Wells OP Improvements.

“ISS Subleases” shall mean those two (2) certain subleases between Wells OP as landlord and ISS as tenant, as more particularly described on **EXHIBIT “I”** attached hereto and made a part hereof.

“ISS Trustee” shall mean SunTrust Bank, a state banking corporation, as trustee under the ISS Bond Documents.

“John Wiley Property” shall mean that certain improved real property located in Delaware Township, Hamilton County, Indiana, together with certain related personal and intangible property, being the Wells Fund XIII - REIT JV Property identified as the “John Wiley Property” on **EXHIBIT “A-1”** attached hereto and made a part hereof, together with the related Wells Fund XIII - REIT JV Improvements, Wells Fund XIII - REIT JV Personal Property, and Wells Fund XIII - REIT JV Intangible Property, and all right, title and interest of Wells Fund XIII - REIT JV as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells Fund XIII - REIT JV Land and Wells Fund XIII - REIT JV Improvements.

“Kerr McGee Property” shall mean that certain improved real property located in Houston, Harris County, Texas, together with certain related personal and intangible property, being the Wells OP Property identified as the “Kerr McGee Property” on **EXHIBIT “A-1”** attached hereto and made a part hereof, together with the related Wells OP Improvements, Wells OP Personal Property, and Wells OP Intangible Property, and all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Land and Wells OP Improvements.

“Kerr McGee Sewer Easement” shall mean that sewer easement to be granted by Wells OP to the owner of certain property adjoining the Kerr McGee Property, substantially in the form attached hereto as **EXHIBIT “Z”** attached hereto and made a part hereof, which easement Wells OP agreed to grant and which has been in the process of negotiation with said adjoining property owner for more than one year.

“Kraft Foods Property” shall mean that certain improved real property located in Forsyth County, Georgia, together with certain related personal and intangible property, being the Wells OP Property identified as the “Kraft Foods Property” on **EXHIBIT “A-1”** attached hereto and made a part hereof, together with the related Wells OP Improvements, Wells OP Personal Property, and Wells OP Intangible Property, and all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Land and Wells OP Improvements.

“Land” shall mean, as the context permits or requires, the Wells OP Lands and the Wells Affiliate Lands and the real property in which Wells OP owns a leasehold interest pursuant to the Wells OP Ground Leases.

“Lease” and **“Leases”** shall mean, as to Wells OP, the leases or occupancy agreements (and all amendments and modifications thereto) (other than the Wells OP Ground Leases), which affect all or any portion of the Wells OP Land or Wells OP Improvements, including those in effect on the Effective Date, which are more particularly identified on **EXHIBIT “I”** attached hereto, and any amended or new leases entered into pursuant to **Section 4.3(a)** of this Agreement, which as of the Closing affect all or any portion of the Wells OP Land or Wells OP Improvements, and shall mean, as to the Wells Affiliates, the leases or occupancy agreements and all amendments and modifications thereto which affect all or any portion of the Wells Affiliate Land or Wells Affiliate Improvements, including those in effect on the Effective Date, which are more particularly identified on **EXHIBIT “I”** attached hereto, and any amended or new leases entered into pursuant to **Section 4.3(a)** of this Agreement, which as of the Closing affect all or any portion of the Wells Affiliate Lands or Wells Affiliate Improvements.

“Lease Guarantor” or **“Lease Guarantors”** shall mean each or more of the following guarantors of certain Leases or certain obligations of the tenants under such Leases affecting one or more of the following Properties:

- (a) AmeriCredit Corp., as guarantor of the certain obligations of the tenant under the Lease with AmeriCredit Financial Services, Inc., affecting the Americredit Property;
- (b) ASM Lithography Holding NV, as guarantor of certain obligations of the tenant under the Lease with ASM Lithography, Inc., affecting the ASML Property;
- (c) Vanguard Cellular Financial Corp. (or its successor by merger), as guarantor of certain obligations of the tenant under the Lease with Pennsylvania Cellular Telephone Corp., affecting the AT&T (PA) Property;
- (d) Electronic Data Systems Corporation, as guarantor of certain obligations of the tenant under the Lease with EDS Information Services LLC, affecting the EDS Property;
- (e) Ingram Micro, Inc., as guarantor of certain obligations of the tenant under the Lease with Ingram Micro LP, affecting the Ingram Micro Property;
- (f) Internet Security Systems, Inc., a Delaware corporation, as guarantor of certain obligations of the tenant under the Leases with Internet Security Systems, Inc., a Georgia corporation, affecting the ISS Property;
- (g) Kerr-McGee Corporation, as guarantor of certain obligations of the tenant under the Lease with Kerr-McGee Oil & Gas Corporation, affecting the Kerr McGee Property;
- (h) Metris Companies, Inc., as guarantor of certain obligations of the tenant under the Lease with Metris Direct, Inc., under its Lease, affecting the Metris Property;

(i) Nissan North America, Inc., as guarantor of certain obligations of the tenant under the Lease with Nissan Motor Acceptance Corporation, affecting the Nissan Property;

(j) Transocean Sedco Forex, Inc, as guarantor of certain obligations of the tenant under the Lease with Transocean Offshore Deepwater Drilling, Inc., affecting the Transocean Property; and

(k) Newpark Resources, Inc., as guarantor of certain obligations of the tenant under the Lease with Newpark Drilling Fluids, Inc., affecting the Transocean Property.

“Lease Guarantor Estoppel Certificate” or **“Lease Guarantor Estoppel Certificates”** shall mean those certain estoppel certificates executed on behalf of the applicable Lease Guarantors substantially in the form attached hereto as **EXHIBIT “T”** and made a part hereof.

“Lease Guaranty” or **“Lease Guaranties”** shall mean any one or more of those certain guaranties of certain obligations of the tenants made by each Lease Guarantor.

“Lender” or **“Lenders”** shall mean Bank of America, N.A. with respect to the Experian Property, the IKON Property and the Kraft Foods Property; and SouthTrust Bank, National Association with respect to the Alstom Power Property, the ASML Property and the Dial Corporation Property.

“Letter of Credit” and **“Letters of Credit”** shall mean any one or more of those certain letters of credit delivered by certain tenants of the Properties to the Sellers who are the owners of such Properties, as more particularly described on **EXHIBIT “J”** attached hereto and made a part hereof.

“Limited Warranty Deed” shall have the meaning ascribed thereto in **Section 5.1(a)** hereof.

“Loan” or **“Loans”** shall mean each and all of the mortgage loans secured, respectively, by the following Properties: the Alstom Power Property, the ASML Property, the Dial Corporation Property, the Experian Property, the IKON Property and the Kraft Foods Property.

“Losses” shall have the meaning ascribed thereto in **Section 11.1** hereof.

“Lucent Property” shall mean that certain improved and unimproved real property located in Cary, Wake County, North Carolina, together with certain related personal and intangible property, being the Wells OP Property identified as the “Lucent Property” on **EXHIBIT “A-1”** attached hereto and made a part hereof, together with the related Wells OP Improvements, Wells OP Personal Property, and Wells OP Intangible Property, and all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Land and Wells OP Improvements.

“Lucent Property Declaration” shall mean that certain Declaration of Covenants, Conditions and Restrictions for Regency Park, dated February 1, 1996, recorded in Book 6933, page 342, Wake County, North Carolina Registry, as amended by First Amendment to Declaration of Covenants, Conditions and Restrictions for Regency Park, dated August 14, 1996, recorded in Book 7112, page 641, aforesaid records, as amended by Second Amendment to Declaration of Covenants, Conditions and Restrictions for Regency Park, dated August 30, 1996, recorded in Book 7135, page 870, aforesaid records, as amended by Third Amendment to Declaration of Covenants, Conditions and Restrictions for Regency Park, dated September 27, 1996, recorded in Book 7164, page 610, aforesaid records.

“Major Tenant” or “Major Tenants” shall mean each one or more of the following tenants of the Properties:

- (a) with respect to the Allstate Property, Allstate Insurance Company, an Illinois corporation;
- (b) with respect to the Alstom Power Property, Alstom Power, Inc., a Delaware corporation;
- (c) with respect to the AmeriCredit Property, AmeriCredit Financial Services, Inc., a Delaware corporation;
- (d) with respect to the ASML Property, ASM Lithography, Inc., a Delaware corporation;
- (e) with respect to the AT&T (OK) Property, AT&T Wireless Services, Inc., a Delaware corporation (successor in interest to AT&T Corp., a New York corporation);
- (f) with respect to the AT&T (PA) Property, Pennsylvania Cellular Telephone Corp., a North Carolina corporation (d/b/a AT&T Wireless Services);
- (g) with respect to the Bank of America Property, Bank of America NT & SA, a national banking corporation;
- (h) with respect to the Capital One Property, Capital One Services, Inc., a Delaware corporation;
- (i) with respect to the Daimler Chrysler Property, Chrysler Financial Company, LLC, a Michigan limited liability company;
- (j) with respect to the Dana Farmington Hills Property, Dana Corporation, a Virginia corporation;
- (k) with respect to the Dana Kalamazoo Property, Dana Corporation, a Virginia corporation;

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- (l) with respect to the Dial Corporation Property, The Dial Corporation, a Delaware corporation;
 - (m) with respect to the EDS Property, EDS Information Services L.L.C., a Delaware limited liability company;
 - (n) with respect to the Experian Property, Experian Information Solutions, Inc., an Ohio corporation;
 - (o) with respect to the Gartner Property, Gartner, Inc., a Delaware corporation;
 - (p) with respect to the IKON Property, IKON Office Solutions, Inc., an Ohio corporation;
 - (q) with respect to the Ingram Micro Property, Ingram Micro L.P., a Tennessee limited partnership;
 - (r) with respect to the ISS Property, Internet Security Systems, Inc., a Georgia corporation;
 - (s) with respect to the John Wiley Property, John Wiley & Sons, Inc., a New York corporation;
 - (t) with respect to the Kerr McGee Property, Kerr-McGee Oil & Gas Corporation, a Delaware corporation;
 - (u) with respect to the Kraft Foods Property, Kraft Foods North America, Inc. a Delaware corporation;
 - (v) with respect to the Lucent Property, Lucent Technologies Inc., a Delaware corporation;
 - (w) with respect to the Metris Property, Metris Direct, Inc., a Delaware corporation;
 - (x) with respect to the Nissan Property, Nissan Motor Acceptance Company, a Delaware corporation;
 - (y) with respect to the Pacificare Property, PacifiCare Health Systems, Inc., a Delaware corporation;
 - (z) with respect to the Transocean Property, Transocean Offshore Deepwater Drilling Inc., a Delaware corporation, and Newpark Drilling Fluids, LLC, a Texas limited liability company; and

(aa) with respect to the Travelers Express Property, Travelers Express Company, Inc., a Minnesota corporation.

“Metris Property” shall mean that certain improved real property located in the City of Tulsa, Tulsa County, Oklahoma, together with certain related personal and intangible property, being the Wells OP Property identified as the “Metris Property” on **EXHIBIT “A-1”** attached hereto and made a part hereof, together with the related Wells OP Improvements, Wells OP Personal Property, and Wells OP Intangible Property, and all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Land and Wells OP Improvements.

“Monetary Objection” or **“Monetary Objections”** with respect to each individual Property shall mean (a) any mortgage, deed to secure debt, deed of trust or similar security instrument encumbering all or any part of such Property, (b) any mechanic’s, materialman’s or similar lien (unless resulting from any act or omission of Purchaser or any of its agents, contractors, representatives or employees or any tenant of such Property), (c) the lien of ad valorem real or personal property taxes, assessments and governmental charges affecting all or any portion of such Property which are delinquent, (d) any judgment of record (other than a judgment of record against a tenant under a Lease at such Property) against such Property in the county or other applicable jurisdiction in which such Property is located, (e) any other lien or other encumbrance affecting title to such Property which can be removed according to its terms by payment of a liquidated sum of money, excluding any such other liens or encumbrances which are (x) identified in clauses (a)-(d) in the definition of “Permitted Exceptions” or (y) are required to be removed by a tenant or other occupant under a Lease at such Property, and (f) Post Effective Date Encumbrances.

“Nissan Property” shall mean that certain improved real property located in the City of Irving, Dallas County, Texas, together with certain related personal and intangible property, being the Wells OP Property identified as the “Nissan Property” on **EXHIBIT “A-1”** attached hereto and made a part hereof, together with the related Wells OP Improvements, Wells OP Personal Property, and Wells OP Intangible Property, and all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Land and Wells OP Improvements.

“Nissan Quitclaim Deed” shall mean a quitclaim deed executed on behalf of Nissan Motor Acceptance Corporation confirming the termination of the repurchase option set forth in that certain vesting deed pursuant to which Wells OP acquired the Nissan Property.

“Opus Indemnity” shall mean the agreement of Opus South Corporation to indemnify Wells OP with respect to the “Retained Obligations” (including certain corrective work to the building slab at the Pacificare Property), all as set forth (and as the term “Retained Obligations” is defined) in that certain Assignment and Assumption of Lease and Certain Agreements, dated July 12, 2002, by and among Opus South Corporation, Opus Management Corporation and Wells OP.

“Other Notices of Sale” shall have the meaning ascribed thereto in **Section 5.1(ee)** hereof.

“Other Third Party Estoppel Certificate” and **“Other Third Party Estoppel Certificates”** shall have the meanings set forth in **Section 4.3(i)** hereof.

“Outstanding ROFO/ROFR Party” shall mean Bank of America, NT & SA with respect to the Bank of America Property.

“PacifiCare Escrow Agreement” shall mean that certain Escrow Agreement, dated December 11, 2002, among PacifiCare Health Systems, Inc., Wells OP, as “beneficiary”, and Wells Fargo Bank, National Association as “escrow agent”.

“PacifiCare Property” shall mean that certain improved real property located in San Antonio, Bexar County, Texas, together with certain related personal and intangible property, being the Wells OP Property identified as the “PacifiCare Property” on **EXHIBIT “A-1”** attached hereto and made a part hereof, together with the related Wells OP Improvements, Wells OP Personal Property, and Wells OP Intangible Property, and all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Land and Wells OP Improvements.

“Permitted Exceptions” as to any individual Land and related Improvements shall mean, collectively, (a) liens for taxes, assessments and governmental charges not yet due and payable or due and payable but not yet delinquent with respect to such Land and related Improvements, (b) the Leases affecting such Land and related Improvements, (c) such state of facts as would be disclosed by a current survey of such Land, (d) the matters identified as affecting such Land and related Improvements on **EXHIBIT “K”** attached hereto and made part hereof, and (e) such other easements, restrictions and encumbrances with respect to such Land and related Improvements that do not constitute Monetary Objections, and that are approved (or are deemed approved) by Purchaser in accordance with the provisions of **Section 3.4** hereof. In addition, the term “Permitted Exceptions” as to the Kerr McGee Property shall also mean and include the Kerr McGee Sewer Easement substantially in the form attached hereto as **EXHIBIT “Z”** and made a part hereof; and the term “Permitted Exceptions” as to the Capital One Property shall also mean and include the Capital One Lake Easement Deed substantially in the form attached hereto as **Exhibit “AA”** and made a part hereof.

“Personal Property” shall mean the Wells Affiliate Personal Property and the Wells OP Personal Property.

“Post Effective Date Encumbrances” shall mean all encumbrances to title to the Properties, other than the matters identified in clauses (a)-(e) of the definition of “Monetary Objections” which first encumber title to any of the Properties by act or omission of Seller or any of Seller-Related Entities, which act or omission was committed or accrued after the Effective Date of this Agreement and in violation or breach by any Seller or any Seller-Related Entity of this Agreement.

“Property” shall mean any individual Wells OP Property or Wells Affiliate Property.

“Property of such Seller” shall refer to the Wells OP Property as to Wells OP, the AT&T (OK) Property as to Wells Fund XII - REIT JV, the Americredit Property and the John Wiley Property as to Wells Fund XIII - REIT JV, the Alstom Power Property as to Wells Virginia REIT, the Bank of America Property as to Wells Brea, the Daimler Chrysler Property as to Wells Westlake, the Dana (Farmington Hills) Property as to Wells Farmington Hills, the Dana (Kalamazoo) Property as to Dana Kalamazoo, the EDS Property as to Wells EDS, and the Gartner Office Building Property as to Wells Funds XI and XII - REIT JV.

“Property Management Agreement” and “Property Management Agreements” shall mean any one or more of those certain third party management agreements more particularly described on **Exhibit “Q”** attached hereto and made a part hereof.

“Property Manager” and “Property Managers” shall mean any one or more of the third party property managers retained by Sellers to provide property management services with respect to the Property or Properties of such Seller pursuant to the Property Management Agreements described on the attached **Exhibit “Q”**.

“Properties” shall mean the Wells OP Properties and the Wells Affiliate Properties collectively.

“Properties of such Seller” shall refer to the Wells OP Properties as to Wells OP, and to the Americredit Property and the John Wiley Property as to Wells Fund XIII - REIT JV.

“Purchase Price” shall be the amount specified in **Section 2.5** hereof.

“Purchaser-Related Entities” shall have the meaning ascribed thereto in **Section 11.1** hereof.

“Purchaser-Waived Breach” shall have the meaning ascribed thereto in **Section 11.3** hereof.

“Purchaser’s Certificate” shall have the meaning ascribed thereto in **Section 5.2(p)** hereof.

“Purchaser’s Counsel” shall mean Paul, Hastings, Janofsky & Walker, LLP, 75 East 55th Street, New York, New York 10022, Attention: Katherine B. Lipton.

“Purchaser’s Title Commitment” and “Purchaser’s Title Commitments” shall have the meanings ascribed thereto in **Section 3.4** hereof.

“Real Estate Transfer Tax” and “Real Estate Transfer Taxes” shall mean the transfer tax, excise tax, documentary stamp tax or similar tax (however denominated) which may be imposed by the state, county and/or municipality in which each applicable Property is located and be payable in connection with the conveyance of such Property by the applicable Seller to Purchaser hereunder.

“**Right of Entry Agreement**” shall mean that certain Right of Entry Agreement, dated as of December 29, 2004 (as amended), between and among Sellers and Purchaser.

“**ROFO/ROFR Endorsement**” shall have the meaning ascribed thereto in **Section 2.7(b)** hereof.

“**ROFO/ROFR Party**” and “**ROFO/ROFR Parties**” shall have the meanings ascribed thereto in **Section 4.1(f)** hereof.

“**ROFO/ROFR Rights**” shall have the meaning ascribed thereto in **Section 2.7(b)** hereof.

“**SEC**” shall mean the Securities and Exchange Commission.

“**Security Deposits**” shall mean, with respect to the Properties, any security deposits, rent or damage deposits or similar amounts (other than rent paid for the month in which the Closing occurs) actually held by Wells OP or the applicable Wells Affiliate with respect to any of the Leases affecting each Property owned by Wells OP or such Wells Affiliate.

“**Seller-Related Entities**” shall have the meaning ascribed thereto in **Section 11.2** hereof.

“**Seller’s Affidavit**” shall mean the form of owner’s affidavit to be given by each of the Sellers at Closing to the Title Company in the form attached hereto as **SCHEDULE 13**.

“**Seller’s Certificate**” shall mean the form of certificate to be executed and delivered by each of the Sellers to Purchaser at the Closing with respect to the truth and accuracy of such Seller’s warranties and representations contained in this Agreement (modified and updated as the circumstances require), in the form attached hereto as **SCHEDULE 14**.

“**Seller’s Counsel**” shall mean Troutman Sanders LLP, Bank of America Plaza, Suite 5200, 600 Peachtree Street, N.E., Atlanta, Georgia 30308-2216, Attention: John W. Griffin and Leslie Fuller Secrest.

“**Seller’s Estoppel**” and “**Sellers’ Estoppels**” shall mean estoppel certificates in the forms attached hereto as **SCHEDULE 16** and made a part hereof, which may be executed and delivered by certain Sellers at Closing as contemplated in **Sections 6.1(g)** and **6.1(h)** hereof.

“**Seller’s Partial Termination Notice**” shall have the meaning ascribed thereto in **Section 6.2(d)** hereof.

“**Seller’s Title Commitment**” and “**Sellers’ Title Commitments**” shall have the meanings ascribed thereto in **Section 3.4** hereof.

“Service Contracts” shall mean with respect to each applicable Seller all those certain contracts and agreements more particularly described as Service Contracts on **EXHIBIT “L”** attached hereto and made a part hereof relating to the repair, maintenance or operation of the Land, Improvements or Personal Property owned by such Seller which will extend beyond the Closing Date, including, without limitation, all equipment leases, and including those certain service agreements in the process of being completed and executed as described on the attached **Exhibit “L”**, so long as the same shall be terminable on no more than thirty (30) days’ notice, and without payment of penalty or premium.

“SNDA” and **“SNDAs”** shall have the meanings ascribed thereto in **Section 4.3(k)** hereof.

“Subsequent Title Notice” shall have the meaning ascribed thereto in **Section 3.4** hereof.

“Survey” and **“Surveys”** shall have the meaning ascribed thereto in **Section 3.4** hereof.

“Tax Abatement Agreement” and **“Tax Abatement Agreements”** shall mean each and any one or more of the following:

(a) with respect to the Kerr McGee Property, (i) that certain Tax Abatement Agreement, dated on or about May 6, 2003, among the City of Houston, Texas, Wells OP, Kerr-McGee Oil & Gas Onshore, LLC and Kerr-McGee Oil & Gas Corporation, and (b) that certain Tax Abatement Agreement for Real Property Located in the Kerr-McGee Oil & Gas Reinvestment Zone, dated May 6, 2003, among Harris County, the Harris County Flood Control District, the Harris County Hospital District, the Port Authority of Harris County, Texas (collectively as the “County”), Wells OP, Kerr-McGee Oil & Gas Onshore LLC and Kerr-McGee Oil & Gas Corporation;

(b) with respect to the Pacificare Property, that certain Tax Phase-In Agreement with the City of Antonio, dated April 12, 2000, among PacifiCare Health Systems, Incorporated, Opus South Corporation and the City of San Antonio, Texas.

“Taxes” shall have the meaning ascribed thereto in **Section 5.4(a)** hereof.

“Tenant Estoppel Certificate” or **“Tenant Estoppel Certificates”** shall mean certificates to be sought from the tenants under the Leases in substantially the form attached hereto as **EXHIBIT “M”**; provided, however, if any Lease provides for the form or content of an estoppel certificate from the tenant thereunder, the Tenant Estoppel Certificate with respect to such Lease may be in the form as called for therein.

“Tenant Inducement Costs” shall mean any out-of-pocket payments required under a Lease to be paid by the landlord thereunder to or for the benefit of the tenant thereunder which is in the nature of a tenant inducement, including specifically, but without limitation, tenant improvement costs, lease buyout payments, and moving, design, refurbishment and club

membership allowances and costs. The term “Tenant Inducement Costs” shall *not* include loss of income resulting from any free rental period, it being understood and agreed that the Seller of the applicable Property shall bear the loss resulting from any free rental period until the Closing Date and that Purchaser shall bear such loss from and after the Closing Date.

“**Tenant Notices of Sale**” shall have the meaning ascribed thereto in **Section 5.1(cc)** hereof.

“**Title Company**” shall mean Chicago Title Insurance Company.

“**Title Commitment**” and “**Title Commitments**” shall have the meanings ascribed thereto in **Section 3.4** hereof.

“**Transfer Fees**” shall mean the fee(s), if any, charged by the respective issuers of the Letters of Credit to transfer the Letters of Credit from the applicable Sellers to Purchaser as the beneficiary thereof.

“**Transocean Property**” shall mean that certain improved real property located in Harris County, Texas, together with certain related personal and intangible property, being the Wells OP Property identified as the “Transocean Property” on **EXHIBIT “A-1”** attached hereto and made a part hereof, together with the related Wells OP Improvements, Wells OP Personal Property, and Wells OP Intangible Property, and all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Land and Wells OP Improvements.

“**Travelers Express Property**” shall mean that certain improved real property located in Lakewood, Jefferson County, Colorado, together with certain related personal and intangible property, being the Wells OP Property identified as the “Travelers Express Property” on **EXHIBIT “A-1”** attached hereto and made a part hereof, together with the related Wells OP Improvements, Wells OP Personal Property, and Wells OP Intangible Property, and all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to such Wells OP Land and Wells OP Improvements.

“**Wells Affiliate**” and “**Wells Affiliates**” shall mean each and any one or more of Wells Funds XII - REIT JV, Wells Fund XIII - REIT JV, Wells Virginia REIT, Wells Brea, Wells Westlake, Wells Farmington Hills, Wells Kalamazoo, Wells EDS and Wells Funds XI and XII REIT JV.

“**Wells Affiliate Improvements**” shall mean all buildings, structures and improvements now or on the Closing Date situated on the Wells Affiliate Lands, including without limitation, all parking areas and facilities, improvements and fixtures located on the Wells Affiliate Lands.

“**Wells Affiliate Intangible Property**” shall mean all intangible property, if any, owned by each applicable Wells Affiliate and related to the Wells Affiliate Land and Wells Affiliate Improvements owned by such Wells Affiliate, including without limitation, the rights and

interests, if any, of each Wells Affiliate in and to the following (to the extent assignable): (i) all assignable plans and specifications and other architectural and engineering drawings for the Wells Affiliate Lands and Wells Affiliate Improvements; (ii) all assignable warranties or guaranties given or made in respect of the Wells Affiliate Improvements or Wells Affiliate Personal Property; (iii) all transferable consents, authorizations, variances or waivers, licenses, permits and approvals from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality solely in respect of the Wells Affiliate Lands or Wells Affiliate Improvements; and (iv) all of the right, title and interest of each applicable Wells Affiliate in and to all assignable Service Contracts with respect to the Wells Affiliate Properties owned by each such Wells Affiliate that Purchaser agrees to assume (or is deemed to have agreed to assume).

“Wells Affiliate Lands” shall mean those certain tracts or parcels of real property which are more particularly identified on **EXHIBIT “A-2”** attached hereto as the Alstom Power Property, the AmeriCredit Property, the Bank of America Property, the Daimler Chrysler Property, the Dana (Farmington Hills) Property, the AT&T (OK) Property, the Dana (Kalamazoo) Property, the EDS Property, the Gartner Office Building Property and the John Wiley Property, together with all rights, privileges and easements appurtenant to each of said real properties, and all right, title and interest, if any, of each applicable Wells Affiliate in and to any land lying in the bed of any street, road, alley or right-of-way, open or closed, adjacent to or abutting the Wells Affiliate Land owned by such Wells Affiliate.

“Wells Affiliate Personal Property” shall mean all furniture (including common area furnishings and interior landscaping items), carpeting, draperies, appliances, personal property (excluding the computer software which either is licensed to a Wells Affiliate or which such Wells Affiliate deems proprietary [a listing of such excluded computer software being set forth on **EXHIBIT “W”** attached hereto and made a part hereof]), machinery, apparatus and equipment owned by each Wells Affiliate and currently used exclusively in the operation, repair and maintenance of the Wells Affiliate Land and Wells Affiliate Improvements owned by such Wells Affiliate and situated thereon, including, without limitation, those specific items of personal property (if any) more particularly described on **EXHIBIT “B”** attached hereto and made a part hereof, and all non-confidential books, records and files (excluding any appraisals, budgets, strategic plans for the Wells Affiliate Properties, internal analyses, information regarding the marketing of the Wells Affiliate Properties for sale, submissions relating to obtaining of corporate authorization for any Wells Affiliate, attorney and accountant work product, attorney-client privileged documents, or other similar information in the possession or control of any Wells Affiliate or any Wells Affiliate property manager which such Wells Affiliate reasonably deems proprietary) relating to the Wells Affiliate Lands and Wells Affiliate Improvements owned by each applicable Wells Affiliate; provided, however, the property described on **EXHIBIT “B-2”** attached hereto and made a part hereof is expressly excluded from the definition of Wells Affiliate Personal Property. The Wells Affiliate Personal Property does *not* include any property owned by tenants, contractors or licensees, and shall be conveyed by each applicable Wells Affiliate to Purchaser subject to depletions, replacements and additions in the ordinary course of such Wells Affiliate’s business.

“**Wells Affiliate Property**” shall mean and refer to any Wells Affiliate Land, together with the items set forth in **Section 2.1(b), (c), (d) and (e)** hereof with respect to such Wells Affiliate Land.

“**Wells Affiliate Properties**” shall have the meaning ascribed thereto in **Section 2.1** hereof.

“**Wells Brea**” shall mean Wells Brea I, L.P., a Delaware limited partnership.

“**Wells Brea Improvements**” shall mean all buildings, structures and improvements now or on the Closing Date situated on the Wells Brea Land, including, without limitation, all parking areas and facilities, improvements and fixtures located on such Wells Brea Land.

“**Wells Brea Intangible Property**” shall mean all intangible property, if any, owned by Wells Brea and related to the Wells Brea Land identified on **EXHIBIT “A-2”** as the Bank of America Property and to the Wells Brea Improvements located on the Wells Brea Land, including, without limitation, the rights and interests, if any, in and to the following (to the extent assignable): (i) all assignable plans and specifications and other architectural and engineering plans for such Wells Brea Land and the Wells Brea Improvements located thereon; (ii) all assignable warranties or guaranties given or made in respect of the Wells Brea Improvements or Wells Brea Personal Property; (iii) all transferable consents, authorizations, variances or waivers, licenses, permits and approvals from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality solely in respect of the Wells Brea Land or Wells Brea Improvements located thereon; and (iv) all of the right, title and interest of Wells Brea in and to all assignable Service Contracts with respect to the Wells Brea Property that Purchaser agrees to assume (or is deemed to have agreed to assume).

“**Wells Brea Land**” shall mean those certain tracts or parcels of real property more particularly described on **EXHIBIT “A-2”** attached hereto and made a part hereof as the Bank of America Property.

“**Wells Brea Personal Property**” shall mean all furniture (including common area furnishings and interior landscaping items), carpeting, draperies, appliances, personal property (excluding the computer software which is either licensed to Wells Brea or which such Wells Affiliate deems proprietary [a listing of such excluded computer software being set forth on **EXHIBIT “W”** attached hereto and made a part hereof]), machinery, apparatus and equipment owned by such Wells Affiliate and currently used exclusively in the operation, repair and maintenance of the Wells Brea Land and Wells Brea Improvements and owned by such Wells Affiliate and situated thereon, including, without limitation, those specific items of personal property (if any) more particularly described on **EXHIBIT “B”** attached hereto and made a part hereof, and all non-confidential books, records and files (excluding any appraisals, budgets, strategic plans for such Wells Brea Property, internal analyses, information regarding the marketing of the Wells Brea Property for sale, submissions relating to obtaining of corporate authorization for Wells Brea, attorney and accountant work product, attorney-client privileged documents, or other similar information in the possession or control of Wells Brea or any third party property manager which such Wells Affiliate reasonably deems proprietary) relating to the

Wells Brea Land and Wells Brea Improvements; provided, however, the property described on **EXHIBIT “B-2”** attached hereto and made a part hereof is expressly excluded from the definition of Wells Brea Personal Property. The Wells Brea Personal Property does *not* include any property owned by tenants, contractors or licensees, and shall be conveyed by Wells Brea to Purchaser subject to depletions, replacements and additions in the ordinary course of Wells Brea’s business.

“**Wells Brea Property**” shall mean and refer to the Wells Brea Land, together with the items set forth in **Sections 2.1(b), (c), (d) and (e)** with respect to the Wells Brea Land.

“**Wells EDS**” shall mean Wells - EDS Des Moines, L.P., a Texas limited partnership.

“**Wells EDS Improvements**” shall mean all buildings, structures and improvements now or on the Closing Date situated on the Wells EDS Land, including, without limitation, all parking areas and facilities, improvements and fixtures located on such Wells EDS Land.

“**Wells EDS Intangible Property**” shall mean all intangible property, if any, owned by Wells EDS and related to the Wells EDS Land identified on **EXHIBIT “A-2”** as the EDS Property and to the Wells EDS Improvements located on the Wells EDS Land, including, without limitation, the rights and interests, if any, in and to the following (to the extent assignable): (i) all assignable plans and specifications and other architectural and engineering plans for such Wells EDS Land and the Wells EDS Improvements located thereon; (ii) all assignable warranties or guaranties given or made in respect of the Wells EDS Improvements or Wells EDS Personal Property; (iii) all transferable consents, authorizations, variances or waivers, licenses, permits and approvals from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality solely in respect of the Wells EDS Land or Wells EDS Improvements located thereon; and (iv) all of the right, title and interest of Wells EDS in and to all assignable Service Contracts with respect to the Wells EDS Property that Purchaser agrees to assume (or is deemed to have agreed to assume).

“**Wells EDS Land**” shall mean those certain tracts or parcels of real property more particularly described on **EXHIBIT “A-2”** attached hereto and made a part hereof as the EDS Property.

“**Wells EDS Personal Property**” shall mean all furniture (including common area furnishings and interior landscaping items), carpeting, draperies, appliances, personal property (excluding the computer software which is either licensed to Wells EDS or which such Wells Affiliate deems proprietary [a listing of such excluded computer software being set forth on **EXHIBIT “W”** attached hereto and made a part hereof]), machinery, apparatus and equipment owned by such Wells Affiliate and currently used exclusively in the operation, repair and maintenance of the Wells EDS Land and Wells EDS Improvements and owned by such Wells Affiliate and situated thereon, including, without limitation, those specific items of personal property (if any) more particularly described on **EXHIBIT “B”** attached hereto and made a part hereof, and all non-confidential books, records and files (excluding any appraisals, budgets, strategic plans for such Wells EDS Property, internal analyses, information regarding the marketing of the Wells EDS Property for sale, submissions relating to obtaining of corporate

authorization for Wells EDS, attorney and accountant work product, attorney-client privileged documents, or other similar information in the possession or control of Wells EDS or any third party property manager which such Wells Affiliate reasonably deems proprietary) relating to the Wells EDS Land and Wells EDS Improvements; provided, however, the property described on **EXHIBIT "B-2"** attached hereto and made a part hereof is expressly excluded from the definition of Wells EDS Personal Property. The Wells EDS Personal Property does *not* include any property owned by tenants, contractors or licensees, and shall be conveyed by Wells EDS to Purchaser subject to depletions, replacements and additions in the ordinary course of Wells EDS's business.

"Wells EDS Property" shall mean and refer to the Wells EDS Land, together with the items set forth in **Section 2.1(b), (c), (d) and (e)** with respect to the Wells EDS Land.

"Wells Farmington Hills" shall mean Danacq Farmington Hills LLC, a Delaware limited liability company.

"Wells Farmington Hills Improvements" shall mean all buildings, structures and improvements now or on the Closing Date situated on the Wells Farmington Hills Land, including, without limitation, all parking areas and facilities, improvements and fixtures located on such Wells Farmington Hills Land.

"Wells Farmington Hills Intangible Property" shall mean all intangible property, if any, owned by Wells Farmington Hills and related to the Wells Farmington Hills Land identified on **EXHIBIT "A-2"** as the Dana (Farmington Hills) Property and to the Wells Farmington Hills Improvements located on the Wells Farmington Hills Land, including, without limitation, the rights and interests, if any, in and to the following (to the extent assignable): (i) all assignable plans and specifications and other architectural and engineering plans for such Wells Farmington Hills Land and the Wells Farmington Hills Improvements located thereon; (ii) all assignable warranties or guaranties given or made in respect of the Wells Farmington Hills Improvements or Wells Farmington Hills Personal Property; (iii) all transferable consents, authorizations, variances or waivers, licenses, permits and approvals from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality solely in respect of the Wells Farmington Hills Land or Wells Farmington Hills Improvements located thereon; and (iv) all of the right, title and interest of Wells Farmington Hills in and to all assignable Service Contracts with respect to the Wells Farmington Hills Property that Purchaser agrees to assume (or is deemed to have agreed to assume).

"Wells Farmington Hills Land" shall mean that certain tract or parcel of real property more particularly described on **EXHIBIT "A-2"** attached hereto and made a part hereof as the Dana (Farmington Hills) Property.

"Wells Farmington Hills Personal Property" shall mean all furniture (including common area furnishings and interior landscaping items), carpeting, draperies, appliances, personal property (excluding the computer software which is either licensed to Wells Farmington Hills or which such Wells Affiliate deems proprietary [a listing of such excluded computer software being set forth on **EXHIBIT "W"** attached hereto and made a part hereof]), machinery,

apparatus and equipment owned by such Wells Affiliate and currently used exclusively in the operation, repair and maintenance of the Wells Farmington Hills Land and Wells Farmington Hills Improvements and owned by such Wells Affiliate and situated thereon, including, without limitation, those specific items of personal property (if any) more particularly described on **EXHIBIT "B"** attached hereto and made a part hereof, and all non-confidential books, records and files (excluding any appraisals, budgets, strategic plans for such Wells Farmington Hills Property, internal analyses, information regarding the marketing of the Wells Farmington Hills Property for sale, submissions relating to obtaining of corporate authorization for Wells Farmington Hills, attorney and accountant work product, attorney-client privileged documents, or other similar information in the possession or control of Wells Farmington Hills or any third party property manager which such Wells Affiliate reasonably deems proprietary) relating to the Wells Farmington Hills Land and Wells Farmington Hills Improvements; provided, however, the property described on **EXHIBIT "B-2"** attached hereto and made a part hereof is expressly excluded from the definition of Wells Farmington Hills Personal Property. The Wells Farmington Hills Personal Property does *not* include any property owned by tenants, contractors or licensees, and shall be conveyed by Wells Farmington Hills to Purchaser subject to depletions, replacements and additions in the ordinary course of Wells Farmington Hills' business.

"Wells Farmington Hills Property" shall mean and refer to the Wells Farmington Hills Land, together with the items set forth in **Sections 2.1(b), (c), (d) and (e)** with respect to the Wells Farmington Hills Land.

"Wells Fund XII - REIT JV" shall mean Wells Fund XII - REIT Joint Venture Partnership, a Georgia general partnership.

"Wells Fund XII - REIT JV Improvements" shall mean all buildings, structures and improvements now or on the Closing Date situated on the applicable Wells Fund XII - REIT JV Land including, without limitation, all parking areas and facilities, improvements and fixtures located on such Wells Fund XII - REIT JV Land.

"Wells Fund XII - REIT JV Intangible Property" shall mean all intangible property, if any, owned by Wells XII - REIT JV and related to the Wells Fund XII - REIT JV Land identified on **EXHIBIT "A-2"** as the AT&T (OK) Property and to the Wells Fund XII - REIT JV Improvements located on the AT&T (OK) Property, including, without limitation, the rights and interests, if any, in and to the following (to the extent assignable): (i) all assignable plans and specifications and other architectural and engineering plans for such Wells Fund XII - REIT JV Land and the Wells Fund XII - REIT JV Improvements located on such land; (ii) all assignable warranties or guaranties given or made in respect of the Wells Fund XII - REIT JV Improvements or Wells Fund XII - REIT JV Personal Property; (iii) all transferable consents, authorizations, variances or waivers, licenses, permits and approvals from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality solely in respect of such Wells Fund XII - REIT JV Land or Wells Fund XII - JV Improvements located thereon; and (iv) all of the right, title and interest of Wells Funds XII - REIT JV in and to all assignable Service Contracts with respect to the Wells Fund XII - REIT JV Property that Purchaser agrees to assume (or is deemed to have agreed to assume).

“Wells Fund XII - REIT JV Land” shall mean that certain tract or parcel of real property more particularly described on **EXHIBIT “A-2”** attached hereto and made a part hereof as the AT&T (OK) Property.

“Wells Fund XII - REIT JV Personal Property” shall mean all furniture (including common area furnishings and interior landscaping items), carpeting, draperies, appliances, personal property (excluding the computer software which is either licensed to Wells Fund XII - REIT JV or which such Wells Affiliate deems proprietary [a listing of such excluded computer software being set forth on **EXHIBIT “W”** attached hereto and made a part hereof]), machinery, apparatus and equipment owned by such Wells Affiliate and currently used exclusively in the operation, repair and maintenance of the Wells Fund XII - REIT JV Land and Wells Fund XII - REIT JV Improvements and owned by such Wells Affiliate and situated thereon, including, without limitation, those specific items of personal property (if any) more particularly described on **EXHIBIT “B”** attached hereto and made a part hereof, and all non-confidential books, records and files (excluding any appraisals, budgets, strategic plans for the Wells Fund XII - REIT JV Property, internal analyses, information regarding the marketing of the Wells Fund XII - REIT JV Property for sale, submissions relating to obtaining of corporate authorization for Wells Fund XII - REIT JV, attorney and accountant work product, attorney-client privileged documents, or other similar information in the possession or control of Wells Fund XII - REIT JV or any third party property manager which such Wells Affiliate reasonably deems proprietary) relating to the Wells Fund XII - REIT JV Land and Wells Fund XII - REIT JV Improvements; provided, however, the property described on **EXHIBIT “B-2”** attached hereto and made a part hereof is expressly excluded from the definition of Wells Fund XII - REIT JV Personal Property. The Wells Fund XII - REIT JV Personal Property does *not* include any property owned by tenants, contractors or licensees, and shall be conveyed by Wells Fund XII - REIT JV to Purchaser subject to depletions, replacements and additions in the ordinary course of Wells XII - REIT JV’s business.

“Wells Fund XII - REIT JV Property” shall mean and refer to the Wells Fund XII - REIT JV Land, together with the items set forth in **Sections 2.1(b), (c), (d)** and **(e)** with respect to the Wells Fund XII - REIT JV Land.

“Wells Fund XIII - REIT JV” shall mean Wells Fund XIII - REIT Joint Venture Partnership, a Georgia general partnership.

“Wells Fund XIII - REIT JV Improvements” shall mean all buildings, structures and improvements now or on the Closing Date situated, respectively, on the applicable Wells Fund XIII - REIT JV Lands, including, without limitation, all parking areas and facilities, improvements and fixtures located on such Wells Fund XIII - REIT JV Lands.

“Wells Fund XIII - REIT JV Intangible Property” shall mean all intangible property, if any, owned by Wells XIII - REIT JV and related, respectively, to the Wells Fund XIII - REIT JV Land identified on **EXHIBIT “A-2”** as the Americredit Property and the John Wiley Property and to the Wells Fund XIII - REIT JV Improvements located respectively on the Americredit Property and the John Wiley Property, including, without limitation, the rights and interests, if any, in and to the following (to the extent assignable): (i) all assignable plans and specifications

and other architectural and engineering plans for such Wells Fund XIII - REIT JV Land and the Wells Fund XIII - REIT JV Improvements located on such land; (ii) all assignable warranties or guaranties given or made in respect of the applicable Wells Fund XIII - REIT JV Improvements or Wells Fund XIII - REIT JV Personal Property; (iii) all transferable consents, authorizations, variances or waivers, licenses, permits and approvals from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality solely in respect of such Wells Fund XIII - REIT JV Lands or Wells Fund XIII - JV Improvements located thereon; and (iv) all of the right, title and interest of Wells Funds XIII - REIT JV in and to all assignable Service Contracts with respect to each of such Wells Fund XIII - REIT JV Properties owned by Wells Fund XIII - REIT JV that Purchaser agrees to assume (or is deemed to have agreed to assume).

“**Wells Fund XIII - REIT JV Land**” and “**Wells Fund XIII - REIT JV Lands**” shall mean those certain tracts or parcels of real property more particularly and respectively described on **EXHIBIT “A-2”** attached hereto and made a part hereof as the Americredit Property and the John Wiley Property.

“**Wells Fund XIII - REIT JV Personal Property**” shall mean all furniture (including common area furnishings and interior landscaping items), carpeting, draperies, appliances, personal property (excluding the computer software which is either licensed to Wells Fund XIII - REIT JV or which such Wells Affiliate deems proprietary [a listing of such excluded computer software being set forth on **EXHIBIT “W”** attached hereto and made a part hereof]), machinery, apparatus and equipment owned by such Wells Affiliate and currently used exclusively in the operation, repair and maintenance of either of the Wells Fund XIII - REIT JV Lands and Wells Fund XIII - REIT JV Improvements and owned by such Wells Affiliate and situated thereon, including, without limitation, those specific items of personal property (if any) more particularly described on **EXHIBIT “B”** attached hereto and made a part hereof, and all non-confidential books, records and files (excluding any appraisals, budgets, strategic plans for such Wells Fund XIII - REIT JV Properties, internal analyses, information regarding the marketing of the Wells Fund XIII - REIT JV Properties for sale, submissions relating to obtaining of corporate authorization for Wells Fund XIII - REIT JV, attorney and accountant work product, attorney-client privileged documents, or other similar information in the possession or control of Wells Fund XIII - REIT JV or any third party property manager which such Wells Affiliate reasonably deems proprietary) relating to the Wells Fund XIII - REIT JV Lands and Wells Fund XIII - REIT JV Improvements; provided, however, the property described on **EXHIBIT “B-2”** attached hereto and made a part hereof is expressly excluded from the definition of Wells Fund XIII - REIT JV Personal Property. The Wells Fund XIII - REIT JV Personal Property does *not* include any property owned by tenants, contractors or licensees, and shall be conveyed by Wells Fund XIII - REIT JV to Purchaser subject to depletions, replacements and additions in the ordinary course of Wells Fund XIII - REIT JV’s business.

“**Wells Fund XIII - REIT JV Property**” shall mean and refer to the Wells Fund XIII - REIT JV Lands, together with the items set forth in **Sections 2.1(b), (c), (d) and (e)** with respect to such Wells Fund XIII - REIT JV Land.

“Wells Funds XI and XII REIT JV” shall mean The Wells Funds XI - Fund XII - REIT Joint Venture Partnership, a Georgia general partnership.

“Wells Funds XI and XII REIT JV Improvements” shall mean all buildings, structures and improvements now or on the Closing Date situated on the Wells Funds XI and XII REIT JV Land, including, without limitation, all parking areas and facilities, improvements and fixtures located on such Wells Funds XI and XII REIT JV Land.

“Wells Funds XI and XII REIT JV Intangible Property” shall mean all intangible property, if any, owned by Wells Funds XI and XII REIT JV and related to the Wells Funds XI and XII REIT JV Land identified on **EXHIBIT “A-2”** as the Gartner Property and to the Wells Funds XI and XII REIT JV Improvements located on the Wells Funds XI and XII REIT JV Land, including, without limitation, the rights and interests, if any, in and to the following (to the extent assignable) (i) all assignable plans and specifications and other architectural and engineering plans for such Wells Funds XI and XII REIT JV Land and the Wells Funds XI and XII REIT JV Improvements located thereon; (ii) all assignable warranties or guaranties given or made in respect of the Wells Funds XI and XII REIT JV Improvements or Wells Funds XI and XII REIT JV Personal Property; (iii) all transferable consents, authorizations, variances or waivers, licenses, permits and approvals from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality solely in respect of the Wells Funds XI and XII REIT JV Land or Wells Funds XI and XII REIT JV Improvements located thereon; and (iv) all of the right, title and interest of Wells Funds XI and XII REIT JV in and to all assignable Service Contracts with respect to the Wells Funds XI and XII REIT JV Property that Purchaser agrees to assume (or is deemed to have agreed to assume).

“Wells Funds XI and XII REIT JV Land” shall mean those certain tracts or parcels of real property more particularly described on **EXHIBIT “A-2”** attached hereto and made a part hereof as the Gartner Property.

“Wells Funds XI and XII REIT JV Personal Property” shall mean all furniture (including common area furnishings and interior landscaping items), carpeting, draperies, appliances, personal property (excluding the computer software which is either licensed to Wells Funds XI and XII REIT JV or which such Wells Affiliate deems proprietary [a listing of such excluded computer software being set forth on **EXHIBIT “W”** attached hereto and made a part hereof]), machinery, apparatus and equipment owned by such Wells Affiliate and currently used exclusively in the operation, repair and maintenance of the Wells Funds XI and XII REIT JV Land and Wells Funds XI and XII REIT JV Improvements and owned by such Wells Affiliate and situated thereon, including, without limitation, those specific items of personal property (if any) more particularly described on **EXHIBIT “B”** attached hereto and made a part hereof, and all non-confidential books, records and files (excluding any appraisals, budgets, strategic plans for such Wells Funds XI and XII REIT JV Property, internal analyses, information regarding the marketing of the Wells Funds XI and XII REIT JV Property for sale, submissions relating to obtaining of corporate authorization for Wells Funds XI and XII REIT JV, attorney and accountant work product, attorney-client privileged documents, or other similar information in the possession or control of Wells Funds XI and XII REIT JV or any third party property manager which such Wells Affiliate reasonably deems proprietary) relating to the Wells Funds

XI and XII REIT JV Land and Wells Funds XI and XII REIT JV Improvements; provided, however, the property described on **EXHIBIT “B-2”** attached hereto and made a part hereof is expressly excluded from the definition of Wells Funds XI and XII REIT JV Personal Property. The Wells Funds XI and XII REIT JV Personal Property does *not* include any property owned by tenants, contractors or licensees, and shall be conveyed by Wells Funds XI and XII REIT JV to Purchaser subject to depletions, replacements and additions in the ordinary course of Wells Funds XI and XII REIT JV’s business.

“Wells Funds XI and XII REIT JV Property” shall mean and refer to the Wells Funds XI and XII REIT JV Land, together with the items set forth in **Sections 2.1(b), (c), (d) and (e)** with respect to the Wells Funds XI and XII REIT JV Land.

“Wells Kalamazoo” shall mean Danacq Kalamazoo LLC, a Delaware limited liability company.

“Wells Kalamazoo Improvements” shall mean all buildings, structures and improvements now or on the Closing Date situated on the Wells Kalamazoo Land, including, without limitation, all parking areas and facilities, improvements and fixtures located on such Wells Kalamazoo Land.

“Wells Kalamazoo Intangible Property” shall mean all intangible property, if any, owned by Wells Kalamazoo and related to the Wells Kalamazoo Land identified on **EXHIBIT “A-2”** as the Dana (Kalamazoo) Property and to the Wells Kalamazoo Improvements located on the Wells Kalamazoo Land, including, without limitation, the rights and interests, if any, in and to the following (to the extent assignable): (i) all assignable plans and specifications and other architectural and engineering plans for such Wells Kalamazoo Land and the Wells Kalamazoo Improvements located thereon; (ii) all assignable warranties or guaranties given or made in respect of the Wells Kalamazoo Improvements or Wells Kalamazoo Personal Property; (iii) all transferable consents, authorizations, variances or waivers, licenses, permits and approvals from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality solely in respect of the Wells Kalamazoo Land or Wells Kalamazoo Improvements located thereon; and (iv) all of the right, title and interest of Wells Kalamazoo in and to all assignable Service Contracts with respect to the Wells Kalamazoo Property that Purchaser agrees to assume (or is deemed to have agreed to assume).

“Wells Kalamazoo Land” shall mean that certain tract or parcel of real property more particularly described on **EXHIBIT “A-2”** attached hereto and made a part hereof as the Dana (Kalamazoo) Property.

“Wells Kalamazoo Personal Property” shall mean all furniture (including common area furnishings and interior landscaping items), carpeting, draperies, appliances, personal property (excluding the computer software which is either licensed to Wells Kalamazoo or which such Wells Affiliate deems proprietary [a listing of such excluded computer software being set forth on **EXHIBIT “W”** attached hereto and made a part hereof]), machinery, apparatus and equipment owned by such Wells Affiliate and currently used exclusively in the operation, repair and maintenance of the Wells Kalamazoo Land and Wells Kalamazoo Improvements and owned

by such Wells Affiliate and situated thereon, including, without limitation, those specific items of personal property (if any) more particularly described on **EXHIBIT "B"** attached hereto and made a part hereof, and all non-confidential books, records and files (excluding any appraisals, budgets, strategic plans for such Wells Kalamazoo Property, internal analyses, information regarding the marketing of the Wells Kalamazoo Property for sale, submissions relating to obtaining of corporate authorization for Wells Kalamazoo, attorney and accountant work product, attorney-client privileged documents, or other similar information in the possession or control of Wells Kalamazoo or any third party property manager which such Wells Affiliate reasonably deems proprietary) relating to the Wells Kalamazoo Land and Wells Kalamazoo Improvements; provided, however, the property described on **EXHIBIT "B-2"** attached hereto and made a part hereof is expressly excluded from the definition of Wells Kalamazoo Personal Property. The Wells Kalamazoo Personal Property does *not* include any property owned by tenants, contractors or licensees, and shall be conveyed by Wells Kalamazoo to Purchaser subject to depletions, replacements and additions in the ordinary course of Wells Kalamazoo's business.

"Wells Kalamazoo Property" shall mean and refer to the Wells Kalamazoo Land, together with the items set forth in **Sections 2.1(b), (c), (d) and (e)** with respect to the Wells Kalamazoo Land.

"Wells OP" shall mean Wells Operating Partnership, L.P., a Delaware limited partnership.

"Wells OP Ground Lease" and **"Wells OP Ground Leases"** shall mean each and any one or more of the ASML Sub-Ground Lease, the Ingram Micro Bond Lease and the ISS Bond Lease and all amendments and modifications thereto.

"Wells OP Ground Lease Land" and **"Wells OP Ground Lease Lands"** shall mean any one or more of those certain tracts or parcels of real property more particularly described on **EXHIBIT "A-3"** attached hereto and made a part hereof as the ASML Property in Maricopa County, Arizona, the Ingram Micro Property in Shelby County, Tennessee, and the ISS Property in Atlanta, Fulton County, Georgia.

"Wells OP Improvements" shall mean all buildings, structures and improvements now or on the Closing Date situated on the applicable Wells OP Land, including without limitation, all parking areas and facilities, improvements and fixtures located on each applicable Wells OP Land.

"Wells OP Intangible Property" shall mean all intangible property, if any, owned by Wells OP and related to each applicable Wells OP Property, including without limitation, the rights and interests, if any, of Wells OP in and to the following (to the extent assignable): (i) all assignable plans and specifications and other architectural and engineering drawings for the Wells OP Improvements located on the applicable Wells OP Land; (ii) all assignable warranties or guaranties given or made in respect of such Wells OP Improvements or Wells OP Personal Property; (iii) all transferable consents, authorizations, variances or waivers, licenses, permits and approvals from any governmental or quasi-governmental agency, department, board,

commission, bureau or other entity or instrumentality solely in respect of the applicable Wells OP Lands; and (iv) all of the right, title and interest of Wells OP in and to all assignable Service Contracts with respect to the applicable Wells OP Land to which such Service Contracts relate and that Purchaser agrees to assume (or is deemed to have agreed to assume).

“Wells OP Lands” shall mean all those certain tracts or parcels of real property which are more particularly identified on **EXHIBIT “A-1”** attached hereto as the Allstate Property in Decatur Township, Marion County, Indiana, the AT&T (PA) Property in Susquehanna Township, Dauphin County, Pennsylvania, the Capital One Property in Henrico County, Virginia, the Dial Corporation Property, in Maricopa County, Arizona, the Experian Property in Collin County, Texas, the Gartner Surface Parking Property in Lee County, Florida, the IKON Property in Harris County, Texas, the Kerr McGee Property in Harris County, Texas, the Kraft Foods Property in Forsyth County, Georgia, the Lucent Property in Wake County, North Carolina, the Metris Property in Tulsa County, Oklahoma, the Nissan Property in the City of Irving, Dallas County, Texas, the Pacificare Property in Bexar County, Texas, the Transocean Property in Harris County, Texas, and the Travelers Express Property in Jefferson County, Colorado, and the Wells OP Leasehold Interests in those certain tracts or parcels of land more particularly described on the attached **EXHIBIT “A-3”** as the ASML Property in Maricopa County, Arizona, the Ingram Micro Property in Shelby County, Tennessee, and the ISS Property in Atlanta, Fulton County, Georgia, together with all rights, privileges and easements appurtenant to each of said real properties or leasehold estates, and all right, title and interest, if any, of Wells OP in and to any land lying in the bed of any street, road, alley or right-of-way, open or closed, adjacent to or abutting each applicable Wells OP Land.

“Wells OP Leasehold Interests” shall mean the interests of the “lessee” existing under and by virtue of the ASML Sub-Ground Lease, the Ingram Micro Bond Lease and the ISS Bond Lease.

“Wells OP Personal Property” shall mean all furniture (including common area furnishings and interior landscaping items), carpeting, draperies, appliances, personal property (excluding the computer software which either is licensed to Wells OP or which Wells OP deems proprietary [a listing of such excluded computer software being set forth on **EXHIBIT “W”** attached hereto and made a part hereof]), machinery, apparatus and equipment owned by Wells OP and currently used exclusively in the operation, repair and maintenance of the applicable Wells OP Land and Wells OP Improvements and situated thereon, including, without limitation, those specific items of personal property (if any) more particularly described on **EXHIBIT “B”** attached hereto and made a part hereof, and all non-confidential books, records and files (excluding any appraisals, budgets, strategic plans for the Wells OP Properties, internal analyses, information regarding the marketing of the Wells OP Properties for sale, submissions relating to Wells OP’s obtaining of corporate authorization, attorney and accountant work product, attorney-client privileged documents, or other similar information in the possession or control of Wells OP or Wells OP’s property managers which Wells OP reasonably deems proprietary) relating to the Wells OP Land and Wells OP Improvements or Wells OP Leasehold Estates; provided, however, the property described on **EXHIBIT “B-1”** attached hereto and made a part hereof is expressly excluded from the definition of Wells OP Personal Property. The Wells OP Personal Property does *not* include any property owned by tenants, contractors or licensees, and shall be conveyed by Wells OP to Purchaser subject to depletions, replacements and additions in the ordinary course of Wells OP’s business.

“Wells OP Property” shall mean and refer to (x) the Wells OP Lands, together with the items set forth in **Section 2.2(b), (d), (e) and (f)** hereof with respect to each such Wells OP Land, or (y) Wells OP Ground Lease Land and the interest of Wells OP under the Wells OP Ground Leases together with all the rights of Wells OP under and pursuant to the Ingram Micro Bond Lease and the ISS Bond Lease to purchase the fee simple title to the Land and Improvements subject to each of said Wells OP Ground Leases, together with the items set forth in **Section 2.2(e) and (f)** hereof with respect to the Wells OP Ground Lease Land.

“Wells OP Properties” shall have the meaning ascribed thereto in **Section 2.2** hereof.

“Wells Virginia REIT” shall mean Wells REIT, LLC, VA I, a Georgia limited liability company.

“Wells Virginia REIT Improvements” shall mean all buildings, structures and improvements now or on the Closing Date situated on the Wells Virginia REIT Land, including, without limitation, all parking areas and facilities, improvements and fixtures located on such Wells Virginia REIT Land.

“Wells Virginia REIT Intangible Property” shall mean all intangible property, if any, owned by Wells Virginia REIT and related to the Wells Virginia REIT Land identified on **EXHIBIT “A-2”** as the Alstom Power Property and to the Wells Virginia REIT Improvements located on the Wells Virginia REIT Land, including, without limitation, the rights and interests, if any, in and to the following (to the extent assignable): (i) all assignable plans and specifications and other architectural and engineering plans for such Wells Virginia REIT Land and the Wells Virginia REIT Improvements located thereon; (ii) all assignable warranties or guaranties given or made in respect of the Wells Virginia REIT Improvements or Wells Virginia REIT Personal Property; (iii) all transferable consents, authorizations, variances or waivers, licenses, permits and approvals from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality solely in respect of the Wells Virginia REIT Land or Wells Virginia REIT Improvements located thereon; and (iv) all of the right, title and interest of Wells Virginia REIT in and to all assignable Service Contracts with respect to the Wells Virginia REIT Property that Purchaser agrees to assume (or is deemed to have agreed to assume).

“Wells Virginia REIT Land” shall mean that certain tract or parcel of real property more particularly described on **EXHIBIT “A-2”** attached hereto and made a part hereof as the Alstom Power Property.

“Wells Virginia REIT Personal Property” shall mean all furniture (including common area furnishings and interior landscaping items), carpeting, draperies, appliances, personal property (excluding the computer software which is either licensed to Wells Virginia REIT or which such Wells Affiliate deems proprietary [a listing of such excluded computer software being set forth on **EXHIBIT “W”** attached hereto and made a part hereof]), machinery, apparatus

and equipment owned by such Wells Affiliate and currently used exclusively in the operation, repair and maintenance of the Wells Virginia REIT Land and Wells Virginia REIT Improvements and owned by such Wells Affiliate and situated thereon, including, without limitation, those specific items of personal property (if any) more particularly described on **EXHIBIT "B"** attached hereto and made a part hereof, and all non-confidential books, records and files (excluding any appraisals, budgets, strategic plans for such Wells Virginia REIT Property, internal analyses, information regarding the marketing of the Wells Virginia REIT Property for sale, submissions relating to obtaining of corporate authorization for Wells Virginia REIT, attorney and accountant work product, attorney-client privileged documents, or other similar information in the possession or control of Wells Virginia REIT or any third party property manager which such Wells Affiliate reasonably deems proprietary) relating to the Wells Virginia REIT Land and Wells Virginia REIT Improvements; provided, however, the property described on **EXHIBIT "B-2"** attached hereto and made a part hereof is expressly excluded from the definition of Wells Virginia REIT Personal Property. The Wells Virginia REIT Personal Property does *not* include any property owned by tenants, contractors or licensees, and shall be conveyed by Wells Virginia REIT to Purchaser subject to depletions, replacements and additions in the ordinary course of Wells Virginia REIT's business.

"Wells Virginia REIT Property" shall mean and refer to the Wells Virginia REIT Land, together with the items set forth in **Sections 2.1(b), (c), (d) and (e)** with respect to the Wells Virginia REIT Land.

"Wells Westlake" shall mean Westlake Wells, L.P., a Texas limited partnership.

"Wells Westlake Improvements" shall mean all buildings, structures and improvements now or on the Closing Date situated on the Wells Westlake Land, including, without limitation, all parking areas and facilities, improvements and fixtures located on such Wells Westlake Land.

"Wells Westlake Intangible Property" shall mean all intangible property, if any, owned by Wells Westlake and related to the Wells Westlake Land identified on **EXHIBIT "A-2"** as the Daimler Chrysler Property and to the Wells Westlake Improvements located on the Wells Westlake Land, including, without limitation, the rights and interests, if any, in and to the following (to the extent assignable): (i) all assignable plans and specifications and other architectural and engineering plans for such Wells Westlake Land and the Wells Westlake Improvements located thereon; (ii) all assignable warranties or guaranties given or made in respect of the Wells Westlake Improvements or Wells Westlake Personal Property; (iii) all transferable consents, authorizations, variances or waivers, licenses, permits and approvals from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality solely in respect of the Wells Westlake Land or Wells Westlake Improvements located thereon; and (iv) all of the right, title and interest of Wells Westlake in and to all assignable Service Contracts with respect to the Wells Westlake Property that Purchaser agrees to assume (or is deemed to have agreed to assume).

"Wells Westlake Land" shall mean those certain tracts or parcels of real property more particularly described on **EXHIBIT "A-2"** attached hereto and made a part hereof as the Daimler Chrysler Property.

“Wells Westlake Personal Property” shall mean all furniture (including common area furnishings and interior landscaping items), carpeting, draperies, appliances, personal property (excluding the computer software which is either licensed to Wells Westlake or which such Wells Affiliate deems proprietary [a listing of such excluded computer software being set forth on **EXHIBIT “W”** attached hereto and made a part hereof]), machinery, apparatus and equipment owned by such Wells Affiliate and currently used exclusively in the operation, repair and maintenance of the Wells Westlake Land and Wells Westlake Improvements and owned by such Wells Affiliate and situated thereon, including, without limitation, those specific items of personal property (if any) more particularly described on **EXHIBIT “B”** attached hereto and made a part hereof, and all non-confidential books, records and files (excluding any appraisals, budgets, strategic plans for such Wells Westlake Property, internal analyses, information regarding the marketing of the Wells Westlake Property for sale, submissions relating to obtaining of corporate authorization for Wells Westlake, attorney and accountant work product, attorney-client privileged documents, or other similar information in the possession or control of Wells Westlake or any third party property manager which such Wells Affiliate reasonably deems proprietary) relating to the Wells Westlake Land and Wells Westlake Improvements; provided, however, the property described on **EXHIBIT “B-2”** attached hereto and made a part hereof is expressly excluded from the definition of Wells Westlake Personal Property. The Wells Westlake Personal Property does *not* include any property owned by tenants, contractors or licensees, and shall be conveyed by Wells Westlake to Purchaser subject to depletions, replacements and additions in the ordinary course of Wells Westlake’s business.

“Wells Westlake Property” shall mean and refer to the Wells Westlake Land, together with the items set forth in **Sections 2.1(b), (c), (d) and (e)** with respect to the Wells Westlake Land.

ARTICLE 2. PURCHASE AND SALE

2.1. Agreement to Sell and Purchase the Wells Affiliate Properties. Subject to and in accordance with the terms and provisions of this Agreement, each Wells Affiliate agrees to sell and Purchaser agrees to purchase, the following properties respectively owned by such Wells Affiliate (collectively, the **“Wells Affiliate Properties”**):

- (a) the Wells Affiliate Lands;
- (b) the Wells Affiliate Improvements;
- (c) all right, title and interest of the applicable Wells Affiliate as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to the Wells Affiliate Lands and Wells Affiliate Improvements owned by such Wells Affiliate;
- (d) the Wells Affiliate Personal Property; and
- (e) the Wells Affiliate Intangible Property.

2.2. Agreement to Sell and Purchase the Wells OP Properties. Subject to and in accordance with the terms and provisions of this Agreement, Wells OP agrees to sell and Purchase agrees to purchase, the following properties (the “Wells OP Properties”):

- (a) the Wells OP Lands;
- (b) the Wells OP Improvements;
- (c) the Wells OP Leasehold Estates, together with the rights of Wells OP under and pursuant to the Ingram Micro Bond Lease and the ISS Bond Lease to purchase the Wells OP Land and Wells OP Improvements located respectively on such Land;
- (d) all right, title and interest of Wells OP as “landlord” or “lessor” in and to the Leases, any guaranties of the Leases and the Security Deposits, with respect to the Wells OP Land and Wells OP Improvements;
- (e) the Wells OP Personal Property; and
- (f) the Wells OP Intangible Property.

2.3. Permitted Exceptions. Each of the Properties shall be conveyed subject to the matters which are, or are deemed to be, Permitted Exceptions with respect to such Property subject to Purchaser’s objection rights and Sellers’ cure obligations under **Section 3.4** hereof.

2.4. Earnest Money.

(a) Within one (1) Business Day following the execution and delivery of this Agreement by Seller and Purchaser, Purchaser shall deliver the Earnest Money to Escrow Agent by federal wire transfer, payable to Escrow Agent, which Earnest Money shall be held and released by Escrow Agent in accordance with the terms of the Escrow Agreement. The parties hereto mutually acknowledge and agree that time is of the essence in respect of Purchaser’s timely deposit of the Earnest Money with Escrow Agent; and that if Purchaser fails to timely deposit the Earnest Money with Escrow Agent, this Agreement shall terminate, and neither party hereto shall have any further rights or obligations hereunder, except those provisions of this Agreement which by their express terms survive the termination of this Agreement.

(b) The Earnest Money shall be applied to the Purchase Price at the Closing and shall otherwise be held, refunded, or disbursed in accordance with the terms of the Escrow Agreement and this Agreement. The Earnest Money shall be applied to the Properties as set forth on **EXHIBIT “N”** attached hereto and made a part hereof. Interest and other income from time to time earned on the Earnest Money shall be earned for the account of Purchaser, and shall be a part of the Earnest Money; and the Earnest Money hereunder shall be comprised of the Earnest Money and all such interest and other income.

2.5. Purchase Price. Subject to adjustment and credits as otherwise specified in this **Section 2.5** and elsewhere in this Agreement, the aggregate purchase price (the “**Purchase Price**”) to be paid by Purchaser to Sellers for the Properties shall be **Seven Hundred Eighty-Six Million and No/100 Dollars (\$786,000,000.00 U.S.)**. The Purchase Price shall be allocated to Wells OP and to each Wells Affiliate with respect to each of the Properties as set forth on **EXHIBIT “P”** attached hereto and made a part hereof. The Purchase Price shall be paid by Purchaser to Sellers at the Closing as follows:

(a) The Earnest Money shall be paid by Escrow Agent to Sellers at Closing; and

(b) At Closing, the balance of the Purchase Price allocated to each Seller and such Seller’s Property, after applying, as partial payment of the Purchase Price allocated to such Seller, an amount equal to the Earnest Money and subject to prorations and other adjustments specified in this Agreement, shall be paid by Purchaser in immediately available funds to the Title Company, for further delivery to an account or accounts designated by each Seller. If the amount due from Purchaser pursuant to this Agreement is not received by the Title Company on or before the later of 3:00 p.m. Eastern Standard Time or in sufficient time for reinvestment on the Closing Date or in sufficient time for the Lenders to receive the amount required for payoff of the Loans on the Closing Date, then Purchaser shall reimburse Sellers for loss of interest due to the inability to reinvest Sellers’ funds on the Closing Date or the inability of the applicable Seller to pay off any Loan payable to its Lender on the Closing Date, calculated at the rate of eight percent (8%) per annum (calculated on a per diem basis, using a 365-day year). The provisions of the preceding sentence of this **Section 2.5(b)** shall survive the Closing.

2.6. Independent Contract Consideration. In addition to, and not in lieu of, the delivery to Escrow Agent of the Earnest Money, concurrently with Purchaser’s execution and delivery of this Agreement to Sellers, Purchaser shall deliver to Wells OP, as a Seller or as a general partner or member of each Seller, Purchaser’s check, payable to the order to Wells OP, as Seller and as agent of each other Seller, in the amount of One Hundred and No/100 Dollars (\$100.00). Sellers and Purchaser hereby mutually acknowledge and agree that said sum represents adequate bargained for consideration for Sellers’ execution and delivery of this Agreement and Purchaser’s right to inspect the Properties pursuant to **Article III**. Said sum is in addition to and independent of any other consideration or payment provided for in this Agreement and is nonrefundable in all events.

2.7. Closing.

(a) Except as specifically provided to the contrary in subsections (b), (c) and (d) of this **Section 2.7**, the consummation of the sale by Sellers and purchase by Purchaser of the Properties (the “**Closing**”) shall be held on **March 25, 2005** (the “**First Closing Date**”) at the offices of Sellers’ Counsel, Troutman Sanders, LLP, Suite 5200, Bank of America Plaza, 600 Peachtree Street, N.E., Atlanta, Georgia 30308-2216, at 10:00 A.M. It is contemplated that the transaction shall be closed with the concurrent delivery of the documents of title and the payment of the Purchase Price. Notwithstanding the foregoing, there shall be no requirement that Sellers

and Purchaser physically meet for the Closing, and all documents to be delivered at the Closing shall be delivered to the Title Company or in escrow to Sellers' Counsel unless the parties hereto mutually agree otherwise. Sellers and Purchaser agree to use reasonable efforts to complete all requirements for the Closing prior to the First Closing Date.

(b) Specifically notwithstanding the foregoing, and except as specifically provided to the contrary in subsections (c) and (d) of this **Section 2.7**, and subject to the terms of this Agreement, if on the First Closing Date, the rights of the Outstanding ROFO/ROFR Party (the "**ROFO/ROFR Rights**") to purchase the Bank of America Property pursuant to the terms of the Bank of America Lease and Sellers' Offer Notice in connection therewith, shall not have been waived (or deemed to have been waived) by the Outstanding ROFO/ROFR Party pursuant to the terms of such Lease, then, as to said Property (the "**Deferred Closing Property**"), the Closing as to such Deferred Closing Property shall take place at the offices of Sellers' Counsel as set forth above (or such other location in Atlanta, Georgia as Seller and Purchaser may mutually agree), at 10:00 A.M. on the date that is no later than fifteen (15) days following the date on which the Outstanding ROFO/ROFR Party shall have waived (or shall be deemed to have waived) its right to purchase the Bank of America Property pursuant to the terms of such Lease or such earlier date as the Seller and Purchaser may agree in writing; provided, however, Purchaser shall have no obligations with respect to such Deferred Closing Property unless the Title Company is prepared to issue its title policy insuring Purchaser's title to such Deferred Closing Property either (a) including coverage affirming that the ROFO/ROFR Rights with respect to the sale of such Deferred Closing Property to Purchaser have been waived, or (b) providing that the ROFO/ROFR Rights with respect to the sale of such Property to Purchaser are not an encumbrance to title thereto (an "**ROFO/ROFR Endorsement**"). Subject to the foregoing, the Closing as to such Deferred Closing Property shall take place at such specific place, time and date (a "**Deferred Closing Date**") as shall be designated by Purchaser in a written notice to Sellers not less than three (3) Business Days prior to such Closing. If Purchaser fails to give notice of the Deferred Closing Date, then, subject to delivery of the applicable ROFO/ROFR Endorsement, the Closing of the Deferred Closing Property shall be held on the thirtieth (30th) day following the date on which the Outstanding ROFO/ROFR Party shall have waived (or been deemed to have waived) its right to purchase the Deferred Closing Property, as such waiver has been confirmed by written notice from Sellers to Purchaser, with such Closing to be held at the offices of Sellers' Counsel, at the address set forth in **Section 2.7(a)** above. Notwithstanding the foregoing, there shall be no requirement that Sellers and Purchaser physically meet for the Closing, and all documents to be delivered at the Closing shall be delivered to the Title Company or in escrow to Sellers' Counsel unless the parties hereto mutually agree otherwise. Sellers and Purchaser agree to use reasonable efforts to complete all requirements for the Closing prior to the Deferred Closing Date.

(c) Notwithstanding anything to the contrary contained in this **Section 2.7**, Sellers and Purchaser each shall have the right to adjourn the First Closing Date to a date not earlier than **April 4, 2005**, nor later than **April 29, 2005**, by written notice to other party and Escrow Agent given on or before **March 22, 2005**, and specifying in said notice the date for the adjourned Closing (a "**Deferred Closing Date**"). In the event Sellers or Purchaser shall so elect to adjourn the Closing, then the Closing shall take place at the offices of Sellers' Counsel as set forth above (or such other location in Atlanta, Georgia as Sellers and Purchaser may mutually

agree), at 10:00 A.M. on the date so specified in Sellers' notice or Purchaser's notice; and if Sellers or Purchaser fail to specify the date in said notice, then such Deferred Closing Date shall be deemed to be **April 29, 2005**.

(d) If at any time after the Effective Date of this Agreement but prior to the Closing Date, (i) trading in securities generally on the New York Stock Exchange shall have been suspended, or (ii) national banks shall have been closed, then either party shall have the right to extend the Closing Date until such time as trading in securities generally on the New York Stock Exchange has recommenced or national banks have re-opened, by giving written notice to the other and to Escrow Agent; but in no event shall the Closing occur later than **June 30, 2005**.

ARTICLE 3.
PURCHASER'S INSPECTION AND REVIEW RIGHTS

3.1. Due Diligence Inspections.

(a) From and after the "Effective Date" (as defined in and pursuant to the Right of Entry Agreement) until the Closing Date or earlier termination of the inspection rights of Purchaser under the Right of Entry Agreement or under this Agreement, Sellers shall permit Purchaser and its authorized representatives to inspect the Properties, to perform due diligence and environmental investigations, to examine the records of Sellers with respect to the Properties, and make copies thereof, at such times during normal business hours as Purchaser or its representatives may request. All such inspections shall be nondestructive in nature, and specifically shall not include any physically intrusive testing. All such inspections shall be performed in such a manner to minimize any interference with the business of the tenants under the Leases and the Wells OP Ground Leases at the Properties and, in each case, in compliance with the rights and obligations of the applicable Seller as landlord under the applicable Leases and as lessee under the Ground Leases. Purchaser agrees that Purchaser shall make no contact with and shall not interview tenants without the express prior consent of Sellers. All inspection fees, appraisal fees, engineering fees and all other costs and expenses of any kind incurred by Purchaser relating to the inspection of the Properties shall be solely Purchaser's expense. Sellers reserve the right to have a representative present at the time of making any such inspection. Purchaser shall notify Sellers not less than two (2) Business Days in advance of making any such inspection.

(b) If any Closing is not consummated hereunder, Purchaser shall promptly deliver to Sellers (if contractually permitted to do so) copies of all reports, surveys and other information furnished to Purchaser by third parties in connection with such inspections with respect to any Property as to which the Closing fails to occur, provided that Purchaser is not contractually prohibited from doing so; provided further, however, that delivery of such copies and information shall be without warranty or representation whatsoever, express or implied, including, without limitation, any warranty or representation as to ownership, accuracy, adequacy or completeness thereof or otherwise. Purchaser shall use commercially reasonable efforts to avoid any contractual obligations prohibiting the delivery to Sellers of copies of such reports, surveys and information. This **Section 3.1(b)** shall survive the termination of this Agreement.

(c) To the extent that Purchaser or any of its representatives, agents or contractors damages or disturbs the Properties or any portion thereof, Purchaser shall return the same to substantially the same condition which existed immediately prior to such damage or disturbance. Purchaser hereby agrees to and shall indemnify, defend and hold harmless Sellers from and against any and all expense, loss or damage which Sellers may incur (including, without limitation, reasonable attorney's fees actually incurred) as a result of any act or omission of Purchaser or its representatives, agents or contractors, other than any expense, loss or damage to the extent arising from any act or omission of Sellers during any such inspection. Said indemnification shall not extend to pre-existing conditions merely discovered by Purchaser. Said indemnification agreement shall survive the final Closing under this Agreement, or earlier termination of this Agreement, until the expiration of any applicable statute of limitations. Purchaser shall maintain and shall ensure that Purchaser's consultants and contractors maintain commercial general liability insurance in an amount not less than \$2,000,000, combined single limit, and in form and substance adequate to insure against all liability of Purchaser and its consultants and contractors, respectively, and each of their respective agents, employees and contractors, arising out of inspections and testing of the Properties or any part thereof made on Purchaser's behalf. Purchaser agrees to provide to Sellers, upon Sellers' request, a certificate of insurance with regard to each applicable liability insurance policy prior to any entry upon the Properties by Purchaser or its consultants or contractors, as the case may be, pursuant to this **Section 3.1**.

(d) Sellers hereby agree that prior to the termination of this Agreement, neither Sellers nor any of Sellers' respective affiliates, subsidiaries, agents, representatives or successors shall enter into any contract to sell or transfer (directly or indirectly) any one or more of the Properties or any interest therein or negotiate with any third party respecting the sale of the Properties or any interest therein, except that this **Section 3.1(d)** shall not affect or limit any action the Sellers may take in order to comply with any rights of first offer or rights of first refusal under existing Leases affecting the Properties.

3.2. Deliveries by Sellers to Purchaser; Purchaser's Access to Property Records of Sellers.

(a) Sellers and Purchaser acknowledge that all of the following (the "**Due Diligence Deliveries**") either have been or shall be delivered or made available to Purchaser (and Purchaser further acknowledges that no additional items are required to be delivered by Sellers or any of them to Purchaser except as may be expressly set forth in other provisions of this Agreement):

- (i) Copies of current property tax bills with respect to each Property.
- (ii) Copies of operating statements for the past twenty-four (24) months with respect to each Property.

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- (iii) Copies of all Leases and guarantees relating thereto existing as of the Effective Date with respect to each Property.
 - (iv) An aged tenant receivable report, if any, regarding income from the tenants with respect to each Property.
 - (v) Copies of all Commission Agreements in the possession of Sellers with respect to each Property.
 - (vi) Copies of all Service Contracts currently in place with respect to each Property.
 - (vii) Copies of the current commitments for title insurance issued by the Title Company with respect to each of the Properties.
 - (viii) Copies of the Existing Surveys with respect to the Land and the Wells OP Ground Lease Land.
 - (ix) Copies of the Wells OP Ground Leases, and each of the title documents listed on **EXHIBIT "I"** attached hereto.
 - (x) Copies of the Existing Environmental Reports with respect to each Property.
 - (xi) Copies of Sellers' offering notices to each of the tenants and the Declarant as described in clauses (i), (iii), (iv), (v), (viii), (ix), (x), (xi) and (xii) of **Section 4.1(f)** hereof.
 - (xii) Copies of all certificates of occupancy with respect to each Property which are in Sellers' possession.

(b) From the "Effective Date" (as defined in and pursuant to the Right of Entry Agreement) until the last Closing Date under this Agreement, or earlier termination of this Agreement, Sellers shall allow Purchaser and Purchaser's representatives, on reasonable advance notice and during normal business hours, to have access to Sellers' existing non-confidential books, records and files relating to the Properties, at Sellers' respective on-site management offices at the Properties, at the office of the Broker, or at the office of Sellers at 6200 The Corners Parkway, Norcross, Georgia 30092, for the purpose of inspecting and (at Purchaser's expense) copying the same, including, without limitation, the materials listed below (to the extent any or all of the same are in the possession of Sellers), subject, however, to the limitations of any confidentiality or nondisclosure agreement to which Sellers or any of them may be bound, and provided that none of the Sellers shall be required to deliver or make available to Purchaser any appraisals, third party reports (other than the Existing Environmental Reports) obtained by any Seller prior to the acquisition of the Property or Properties by such Seller, strategic plans for the Properties or any of them, internal analyses, information regarding the marketing for sale of the Properties or any of them, submissions relating to such Seller's obtaining of corporate

authorization, attorney and accountant work product, attorney-client privileged documents, or other information in the possession or control of Sellers or any of them which Sellers or any of them deem proprietary. Purchaser acknowledges and agrees, however, that Sellers make no representation or warranty of any nature whatsoever, express or implied, with respect to the ownership, enforceability, accuracy, adequacy or completeness or otherwise of any of such records, evaluations, data, investigations, reports or other materials. If the Closing contemplated hereunder fails to take place for any reason, Purchaser shall promptly return (or certify as having destroyed) all copies of materials copied from the books, records and files of Sellers or any of them relating to the Properties. It is understood and agreed that none of the Sellers shall have any obligation to obtain, commission or prepare any such books, records, files, reports or studies not now in the possession or control of such Sellers. Subject to the foregoing, Sellers agree to make available to Purchaser for inspection and copying, without limitation, the following books, records and files relating to the Properties, all to the extent the same are in the possession of Sellers:

- (i) Tenant Information. Copies of any financial statements or other financial information of any tenants under the Leases (and the Lease guarantors), written information relative to the tenants' payment histories, tenant correspondence, and copies of all certificates of insurance provided by such tenants pursuant to the terms of their respective Leases at the Properties, to the extent the applicable Wells Affiliate or Wells OP has the same in its possession;
- (ii) Plans. All available construction plans and specifications in the possession of the applicable Wells Affiliate or Wells OP relating to the development, condition, repair and maintenance of the Properties, the Improvements and the Personal Property;
- (iii) Permits; Licenses. Copies of any permits, licenses, or other similar documents in the possession of the applicable Wells Affiliate or Wells OP relating to the use, occupancy or operation of the Properties; and
- (iv) Operating Costs and Expenses. All available records of any operating costs and expenses for the Properties in the possession of the applicable Wells Affiliate or Wells OP.

(c) Subject to **Section 12.4** hereof, for a period of time commencing on the Effective Date of this Agreement and continuing through the date that is seventy-five (75) days after the date of Closing, if Purchaser determines in good faith that it is required to file financial statements, proformas and any other required financial information in compliance with (i) any or all of Rule 3-05 or 3-14 of Regulation S-X of the SEC, or (ii) any registration statement, 424(b) prospectus, report or disclosure statement filed with the SEC by or on behalf of Purchaser, Sellers, upon reasonable advance written notice from Purchaser, and at Purchaser's sole cost and expense, shall use good faith efforts to provide Purchaser and its representatives with reasonable

access to financial information and documentation relating to the Properties pertaining to the period from January 1, 2004 through the date of Closing, provided the same shall then be in the possession of any Seller or an Affiliate of any Seller in the form and content reasonably requested and such information is relevant and reasonably necessary to enable Purchaser and Purchaser's outside accountants to file such financial statements, pro formas and other financial information with the SEC as required by applicable laws, rules and regulations. Purchaser shall reimburse Sellers for all reasonable out-of-pocket costs and expenses paid to third parties by Sellers in connection therewith. At or within seventy-five (75) days after Closing, Seller shall use good faith efforts to provide to the Purchaser's independent accounting firm a signed representation letter from such Seller or such Seller's Property Manager which would be reasonably sufficient in the judgment of such Seller's independent public accountants to enable Purchaser's independent public accountant to render an opinion on the financial statements of the Properties pertaining to the period from January 1, 2004 through the date of Closing.

3.3. Condition of the Properties.

(a) The parties hereto acknowledge that Purchaser has employed independent zoning consultants, and engineering and/or environmental professionals to review zoning and to perform engineering, environmental and physical assessments on Purchaser's behalf in respect of the Properties and the condition thereof. Purchaser and Sellers mutually acknowledge and agree that the Properties are being sold in an "AS IS" condition and "WITH ALL FAULTS," known or unknown, contingent or existing. Purchaser has the sole responsibility to fully inspect the Properties, to investigate all matters relevant thereto, including, without limitation, the condition of the Properties, and to reach its own, independent evaluation of any risks (environmental or otherwise) or rewards associated with the ownership, leasing, management and operation of the Properties; and Purchaser hereby acknowledges and agrees that it has been afforded sufficient time and access to the Properties, the tenants of such Properties and books and records relating to the Properties to fully inspect the Properties, to investigate all matters relevant thereto, including, without limitation, the condition of the Properties, and to reach its own, independent evaluation of all risks (environmental or otherwise) or rewards associated with the ownership, leasing, management and operation of the Properties. Effective as of the Closing and except as expressly set forth in this Agreement, Purchaser hereby waives and releases Sellers and each of them, and their respective officers, directors, shareholders, members, partners, agents, affiliates, employees and successors and assigns from and against any and all claims, obligations and liabilities arising out of or in connection with the Properties.

(b) To the fullest extent permitted by law, Purchaser does hereby unconditionally waive and release Sellers, and each of them, and their respective officers, directors, shareholders, members, partners, agents, affiliates and employees from any present or future claims and liabilities of any nature arising from or relating to the presence or alleged presence of Hazardous Substances in, on, at, from, under or about the Properties or any adjacent property, including, without limitation, any claims under or on account of any Environmental Law, regardless of whether such Hazardous Substances are located in, on, at, from, under or about the Properties or any adjacent property prior to or after the date hereof (collectively, "**Environmental Liabilities**"); provided, however, that the foregoing release as it applies to any Seller, its officers, directors, shareholders, members, partners, agents, affiliates and employees, shall not release such

Seller, or its general partners or members from any Environmental Liabilities of (i) such Seller relating to any Hazardous Substances which may be placed, located or released on any of the Properties by any Seller after the date of Closing, or (ii) the general partners or members of such Seller relating to any Hazardous Substances which may be placed, located or released by any Seller after the date of Closing. The terms and provisions of this **Section 3.3** shall survive the Closing.

3.4. Title and Survey. Seller has provided Purchaser with a preliminary title commitment with respect to each of the Properties (individually, a “**Seller Title Commitment**”, and collectively, the “**Sellers’ Title Commitments**”). Purchaser has had and shall have the right, but not the obligation, to order from the Title Company, a preliminary title commitment with respect to each of the Properties or updates or revisions to any of Sellers’ Title Commitments (individually, a “**Purchaser’s Title Commitment**”, and collectively, the “**Purchaser’s Title Commitments**”). Purchaser shall also have the right to have Lawyers Title Insurance Corporation and/or Land America Title Insurance Company participate with the Title Company in the title insurance to be obtained by Purchaser (and its lenders); provided, however, that no such participation shall result in any obligation of Sellers to pay for any increase in the cost of “standard” or “base” title insurance coverage for any policy or policies of owner’s title insurance coverage issued to Purchaser with respect to the Properties at Closing as a result of such title insurance participation by Lawyers Title Insurance Corporation and/or Land America Title Insurance Company (or any of its or their affiliated title companies). Purchaser shall direct the Title Company to send a copy of each of the Purchaser’s Title Commitments to Sellers. “**Title Commitment**” shall mean a Seller’s Title Commitment or a Purchaser’s Title Commitment. The Seller’s Title Commitments and Purchaser’s Title Commitments are collectively referred to as the “**Title Commitments**”. Sellers and Purchaser mutually acknowledge and agree that prior to the Effective Date, Sellers and Purchaser have made arrangements for the preparation of one or more updates of each Existing Survey (and in the case of the Alstom Power Property, the Americredit Property, the Kerr McGee Property, the Nissan Property and the Traveler’s Express Property, Sellers and Purchaser have made arrangements for as-built Surveys to be prepared where no such as-built survey currently exists) (individually, a “**Survey**”, and collectively, the “**Surveys**”). Copies of all such Surveys and any updates or revisions to any of the same shall be made available concurrently to Sellers and Purchasers. From time to time at any time after the Effective Date of this Agreement and prior to the Closing Date, Purchaser may give written notice to Seller’s Counsel (a “**Subsequent Title Notice**”) of exceptions to title first appearing of record with respect to such Property after the effective date of the most recent previous Title Commitment or updated Title Commitment with respect to such Property or matters of survey, which matters of record or matters of survey would not have been disclosed by an accurate updated examination of title or preparation of an updated ALTA survey prior to date of the most recently revised Title Commitment or the most recently revised Survey with respect to such Property. Sellers shall have the right, but not the obligation (except as to Monetary Objections), to attempt to remove, satisfy or otherwise cure any exceptions to title to which the Purchaser so objects. Within five (5) Business Days after receipt of any Subsequent Title Notice, Sellers shall give written notice to Purchaser’s Counsel informing the Purchaser of the election of Sellers with respect to the objections in such Subsequent Title Notice. If Sellers fail to give written notice of election within such five (5) Business Day period, Sellers shall be deemed to have elected not to attempt to cure the objections (other than Monetary Objections)

set forth in such Subsequent Title Notice; it being specifically understood and agreed that except as specifically set forth in this Agreement to the contrary, Sellers have elected not to attempt to cure any objections (other than Monetary Objections) set forth in any of the notices of title and survey objections and comments provided by Purchaser's Counsel to Sellers' Counsel prior to the Effective Date of this Agreement. If Sellers elect to attempt to cure any objections, Sellers shall be entitled to one or more reasonable adjournments of the Closing of up to but not beyond the thirtieth (30th) day following the initial date set for the Closing to attempt such cure, but, except for Monetary Objections, Sellers shall not be obligated to expend any sums, commence any suits or take any other action to effect such cure. Except as to Monetary Objections, if Sellers elect, or are deemed to have elected, not to cure any exceptions to title to which Purchaser has objected or if, after electing to attempt to cure, Sellers determine that they are unwilling or unable to remove, satisfy or otherwise cure any such exceptions, Purchaser's sole remedy hereunder in such event shall be either (i) to accept title to the applicable Property subject to such exceptions as if Purchaser had not objected thereto and without reduction of the Purchase Price, (ii) if such exceptions are matters first appearing of record or first disclosed by any Survey or updated Title Commitment after the date of this Agreement, to terminate this Agreement as to such Property or Properties, or (iii) to terminate this Agreement within three (3) Business Days after receipt of written notice from Sellers either of the election of Sellers not to attempt to cure any objection or of the determination of Sellers, having previously elected to attempt to cure, that Sellers are unable or unwilling to do so, or three (3) Business Days after Sellers are deemed hereunder to have elected not to attempt to cure such objections (and upon any such termination under clause (iii) above, Escrow Agent shall return the Earnest Money to Purchaser). Notwithstanding anything to the contrary contained elsewhere in this Agreement, Sellers shall be obligated to cure or satisfy all Monetary Objections at or prior to Closing, and may use the proceeds of the Purchase Price at Closing for such purpose.

3.5. Service Contracts. At Closing, Purchaser shall assume the obligations of Sellers arising from and after Closing under all of the Service Contracts relating to each Property that is the subject of such Closing; provided, however, Seller shall be required to terminate any Service Contracts which are with any Seller-Related Entities. Subject to the foregoing, and taking into account any credits or proration to be made pursuant to **Article 5** hereof for payments coming due after Closing but accruing prior to Closing, Purchaser will assume the obligations arising from and after the Closing Date under the Service Contracts.

3.6. Confidentiality. All information acquired by Purchaser or any of its designated representatives (including by way of example, but not in limitation, the officers, directors, shareholders and employees of Purchaser, and Purchaser's engineers, consultants, counsel and potential lenders, and the officers, directors, shareholders and employees of each of them) with respect to the Properties, whether delivered by Sellers or any representatives of Sellers or obtained by Purchaser as a result of its inspection and investigation of the Properties, examination of the books, records and files of Sellers in respect of the Properties, or otherwise (collectively, the "**Due Diligence Material**") shall be used solely for the purpose of determining whether the Properties are suitable for Purchaser's acquisition and ownership thereof and for no other purpose whatsoever. Prior to Closing, the terms and conditions which are contained in this Agreement and all Due Diligence Material which is not published as public knowledge or which is not generally available in the public domain shall be kept in strict confidence by Purchaser and

shall not be disclosed to any individual or entity other than to those authorized representatives of Purchaser and Purchaser's prospective and actual counsel, accountants, professionals, consultants, attorneys and lenders, who need to know the information for the purpose of assisting Purchaser in evaluating the Properties for Purchaser's potential acquisition thereof; provided, however, that Purchaser shall have the right to disclose any such information if required by applicable law or as may be necessary in connection with any court action or proceeding with respect to this Agreement. Purchaser shall and hereby agrees to indemnify and hold Sellers and each of them harmless from and against any and all loss, liability, cost, damage or expense that Sellers or any of them may suffer or incur (including, without limitation, reasonable attorneys' fees actually incurred) as a result of the unpermitted disclosure of any of the Due Diligence Material to any individual or entity other than an appropriate representative of Purchaser and Purchaser's prospective and actual counsel, accountants, professionals, consultants, attorneys and lenders, and/or the use of any Due Diligence Material for any purpose other than as herein contemplated and permitted. The foregoing indemnity shall not extend to disclosure of any Due Diligence Material (i) as may be required by applicable law, or (ii) that is or becomes public knowledge other than by virtue of a breach of Purchaser's covenant under this **Section 3.6**. If Purchaser or Sellers elect to terminate this Agreement pursuant to any provision hereof permitting such termination, or if the Closing contemplated hereunder fails to occur for any reason, Purchaser will promptly return to Sellers all Due Diligence Material in the possession of Purchaser and any of its representatives, and destroy all copies, notes or abstracts or extracts thereof, as well as all copies of any analyses, compilations, studies or other documents prepared by Purchaser or for its use (whether in written or electronic form) containing or reflecting any Due Diligence Material. In the event of a breach or threatened breach by Purchaser or any of its representatives of this **Section 3.6**, Sellers and each of them shall be entitled, in addition to other available remedies, to an injunction restraining Purchaser or its representatives from disclosing, in whole or in part, any of the Due Diligence Material and any of the terms and conditions of this Agreement. Nothing contained herein shall be construed as prohibiting or limiting Sellers from pursuing any other available remedy, in law or in equity, for such breach or threatened breach. The provisions of this Section shall survive any termination of this Agreement.

ARTICLE 4.
REPRESENTATIONS, WARRANTIES AND OTHER AGREEMENTS

4.1. Representations and Warranties of Sellers. Each Seller, individually, solely as to such Seller and not as to any other Seller, hereby makes the following representations and warranties to Purchaser:

(a) Organization, Authorization and Consents.

- (i) Seller has the right, power and authority to enter into this Agreement and to sell the Property or Properties of such Seller in accordance with the terms and provisions of this Agreement, to engage in the transactions contemplated in this Agreement and to perform and observe the terms and provisions hereof.

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- (ii) Wells OP. Wells OP is a duly organized and validly existing limited partnership under the laws of the State of Delaware, whose sole general partner is Wells Real Estate Investment Trust, Inc., a Maryland corporation.
 - (iii) Wells Real Estate Investment Trust, Inc. Wells Real Estate Investment Trust, Inc. is a duly organized and validly existing corporation under the laws of the State of Maryland.
 - (iv) Wells Fund XII - REIT JV. Wells Fund XII - REIT JV is a duly organized and validly existing general partnership under the laws of the State of Georgia, whose general partners are Wells Real Estate Fund XII, L.P. and Wells OP. Wells Real Estate Fund XII, L.P. is a duly organized and validly existing limited partnership under the laws of the State of Georgia, whose general partners are Leo F. Wells, III and Wells Partners, L.P., a Georgia limited partnership.
 - (v) Wells Partners, L.P. Wells Partners, L.P. is a duly formed and validly existing limited partnership under the laws of the State of Georgia, whose general partner is Wells Capital, Inc.
 - (vi) Wells Capital, Inc. Wells Capital, Inc. is a duly organized and validly existing corporation under the laws of the State of Georgia.
 - (vii) Wells Fund XIII - REIT JV. Wells Fund XIII - REIT JV is a duly organized and validly existing general partnership under the laws of the State of Georgia, whose general partners are Wells Real Estate Fund XIII, L.P. and Wells OP. Wells Real Estate Fund XIII, L.P. is a duly organized and validly existing limited partnership under the laws of the State of Georgia, whose general partners are Leo F. Wells, III and Wells Capital, Inc.
 - (viii) Wells Virginia REIT. Wells Virginia REIT is a duly organized and validly existing limited liability company under the laws of the State of Georgia, whose sole member is Wells OP.
 - (ix) Wells Brea. Wells Brea is a duly organized and validly existing limited partnership under the laws of the State of Delaware, whose sole general partner is Wells Brea, LLC. Wells Brea, LLC is a duly organized and validly existing limited liability company under the laws of the State of Delaware, whose sole member is Wells OP.
 - (x) Wells Westlake. Wells Westlake is a duly organized and validly existing limited partnership under the laws of the State of Texas, whose sole general partner is Wells Real Estate Westlake, TX,

LLC. Wells Real Estate Westlake, TX, LLC is a duly organized and validly existing limited liability company under the laws of the State of Delaware, whose sole member is Wells OP.

- (xi) Wells Farmington Hills. Wells Farmington Hills is a duly formed and validly existing limited liability company under the laws of the State of Delaware, whose sole member is Wells OP.
- (xii) Wells Kalamazoo. Wells Kalamazoo is a duly formed and validly existing limited liability company under the laws of the State of Delaware, whose sole member is Wells OP.
- (xiii) Wells EDS. Wells EDS is a duly formed and validly existing limited partnership under the laws of the State of Texas, whose sole general partner is Wells Real Estate - Des Moines, IA, LLC. Wells Real Estate - Des Moines, IA, LLC is a duly formed and validly existing limited liability company under the laws of the State of Delaware, whose sole member is Wells OP.
- (xiv) Wells Fund XI and XII REIT JV. Wells Funds XI and XII REIT JV is a duly formed and validly existing general partnership under the laws of the State of Georgia, whose general partners are Wells Real Estate Fund XI, L.P., a Georgia limited partnership, Wells Real Estate Fund XII, L.P., a Georgia limited partnership and Wells OP. Wells Real Estate Fund XI, L.P. is a duly formed and validly existing limited partnership under the laws of the State of Georgia, whose general partners are Leo F. Wells, III and Wells Partners, L.P. Wells Partners, L.P. is a duly formed and validly existing limited partnership under the laws of the State of Georgia whose general partner is Wells Capital, Inc. Wells Real Estate Funds XII, L.P. is a duly formed and validly existing limited partnership under the laws of the State of Georgia, whose general partners are Leo F. Wells, III and Wells Partners, L.P.

(b) Action of Sellers, Etc. Seller has taken all necessary action to authorize the execution, delivery and performance of this Agreement, and upon the execution and delivery of any document to be delivered by such Seller on or prior to the Closing, this Agreement and such document shall constitute the valid and binding obligation and agreement of such Seller, enforceable against such Seller in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors.

(c) No Violations of Agreements. Subject to obtaining such consents or approvals of the ASML Prime Ground Lessor and the ASML Sub-Ground Lessor to the transfer of the ASML Property to Purchaser as may be required under the ASML Prime Ground Lease and the ASML Sub-Ground Lease, and such consent or approval of the Ingram Micro Ground

Lessor to the transfer of the Ingram Micro Property to Purchaser as may be required under the Ingram Micro Bond Lease, neither the execution, delivery or performance of this Agreement by such Seller, nor compliance with the terms and provisions hereof, will result in any breach of the terms, conditions or provisions of, or conflict with or constitute a default under, or result in the creation of any lien, charge or encumbrance upon the respective Property or Properties of such Seller or any portion thereof pursuant to the terms of any indenture, deed to secure debt, mortgage, deed of trust, note, evidence of indebtedness or any other agreement or instrument by which such Seller is bound, including, without limitation, the Wells OP Ground Leases, the Ingram Micro Loan Documents, the ISS Bond Documents and the ISS Bonds.

(d) Litigation. Except as disclosed on **EXHIBIT "P"** attached hereto and made a part hereof, such Seller has not received written notice of any pending or threatened suit, action or proceeding, which (i) if determined adversely to such Seller, adversely affects the use or value of the Property or Properties of such Seller, (ii) questions the validity of this Agreement or any action taken or to be taken pursuant hereto, (iii) involves condemnation or eminent domain proceedings involving such Properties or any portion thereof, or (iv) relates to the revocation or modification of any license, permit or other approval (including zoning and entitlements approvals) related to the development, ownership, use or operation of such Seller's Property for the current use of such Property.

(e) Existing Leases. Other than the Wells OP Ground Leases and the Leases listed on **EXHIBIT "I"** attached hereto, such Seller has not entered into any contract or agreement with respect to the occupancy of the Property or Properties of such Seller or any portion or portions thereof which will be binding on Purchaser or such Seller's Property after the Closing. The copies of the Wells OP Ground Leases and the Leases affecting the Property or Properties of such Seller heretofore delivered or made available by such Seller to Purchaser are true, correct and complete copies thereof in all material respects, and the Wells OP Ground Leases and the Leases affecting the Property or Properties of such Seller have not been amended except as evidenced by amendments similarly delivered and constitute the entire agreement between such Seller and the tenants or other parties thereto. Except as set forth in **EXHIBIT "P"** attached hereto, such Seller has not given or received any written notice of any party's default or failure to comply with the terms and provisions of the Wells OP Ground Leases and the Leases affecting the Property or Properties of such Seller which remain uncured.

(f) Right of First Offer or Right of First Refusal. No tenant of such Seller or any other person or entity has any right or option (including any right of first refusal or right of first offer) to purchase all or any part of the Property or Properties of such Seller or any interest therein, except as follows:

- (i) the right of first refusal of Bank of America NT & SA, as tenant under its Lease affecting the Bank of America Property, to purchase such Property upon the terms set forth in its Lease, and with respect to which Seller delivered the Bank of America ROFR Notice to such tenant, dated January 11, 2005;

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- (ii) the right of Capital One Services, Inc., as tenant under each of its Leases affecting the Capital One Property, to purchase the respective buildings subject to such Leases, except that in accordance with the terms of such Leases, such right of first refusal does not apply in the event the landlord desires to sell the building subject to any such Lease in conjunction with the sale of any other building or buildings owned by landlord or in which landlord has an interest;
 - (iii) the right of Chrysler Financial Company, LLC, as tenant under its Lease affecting the Daimler Chrysler Property, to purchase such Property pursuant to the terms of its Lease, and with respect to which Seller delivered an offer notice to such tenant, dated November 1, 2004;
 - (iv) the right of Dana Corporation, as tenant under its Lease affecting the Dana (Farmington Hills) Property, to purchase such Property in accordance with the terms of such Lease, and with respect to which Seller delivered an offer notice to such tenant, dated November 1, 2004, and such tenant delivered a letter to Seller in response thereto, dated November 5, 2004;
 - (v) the right of Dana Corporation, as tenant under its Lease affecting the Dana (Kalamazoo) Property, to purchase such Property in accordance with the terms of such Lease, and with respect to which Seller delivered an offer notice to such tenant, dated November 1, 2004, and such tenant delivered a letter to Seller in response thereto, dated November 5, 2004;
 - (vi) the right of The Dial Corporation, as tenant under its Lease affecting the Dial Property, to purchase such Property in accordance with the terms of such Lease; provided, however, that in accordance with the terms of such Lease, such right does not apply to a portfolio sale of properties;
 - (vii) the right of Experian Information Solutions, Inc., as tenant under its Lease affecting the Experian Property, to purchase such Property after the expiration of the "Primary Term" of such Lease (as defined therein) in accordance with the terms and provisions of such Lease, which Primary Term has not yet expired;
 - (viii) the right of Gartner, Inc., as tenant under its Lease affecting the Gartner Surface Parking Property, to purchase the Gartner Property in accordance with the terms of such Lease, and with respect to which Seller delivered an offer notice to such tenant, dated December 8, 2004;

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- (ix) the right of Ingram Micro L.P., as tenant under its Lease affecting the Ingram Micro Property, to purchase such Property in accordance with the terms of such Lease, and with respect to which Seller delivered an offer notice to such tenant, dated November 1, 2004;
 - (x) the right of Kerr-McGee Oil & Gas Corporation, as tenant under its Lease affecting the Kerr McGee Property, to purchase such Property in accordance with the terms of such Lease, and with respect to which Seller delivered an offer notice to such tenant, dated November 1, 2004;
 - (xi) the right of Merisel Properties, Inc., as the Declarant under the Lucent Property Declaration affecting the Lucent Property, to purchase such Property in accordance with the terms of said Declaration, and with respect to which Seller delivered an offer notice to said Declarant, dated December 6, 2004; and
 - (xii) the right of Nissan Motor Acceptance Company, as tenant under its Lease affecting the Nissan Property, to purchase such Property in accordance with the terms of such Lease, and with respect to which Seller delivered an offer notice to such tenant, dated November 1, 2004.

As of the Effective Date hereof, none of the tenants named above or the Declarant named above (each, a “**ROFO/ROFR Party**”, and any one or more, “**ROFO/ROFR Parties**”) to whom an offer notice was sent by Sellers has exercised its right of first offer or right of first refusal by written notice received by any of the Sellers. Except as disclosed in this Agreement, Sellers have not received from or given any written notice to any of the **ROFO/ROFR Parties** with respect to such rights of first offer or rights of first refusal in respect of the transactions contemplated under this Agreement.

(g) Leasing Commissions. There are no lease brokerage agreements, leasing commission agreements or other agreements providing for payments of any amounts for leasing activities or procuring tenants with respect to the Properties of such Seller or any portion or portions thereof other than as disclosed in **EXHIBIT “C”** attached hereto (the “**Commission Agreements**”), and all leasing commissions and brokerage fees accrued or due and payable under the Commission Agreements with respect to the Properties of such Seller as of the date hereof and at the Closing have been or shall be paid in full. Notwithstanding anything to the contrary contained herein, (i) the respective obligations of Sellers and Purchaser with respect to certain leasing commissions are set forth on **EXHIBIT “U”** attached hereto, and (ii) Purchaser shall be responsible for the payment of all leasing commissions payable for (a) any new leases entered into after the Effective Date that have been approved (or deemed approved) by Purchaser, and (b) except as expressly otherwise provided on **EXHIBIT “U”** attached hereto, the renewal, expansion or extension of any Leases existing as of the Effective Date and exercised or effected after the Effective Date.

(h) Bond Documents. The copies of the Ingram Micro Loan Documents, the ISS Bond Documents and the ISS Bonds (the “**Bond Documents**”) heretofore delivered or made available to Purchaser are true, correct and complete copies thereof in all material respects. Wells OP has not given or received any written notice of any party’s default or failure to comply with the terms and provisions of the Bond Documents.

(i) Property Management Agreements. Except for those certain management agreements more particularly described on **EXHIBIT “Q”** attached hereto and made a part hereof (each and any one or more, a “**Property Management Agreement**” or the “**Property Management Agreements**”), there is no agreement currently in effect relating to the management of the Properties of such Seller by any third-party management company; and except for the Kraft Foods Property Management Agreement, all of such Property Management Agreements are terminable without penalty on or before the last day of the calendar month following thirty (30) days prior written notice of termination, and except that the Kraft Foods Property Management Agreement is terminable without penalty upon sixty (60) days prior written notice.

(j) Taxes and Assessments. Except as may be set forth on **EXHIBIT “R”** attached hereto and made a part hereof, Seller has not filed, and has not retained anyone to file, notices of protests against, or to commence action to review, real property tax assessments against any Property of such Seller.

(k) Compliance with Laws. To such Seller’s knowledge and except as set forth on **EXHIBIT “P”**, such Seller has received no written notice alleging any violations of law (including any Environmental Law), municipal or county ordinances, or other legal requirements with respect to the Properties of such Seller where such violations remain outstanding.

(l) Other Agreements. To such Seller’s knowledge, except for the Leases, the Wells OP Ground Leases, the Service Contracts, the Commission Agreements, the Management Agreements, and the Permitted Exceptions with respect to the Properties of such Seller, there are no leases, management agreements, brokerage agreements, leasing agreements or other agreements or instruments in force or effect that grant to any person or any entity (other than such Seller) any right, title, interest or benefit in and to all or any part of the Properties of such Seller or any rights relating to the use, operation, management, maintenance or repair of all or any part of the Properties of such Seller which will survive the Closing or be binding upon Purchaser other than those which Purchaser has agreed in writing to assume (or is deemed to have agreed to assume) or which are terminable upon thirty (30) days notice without payment of premium or penalty.

(m) Seller Not a Foreign Person. Such Seller is not a “foreign person” which would subject Purchaser to the withholding tax provisions of Section 1445 of the Internal Revenue Code of 1986, as amended.

(n) Employees. Such Seller has no employees to whom by virtue of such employment Purchaser will have any obligation after the Closing.

(o) Security Deposits. Attached hereto as **EXHIBIT "X"** is a chart of all Security Deposits currently held by Sellers with respect to the Property or Properties owned by such Sellers.

(p) Adjoining Properties. No Seller owns any real property that is adjacent to any of the Properties.

(q) Lucent Undeveloped Parcel. To the knowledge of Wells OP, Wells OP has not encumbered that certain portion of the Lucent Property described as Lot 1-B-II on **Exhibit "A-1"** attached hereto in any fashion except as may be disclosed in that certain Title Commitment issued by the Title Company to Purchaser with respect to that portion of the Lucent Property described as Lot 1-B-I on **Exhibit "A-1"** attached hereto; and Wells OP has no knowledge of any exceptions affecting said Lot 1-B-II that do not also affect said Lot 1-B-I as disclosed in said Title Commitment.

(r) Tenant Allowances and Inducements. To such Seller's knowledge, and except as disclosed in this Agreement and provisions for payment of which are contained elsewhere in this Agreement, there are no tenant allowances or inducements outstanding or unpaid to any tenant of such Seller's Property as of the Effective Date hereof and as of the date of Closing; and if any such tenant allowance or other inducement shall be outstanding and unpaid as of the date of Closing in accordance with the terms of such tenant's Lease, such Seller agrees to pay the same to Purchaser at Closing by means of a credit against the Purchase Price of such Property.

The representations and warranties made in this Agreement by such Seller shall be continuing and shall be deemed made as of the Effective Date of this Agreement, and remade by such Seller as of the Closing Date in all material respects, with the same force and effect as if made on, and as of, such date, subject to such Seller's right to update such representations and warranties by written notice to Purchaser and in the certificate of such Seller to be delivered pursuant to **Section 5.1(o)** hereof.

Except as otherwise expressly provided in this Agreement or in any documents to be executed and delivered by Sellers to Purchaser at the Closing, none of the Sellers has made, and Purchaser has not relied on, any information, promise, representation or warranty, express or implied, regarding the Property, whether made by Sellers, or any of them, on behalf of Sellers or any of them, or otherwise, including, without limitation, the physical condition of the Properties, the financial condition of the tenants under the Leases, the Wells OP Ground Leases, title to or the boundaries of the Properties, pest control matters, soil conditions, the presence, existence or absence of hazardous wastes, toxic substances or other environmental matters, compliance with building, health, safety, land use and zoning laws, regulations and orders, structural and other engineering characteristics, traffic patterns, market data, economic conditions or projections, past or future economic performance of the tenants or the Properties, and any other information pertaining to the Properties or the market and physical environments in which the Properties are located. Purchaser acknowledges (i) that Purchaser has entered into this Agreement with the

intention of making and relying upon its own investigation or that of Purchaser's own consultants and representatives with respect to the physical, environmental, economic and legal condition of the Properties and (ii) that Purchaser is not relying upon any statements, representations or warranties of any kind, other than those specifically set forth in this Agreement or in any document to be executed and delivered by Sellers or any of them to Purchaser at the Closing, made (or purported to be made) by Sellers or any of them or anyone acting or claiming to act on behalf of Sellers or any of them. Purchaser has inspected the Properties and has become fully familiar with the physical condition thereof and, subject to the terms and conditions of this Agreement, shall purchase the Properties in their "as is" condition, "with all faults," on the Closing Date. The provisions of this paragraph shall survive the Closing for a period of one hundred eighty (180) days following the Closing.

4.2. Knowledge Defined. All references in this Agreement to the "knowledge of Wells OP" or "to Wells OP's knowledge" or "to the "knowledge of a Wells Affiliate" or "to a Wells Affiliate's knowledge" or to the "knowledge of such Seller" or "to such Seller's knowledge", shall refer only to the actual knowledge of David H. Steinwedell, Chief Investment Officer, and Frank Parker Hudson, Managing Director of Dispositions, for Sellers, and of the persons named on **EXHIBIT "S"** attached hereto and made a part hereof with respect to each Property owned by such Seller, each of which persons named on the attached **EXHIBIT "S"** whom has been actively involved in the management of such Seller's business in respect of the designated Property or Properties owned by such Seller in the capacity as Asset Manager for such Seller. The term "knowledge of Wells OP" or "to Wells OP's knowledge" or to the "best knowledge of a Wells Affiliate" or "to a Wells Affiliate's knowledge" or to the "best knowledge of such Seller" or "to such Seller's knowledge", shall not be construed, by imputation or otherwise, to refer to the knowledge of Wells OP or such Wells Affiliate, or any affiliate of Wells OP or such Wells Affiliate, or to any other partner, member, beneficial owner, officer, director, agent, manager, representative or employee of Wells OP or such Wells Affiliate, or any of their respective affiliates, or to impose on David H. Steinwedell or Frank Parker Hudson or any of the individuals named on the attached **EXHIBIT "S"** any duty to investigate the matter to which such actual knowledge, or the absence thereof, pertains. There shall be no personal liability on the part of David H. Steinwedell, Frank Parker Hudson or the individuals named on the attached **EXHIBIT "S"** arising out of any representations or warranties made herein or otherwise.

4.3. Covenants and Agreements of Sellers.

(a) **Leasing Arrangements.** During the pendency of this Agreement, no Seller will enter into any lease affecting the Properties of such Seller, or modify or amend in any respect, or terminate, any of the existing Leases or the Wells OP Ground Leases affecting the Properties of such Seller without Purchaser's prior written consent in each instance, which consent, prior to the end of the Inspection Period, shall not be unreasonably withheld, delayed or conditioned and which shall be deemed given unless withheld by written notice to such Seller given within five (5) Business Days after Purchaser's receipt of such Seller's written request therefor, each of which requests shall be accompanied by a copy of any proposed modification or amendment of an existing Lease, Wells OP Ground Leases or of any new lease that such Seller wishes to execute between the Effective Date and the Closing Date, including, without limitation, a description of any Tenant Inducement Costs and leasing commissions associated

with any proposed renewal or expansion of an existing Lease or Wells OP Ground Lease or with any such new lease. If Purchaser fails to notify such Seller in writing of its approval or disapproval within said five (5) Business Day period, such failure by Purchaser shall be deemed to be the approval of Purchaser. After the end of the Inspection Period and Purchaser's timely deposit of the Earnest Money, Seller shall not enter into any lease affecting any Property of such Seller, or modify or amend in any respect, or terminate any of the existing Leases or the Wells OP Ground Leases without Purchaser's prior written consent in each instance, which consent may be withheld in Purchaser's sole discretion. At Closing, Purchaser shall reimburse each Seller for any Tenant Inducement Costs, leasing commissions or other expenses, including reasonable attorneys' fees, actually incurred by such Seller pursuant to a renewal or expansion of any existing Lease or Wells OP Ground Lease or new lease approved by Purchaser hereunder.

(b) New Contracts. During the pendency of this Agreement, except for the Capital One Lake Easement Deed and the Kerr McGee Sewer Easement (which sewer easement agreement has been circulated for execution), none of the Sellers will enter into any contract, or modify, amend, renew or extend any existing contract, that will be an obligation affecting the Properties of such Seller or any part thereof subsequent to the Closing without Purchaser's prior written consent in each instance (which Purchaser agrees not to withhold or delay unreasonably), except contracts entered into in the ordinary course of business that are terminable without cause (and without penalty or premium) on thirty (30) days (or less) notice.

(c) Operation of Property. During the pendency of this Agreement, each Seller shall continue to operate the Properties of such Seller in a good and businesslike fashion consistent with such Seller's past practices.

(d) Insurance. During the pendency of this Agreement, each Seller shall, at such Seller's expense, continue to maintain the insurance policies covering the Improvements of such Seller which are currently in force and effect.

(e) Tenant Estoppel Certificates. Each Seller shall endeavor in good faith (but without obligation to incur any cost or expense) to obtain and deliver to Purchaser prior to Closing a written Tenant Estoppel Certificate in the form attached hereto as **EXHIBIT "M"** signed by each tenant under each of the Leases affecting the Properties of such Seller; provided that delivery of such signed Tenant Estoppel Certificates shall be a condition of Closing only to the extent set forth in **Section 6.1(c)** hereof; and in no event shall the inability or failure of such Seller to obtain and deliver said Tenant Estoppel Certificates (each Seller having used its good faith efforts as set forth above as to tenants under Leases of the Properties of such Seller) be a default of such Seller hereunder. In addition to the foregoing, Sellers shall use their good faith efforts (but without obligation to incur any cost or expense) to have the tenants of certain of the Properties confirm the information requested by Purchaser as set forth on **Exhibit "V"** attached hereto and made a part hereof in such tenants' respective tenant estoppel certificates; it being specifically understood and agreed, however, that the confirmation by said tenants of the applicable information on the attached **Exhibit "V"** except as specifically set forth to the contrary in **Section 6.1(c)** hereof with regard to certain information identified as "critical" as to the Tenant Estoppel Certificates for the Alstom Property, the AT&T (PA) Property and the Capital One Property, shall not be a condition to Closing and the failure or inability of Sellers to obtain such written confirmation from said tenants (Sellers having used their good faith efforts as aforesaid) shall not be a default of Sellers.

(f) Lease Guarantor Estoppel Certificates. Each applicable Seller shall endeavor in good faith (but without obligation to incur any cost or expense) to obtain and deliver to Purchaser prior to Closing a written Lease Guarantor Estoppel Certificate in the form attached hereto as **EXHIBIT “T”** signed by each Lease Guarantor with respect to the guaranty given or made by such Lease Guarantor with respect to certain Leases affecting the Properties of such Seller; provided that the delivery of such signed Lease Guarantor Estoppel Certificates shall be a condition of Closing only to the extent set forth in **Section 6.1(d)** hereof, and in no event shall the inability or failure of such Seller to obtain and deliver said Lease Guarantor Estoppel Certificates (each applicable Seller having used its good faith efforts as set forth above as to the Lease Guarantor(s) of Leases of the Properties of such Seller) be a default of such Seller hereunder.

(g) Highwoods Estoppel Certificates. Wells OP shall endeavor in good faith (but without obligation to incur any cost of expense) to obtain and deliver to Purchaser prior to Closing a written estoppel certificate in the form attached hereto as **EXHIBIT “Y”** signed by Highwoods Properties, Inc., a Maryland corporation, with respect to each of the Highwoods Rental Guaranty Agreements given and made with respect to certain Leases affecting the Capital One Property; provided that the delivery of the Highwood Estoppel Certificates shall be a condition of Closing only to the extent set forth in **Section 6.1(e)** hereof, and in no event shall the inability or failure of Wells OP to obtain and deliver the Highwoods Estoppel Certificates (Wells OP having used its good faith efforts as set forth above) be a default of Wells OP hereunder.

(h) Association Estoppels. Sellers shall endeavor in good faith (but without obligation to incur any cost or expense other than such incidental cost or expense as may be specifically contemplated in the applicable Declaration) to obtain and deliver to Purchaser prior to Closing a written Association Estoppel Certificate signed on behalf of the applicable Associations with respect to the Declarations more particularly described on the attached **EXHIBIT “D”**; provided that in no event shall the inability or failure of any Seller to obtain and deliver said Association Estoppel Certificates (Sellers having used their respective good faith efforts as set forth above) be a default of such Seller hereunder.

(i) Declarant Estoppels. Sellers shall endeavor in good faith (but without obligation to incur any cost or expense other than such incidental cost or expense as may be specifically contemplated in the applicable Declaration) to obtain and deliver to Purchaser prior to Closing a written Declarant Estoppel Certificate signed by the applicable Declarant under those certain Declarations more particularly described on the attached **EXHIBIT “D”**; provided that in no event shall the inability or failure of any Seller to obtain and deliver said Declarant Estoppel Certificates (Sellers having used their respective good faith efforts as set forth above) be a default of such Seller hereunder.

(j) Ground Lessor Estoppels. Wells OP shall endeavor in good faith (but without obligation to incur any cost or expense) to obtain and deliver to Purchaser prior to

Closing a written Ground Lessor Estoppel Certificate in the forms attached hereto as **EXHIBIT “H”** signed by the applicable ground lessors under the ASML Sub-Ground Lease, the Ingram Micro Bond Lease and the ISS Bond Lease; provided that in no event shall the inability or failure of Wells OP to obtain and deliver said Ground Lessor Estoppel Certificates (Wells OP having used its good faith efforts as set forth above) be a default of Wells OP hereunder.

(k) Other Third Party Estoppels. Sellers shall endeavor in good faith (but without obligation to incur any cost or expense) to obtain and deliver to Purchaser prior to Closing a written estoppel certificate signed on behalf of any other third party as may be reasonably requested by Purchaser and in such form as may be reasonably requested by Purchaser (each an **“Other Third Party Estoppel Certificate”** and any one or more, **“Other Third Party Estoppel Certificates”**), including, without limitation, estoppel certificates with respect to any Tax Abatement Agreements which, by their express terms, contain provisions for the giving of estoppel certificates; provided that in no event shall the inability or failure of any Seller to obtain and deliver said Other Third Party Estoppel Certificates (Sellers having used their respective good faith efforts as set forth above) be a default of such Seller or a condition to Closing; and provided further that it is expressly understood and agreed that any one or more estoppel certificates with respect to any of said Tax Abatement Agreement may not be available, if at all, until after Closing.

(l) ROFR Notice to Bank of America. Sellers and Purchaser mutually acknowledge and agree that prior to the Effective Date of this Agreement, Wells Brea delivered an offer notice (the **“Bank of America ROFR Notice”**) to Bank of America NT & SA, the tenant of the Bank of America Property, notifying it of Purchaser’s offer to purchase the Bank of America Property for the Purchase Price provided hereunder for said Property, and containing other relevant terms of Purchaser’s offer to purchase the Bank of America Property as required pursuant to the terms of said tenant’s right of first refusal to purchase said Property as set forth in its Lease, and offering Bank of America NT & SA the right to purchase the Bank of America Property on the terms set forth in its Lease and the Bank of America ROFR Notice. Wells Brea shall keep Purchaser promptly apprised of any written response received by Wells Brea from Bank of America NT & SA in response to such notice.

(m) SNDAs. Sellers shall endeavor in good faith (but without obligation to incur any cost or expense) to obtain from the Major Tenants of the Properties subordination, nondisturbance and attornment agreements in the form reasonably requested by Purchaser’s lender or in the form attached to such tenants’ respective Leases (**“SNDA”** or **“SNDAs”**); provided, however, that in no event shall the inability or failure of any Seller to obtain and deliver said SNDAs (Sellers having used their respective good faith efforts as set forth above) be a default of such Seller hereunder; and provided further that Purchaser shall deliver to Sellers the completed forms of all such SNDAs as soon as reasonably practicable following the Effective Date of this Agreement.

(n) Termination of Existing Property Management Agreements. Following the Effective Date of this Agreement and prior to Closing, Sellers agree to give written notice to each of the Property Managers of termination of each such Property Manager’s Property Management Agreement, such termination to be effective only in the event of the closing of the

purchase and sale of the Property between such Seller and Purchaser; provided, however, that Purchaser acknowledges and agrees that the respective Property Management Agreements for the Allstate Property, the Alstom Power Property, the AT&T (OK) Property, the Daimler Chrysler Property, the IKON Property, the John Wiley Property, the Kerr McGee Property, the Pacificare Property, the Transocean Property and the Travelers Express Property provide that the effective date of the termination of the engagement of the respective Property Manager thereunder is the last day of the calendar month occurring at least thirty (30) days after the delivery of written notice of termination, and that the Property Management Agreement for the Kraft Foods Property provides that the effective date of the termination of the engagement of the Property Manager thereunder is the last day of the calendar month occurring at least sixty (60) days after the delivery of written notice of termination. At Closing, Purchaser hereby agrees to assume the obligations of each applicable Seller under all of said Property Management Agreements first accruing on or after the Closing through the effective date of such termination of each such Property Management Agreement. Following the Effective Date of this Agreement and prior to Closing, Purchaser shall have the right to negotiate in good faith new property management agreements and related agreements with the Property Manager, using Purchaser's standard forms for same and incorporating the same or substantially equivalent economic terms as each such Property Manager's Property Management Agreement with the applicable Seller. Sellers and Purchaser mutually acknowledge and agree that the execution and delivery by any Property Manager of replacement property management agreements and related agreements on Purchaser's forms shall not be a condition to Closing, and Sellers shall have no obligations whatsoever to Purchaser with respect to Purchaser's negotiations with the Property Managers.

(o) Second Amendment to Gartner Office Lease. Sellers shall endeavor in good faith (but without obligation to incur any cost or expense) to obtain the execution and delivery by Gartner, Inc., at or prior to Closing of the Gartner Property, of that certain Second Amendment to Gartner Office Lease substantially in the form attached hereto as **Exhibit "CC"** and made a part hereof (the "**Gartner Lease Amendment**"), with such modifications thereto as may be reasonably approved requested by Gartner, Inc. and approved by Purchaser; provided, however, that the failure or inability of Sellers to obtain and deliver the Gartner Lease Amendment by Closing (Sellers having used their good faith efforts as aforesaid) shall in no event be deemed a default of Sellers.

(p) Letter Amendment to ISS Building III Lease. Sellers shall endeavor in good faith (but without obligation to incur any cost or expense) to obtain the execution and delivery by Internet Security Systems, Inc., at or prior to Closing of the ISS Property, of that certain letter amendment to the ISS Building III Lease substantially in the form attached hereto as **Exhibit "DD"** and made a part hereof (the "**ISS Lease Amendment**"), with such modifications thereto as may be reasonably approved requested by Internet Security Systems, Inc. and approved by Purchaser; provided, however, that the failure or inability of Sellers to obtain and deliver the ISS Lease Amendment by Closing (Sellers having used their good faith efforts as aforesaid) shall in no event be deemed a default of Sellers.

(q) Alstom Power Property / French Drain Work. Prior to the Effective Date hereof, Wells Virginia REIT has disclosed to Purchaser that certain work at the Alstom Power Property, which consists of the installation of a so-called "french drain" system as more

particularly shown in the plans attached hereto as **Exhibit “EE”** and made a part hereof, has been planned and is in progress, with all such work anticipated to be completed on or about February 22, 2005, as set forth on the schedule included as a part of the attached **Exhibit “EE”** (the “**Alstom Power Property Drain Work**”), and that such work is being prosecuted by and under the direction of Wells Virginia REIT’s developer of the Alstom Power Property, ADEVCO Corporation. As between Sellers and Purchaser, Wells Virginia REIT shall be and remain responsible for assuring that the Alstom Power Property Drain Work is completed in accordance with the plans therefor, and in a good and workmanlike and lien-free manner and in accordance with all applicable laws. Within ten (10) days following the date of substantial completion (as certified by the general contractor performing such work), representatives of Wells Virginia REIT, Purchaser and the tenant of the Alstom Power Property shall jointly conduct a walk-through and inspection of the Alstom Power Drain Work and jointly prepare and approve a list of punch list items to be completed in accordance with the terms hereof. Wells Virginia REIT shall promptly and with due diligence complete all such punch list items. If for any reason beyond the reasonable control of Wells Virginia REIT, any portion of the Alstom Power Property Drain Work is not so completed prior to the Closing Date, Wells Virginia REIT agrees that it shall remain responsible for assuring the completion of all of such work as aforesaid following the Closing of such Property; and in such event the provisions of this subsection shall survive the Closing.

(r) Consents to Assignment of Tax Abatement Agreements, Bond Documents and Leasehold Interests. Sellers and Purchaser mutually acknowledge and agree that the transfer of certain of the Tax Abatement Agreements to Purchaser requires the consent and approval of certain governmental or quasi-governmental entities, that the transfer of the Ingram Micro Bond Lease to Purchaser requires the consent and approval of certain governmental and quasi-governmental entities, that the transfer of the ASML Property to Purchaser requires the approval of the ASML Ground Lessors, and that the transfer of the ISS Bonds requires action by the Development Authority of Fulton County, Georgia. Sellers and Purchaser shall cooperate and use their respective good faith efforts to prepare and the necessary applications for seek such approvals and consents, including, without limitation, the delivery by Purchaser to Sellers as expeditiously as possible information regarding the ownership structures of Purchaser’s acquisition entities for the affected Properties. Subject to the foregoing, Sellers and Purchaser shall seek to obtain such approvals and consents prior to Closing. In the event, however, that the transfer and assignment of the Tax Abatement Agreements for the Kerr McGee Property and the Pacificare Property have not been obtained prior to the outside date for Closing, or replacement original ISS Bonds issued in the name of Purchaser or a replacement Ingram Micro Industrial Development Revenue Note shall not have been obtained prior to the outside date for Closing, the same shall not be conditions to Closing; and the parties shall continue to pursue obtaining such approvals and the issuance of such replacement ISS Bonds and the replacement Ingram Micro Industrial Development Revenue Note as expeditiously as practicable following the Closing of said Properties. The provisions of this subsection shall survive the Closing.

(s) Construction of Gartner Surface Parking Expansion. Wells Funds XI and XII REIT JV and Wells OP hereby covenant and agree to construct and install no fewer than one hundred twenty-five (125) surface parking spaces on the Gartner Surface Parking Property in accordance with the Gartner Parking Plans and all applicable governmental laws, statutes,

ordinances, codes, rules and regulations (such work is herein referred to as the “**Gartner Parking Work**”), with all of such work to be completed within the time and otherwise in accordance with the terms of the Gartner Parking Lease. All of such Gartner Parking Work shall be performed in a good and workmanlike manner, employing reasonable standards of construction, in no event later June 30, 2005 (the “Delivery Date” as defined in the Gartner Parking Lease) (subject to force majeure in accordance with the Gartner Parking Lease) and on a lien-free basis and in accordance with the terms of the Gartner Parking Lease. Purchaser’s engineer shall be permitted to inspect the Gartner Parking Work on a periodic basis until the completion thereof. For purposes hereof, “substantial completion” shall mean the date upon which the work contemplated herein and by the Gartner Parking Lease and the Gartner Parking Plans shall have been substantially completed in accordance with the standards set forth herein and therein (inclusive of landscaping, to the extent landscaping can be feasibly installed due to the season), as evidenced by a certificate to such effect from the engineer who prepared plans for such work, and subject only to minor punch list items approved by Gartner, Inc., as tenant, and Purchaser. Within ten (10) days following the date of substantial completion (as certified by Seller’s engineer), representatives of such Sellers, Purchaser and said tenant shall jointly conduct a walk-through and inspection of the Gartner Parking Work and jointly prepare and approve a list of punch list items to be completed in accordance with the terms hereof (the “**Gartner Punch List Items**”). Such Sellers shall promptly and with due diligence complete such Gartner Punch List Items. Upon final completion of such work, such Sellers shall assign to Purchaser all warranties and guaranties given or made in connection with such work, including, without limitation, a one-year guaranty of such work given by the general contractor performing such work, and such Sellers shall provide to Purchaser: (i) such Sellers’ engineer’s certificate of final completion, (ii) copies of all governmental permits or approvals required to be issued in connection with the construction and use of the additional surface parking improvements; (iii) the sworn final lien waiver and affidavit of the general contractor, (iv) final lien waivers from all contractors, subcontractors and materialmen; and (v) any other information or documentation reasonably requested by Purchaser and available at no additional cost or expense to Sellers to evidence the lien-free completion of construction and payment of all costs associated with the Gartner Parking Work. In addition to the foregoing, promptly following the final completion of the Gartner Parking Work, but in no event later than **July 15, 2005**, Sellers shall pay to Purchaser an amount equal to the remaining balance of the \$468,000.00 tenant allowance provided under the first amendment to the Gartner Office Lease after deducting therefrom, as contemplated pursuant to Section 5 of the first amendment to the Gartner Office Lease (x) the initial \$5,000.00 for payment of rent under the Gartner Parking Lease, and (y) the cost of the Gartner Parking Work (including, without limitation, the actual cost of the fixed price contract and a five percent (5%) construction management fee, all subject to and in accordance with the applicable provisions of the Gartner Parking Lease), together with copies of all invoices, bills and other reasonable supporting information relating to the cost of the Gartner Parking Work. Wells Funds XI and II REIT JV and Wells OP hereby reserve and retain the right and privilege, on behalf of such Sellers, their agents, contractors and employees, of entering upon the Gartner Property from and after the Closing as reasonably necessary to complete the construction and installation of the Gartner Parking Work. Such Sellers shall maintain or shall cause the general contractor performing the Gartner Parking Work to maintain commercially reasonable insurance coverage at all times during the performance of such work. Such Sellers shall and hereby agree to indemnify and hold Purchaser harmless from and against any and all loss, liability, cost, damage

or expense that Purchaser may suffer or incur (including, without limitation, reasonable attorneys' fees actually incurred) proximately caused by the performance of the Gartner Parking Work or by such Sellers' failure to complete the Gartner Parking Work in accordance with the provisions of this **Section 4.3(s)**. In the event that such Sellers shall default in the performance of their obligations pursuant to this **Section 4.3(s)** and such default shall continue for a period of five (5) Business Days after written notice from Purchaser or Gartner, Inc. to such Sellers (provided, however, that such Sellers shall not be deemed in default hereunder if such Sellers commence such remedy or cure within five (5) Business Days after receipt of such notice, and thereafter diligently pursues to remedy or cure such default so long as such cure is completed on or before June 30, 2005), then Purchaser may, but shall not be obligated, to complete the Gartner Parking Work at such Sellers' expense. The provisions of this **Section 4.3(s)** shall survive the Closing for a period of one (1) year following the date of substantial completion of said work.

(t) ASML Non-Disturbance Agreement. Wells OP agrees to use good faith efforts to seek to obtain (at no cost or expense to Wells OP) the execution and delivery by the Prime Ground Lessor of a non-disturbance agreement in a form reasonably requested by Purchaser and provided to Wells OP promptly following the Effective Date hereof by Purchaser's Counsel (the "**ASML Non-Disturbance Agreement**"). In no event, however, shall the inability or failure of Wells OP to obtain and deliver the ASML Non-Disturbance Agreement (Wells OP having used its good faith efforts as set forth above) be a default of Wells OP hereunder, and in no event shall the execution and delivery of the ASML Non-Disturbance Agreement be a condition to Closing hereunder.

(u) Nissan Quitclaim Deed. Wells OP agrees to use good faith efforts to obtain (at no cost or expense to Wells OP) the execution and delivery of the Nissan Quitclaim Deed. In no event, however, shall the inability or failure of Wells OP to obtain and deliver the Nissan Quitclaim Deed (Wells OP having used its good faith efforts as set forth above) be a default of Wells OP hereunder, and in no event shall the execution and delivery of the Nissan Quitclaim Deed be a condition to Closing hereunder.

4.4. Representations and Warranties of Purchaser.

(a) Organization, Authorization and Consents. Purchaser is a duly organized and validly existing statutory real estate investment trust under the laws of the State of Maryland. Purchaser has the right, power and authority to enter into this Agreement and to purchase the Property in accordance with the terms and conditions of this Agreement, to engage in the transactions contemplated in this Agreement and to perform and observe the terms and provisions hereof.

(b) Action of Purchaser, Etc. Purchaser has taken all necessary action to authorize the execution, delivery and performance of this Agreement, and upon the execution and delivery of any document to be delivered by Purchaser on or prior to the Closing, this Agreement and such document shall constitute the valid and binding obligation and agreement of Purchaser, enforceable against Purchaser in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors.

(c) No Violations of Agreements. Neither the execution, delivery or performance of this Agreement by Purchaser, nor compliance with the terms and provisions hereof, will result in any breach of the terms, conditions or provisions of, or conflict with or constitute a default under the terms of any indenture, deed to secure debt, mortgage, deed of trust, note, evidence of indebtedness or any other agreement or instrument by which Purchaser is bound.

(d) Litigation. To Purchaser's knowledge, Purchaser has received no written notice that any action or proceeding is pending or threatened, which questions the validity of this Agreement or any action taken or to be taken pursuant hereto.

The representations and warranties made in this Agreement by Purchaser shall be continuing and shall be deemed remade by Purchaser as of the Closing Date, with the same force and effect as if made on, and as of, such date subject to Purchaser's right to update such representations and warranties by written notice to Sellers and in Purchaser's certificate to be delivered pursuant to **Section 5.2(o)** hereof.

4.5 Covenants and Agreements of Purchaser. Sellers and Purchaser hereby mutually acknowledge and agree that prior to the Effective Date of this Agreement, Sellers and Purchaser engaged in extensive negotiations, and Purchaser undertook due diligence investigations [including, without limitation, an interview with representative(s) of Matsushita (as defined below)], with respect to the potential sale by Wells OP and the purchase by Purchaser, in addition to the Properties that are the subject of this Agreement, of that certain improved real property located at 26200 Enterprise Way, in the City of Lake Forest, Orange County, California, which is leased by Wells OP to Matsushita Avionics Systems Corporation pursuant to that certain Office Lease, dated February 18, 1999, between Wells OP and Matsushita Avionics Systems Corporation, as amended by amendments dated July 30, 1999, April 30, 2001, and September 18, 2002 (said lease, as so amended, is herein referred to as the "**Existing Matsushita Lease**"). Matsushita Avionics Systems Corporation, together with Matsushita Electric Corporation of America, and its or their direct or indirect affiliates, subsidiaries, parents or divisions, are herein referred to collectively as "**Matsushita**"; and the real property which is the subject of the Existing Matsushita Lease is herein referred to as the "**Matsushita Property**". Sellers and Purchaser hereby further acknowledge and agree that at the request of Purchaser, the Matsushita Property is not included in the Properties which are the subject of this Agreement. As a material inducement to the agreement of Sellers to enter into this Agreement for the purchase and sale of the Properties without the inclusion of the Matsushita Property, Purchaser, for itself and the Purchaser-Related Entities, hereby covenants and agrees that, for a period of five (5) years after the Effective Date of this Agreement, neither Purchaser nor any Purchaser-Related Entity shall, directly or indirectly, lease, offer or agree to lease, sell or offer to sell to Matsushita, or accept an offer to lease or purchase from Matsushita, with respect to any real property or any interest in any real property, or in any space now or hereafter available in any real property, which is located within Orange County, California, and which Purchaser or any Purchaser-Related Entity now or hereafter owns, manages or leases, or in which Purchaser or any Purchaser-Related Entity now has or hereafter acquires an ownership interest (a "**Purchaser-Controlled Competing Property**"). Purchaser agrees that in addition to any other remedy that may be available at law, in equity or under this Agreement, Sellers shall

be entitled to specific performance and injunctive relief, without posting bond or any other security to enforce or prevent the violation of the covenants contained in this Section. The covenants and agreements contained in this Section shall be presumed to be enforceable, and any reading causing unenforceability shall yield to a construction permitting enforcement. In the event a court should determine not to enforce the covenants contained herein as written due to overbreadth, the parties specifically agree that said covenant shall be enforced to the maximum extent reasonable, whether said revisions shall be in time, territory, scope of prohibited activities or other respects. The provisions of this **Section 4.5** shall survive the Closing under this Agreement or any earlier termination of this Agreement.

ARTICLE 5.
CLOSING DELIVERIES, CLOSING COSTS AND PRORATIONS

5.1. Sellers' Closing Deliveries. For and in consideration of, and as a condition precedent to Purchaser's delivery to Sellers of the Purchase Price, Sellers shall obtain or execute and deliver to Purchaser at Closing the following documents, all of which shall be duly executed, acknowledged and notarized where required:

(a) Limited Warranty Deeds. A limited warranty deed, special warranty deed, grant deed or similar deed in the form customarily used in the jurisdiction in which the applicable Property is located pursuant to which a grantor warrants title only as to parties claiming by, through or under the grantor but not otherwise, from each Seller with respect to the Wells OP Land and associated Wells OP Improvements or applicable Wells Affiliate Land and associated Wells Affiliate Improvements owned by such Seller (each, a "**Limited Warranty Deed**"), subject only to the Permitted Exceptions applicable to such Property, and executed and acknowledged by such Seller. The legal descriptions of the Wells OP Lands and Wells Affiliate Lands set forth in the Limited Warranty Deeds shall be based upon and conform to the applicable legal descriptions attached hereto as **EXHIBIT "A-1"** and **EXHIBIT "A-2"**. If and to the extent that any of the Permitted Exceptions to which a particular Property is subject requires the recitation or incorporation in any deed of any provisions of such Permitted Exception, the Limited Warranty may conform to such requirements;

(b) Quitclaim Deed. Upon request, each Seller shall deliver a quitclaim deed in the form customarily used in the jurisdiction or jurisdictions in which the Property or Properties of such Seller are located to convey the Property or Properties owned by such Seller by reference to the metes and bounds legal description of such Property as reflected on an updated Survey of such Property obtained by Purchaser;

(c) Assignment and Assumption of Lessee's Interests in Wells OP Ground Leases. With respect to each of the Wells OP Ground Leases, the following:

- (i) Assignment and Assumption of ASML Sub-Ground Lease. Two (2) counterparts of an assignment and assumption of the lessee's interest in the ASML Sub-Ground Lease in the form attached hereto as **SCHEDULE 1** and made a part hereof (the "**Assignment and Assumption of ASML Sub-Ground Lease**");

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- (ii) Assignment and Assumption of Ingram Micro Bond Lease. Two (2) counterparts of an assignment and assumption of the lessee's interest in the Ingram Micro Bond Lease in the form attached hereto as **SCHEDULE 2** and made a part hereof (the "**Assignment and Assumption of Ingram Micro Bond Lease**"); and
 - (iii) Assignment and Assumption of ISS Bond Lease. Two (2) counterparts of an assignment and assumption of the lessee's interest in the ISS Bond Lease in the form attached hereto as **SCHEDULE 3** and made a part hereof (the "**Assignment and Assumption of ISS Bond Lease**");

(d) Assignment and Assumption of Leases and Security Deposits. Two (2) counterparts with respect to each Seller of an assignment and assumption of the Leases and Security Deposits with respect to the Properties of such Seller and, to the extent required elsewhere in this Agreement, the obligations of such Seller under the Commission Agreements with respect to the Properties of such Seller in the form attached hereto as **SCHEDULE 4** (the "**Assignment and Assumption of Leases**"), executed and acknowledged by such Seller,

(e) Assignment and Assumption of ASML Sublease. Two (2) counterparts of an assignment and assumption of the ASML Sublease in the form attached hereto as **SCHEDULE 5** (the "**Assignment and Assumption of ASML Sublease**");

(f) Assignment and Assumption of Ingram Micro Sublease. Two (2) counterparts of an assignment and assumption of the Ingram Micro Sublease in the form attached hereto as **SCHEDULE 6** (the "**Assignment and Assumption of Ingram Micro Sublease**");

(g) Assignment and Assumption of ISS Subleases. Two (2) counterparts of an assignment and assumption of the ISS Subleases in the form attached hereto as **SCHEDULE 7** (the "**Assignment and Assumption of ISS Subleases**");

(h) Bill of Sale. A bill of sale from each Seller for the Personal Property of such Seller in the form attached hereto as **SCHEDULE 8** (the "**Bill of Sale**"), without warranty as to the title or condition of the Personal Property of such Seller;

(i) Assignment and Assumption of Ingram Micro Loan Documents. Two (2) counterparts of an assignment and assumption of the Ingram Micro Loan Documents in the form attached hereto as **SCHEDULE 9** (the "**Assignment and Assumption of Ingram Micro Loan Documents**");

(j) Assignment of ISS Bonds. A transfer and assignment of the ISS Bonds, executed on behalf of Wells OP, accompanied by the original ISS Bonds, transferring the same to Purchaser;

(k) Assignment and Assumption of ISS Bond Documents. Two (2) counterparts of an assignment and assumption of the ISS Bond Documents in the form attached hereto as **SCHEDULE 10** (the “**Assignment and Assumption of ISS Bond Documents**”);

(l) Assignment and Assumption of Service Contracts. Two (2) counterparts with respect to each Seller of an assignment and assumption of Service Contracts with respect to the Properties of such Seller in the form attached hereto as **SCHEDULE 11** (the “**Assignment and Assumption of Service Contracts**”), executed, acknowledged and sealed by each such Seller;

(m) General Assignment. An assignment with respect to each Seller of the Intangible Property of such Seller in the form attached hereto as **SCHEDULE 12** (the “**General Assignment**”), executed and acknowledged by each such Seller;

(n) Seller’s Affidavit. An owner’s affidavit from each Seller substantially in the form attached hereto as **SCHEDULE 13** (“**Seller’s Affidavit**”), stating that there are no known boundary disputes with respect to the Properties of such Seller, that there are no parties in possession of the Properties of such Seller other than such Seller and the tenants under the Leases of such Properties, and as to the Wells Affiliate Ground Lease Lands, the tenants and other persons and entities permitted by the Wells Affiliate Ground Leases, and, as to the Wells OP Ground Lease Land, the tenants and other persons and entities permitted by the Wells OP Ground Lease, that any improvements or repairs made by, or for the account of, or at the instance of such Seller to or with respect to the Properties of such Seller within ninety-five (95) days (or such longer period as may be required by the Title Company to comply with the lien laws of the applicable jurisdiction in which such Property is situated) prior to the Closing have been paid for in full (or that adequate provision has been made therefor to the reasonable satisfaction of the Title Company), and including such other matters as may be reasonably requested by the Title Company;

(o) Seller’s Certificate. A certificate from each Seller in the form attached hereto as **SCHEDULE 14** (“**Seller’s Certificate**”), evidencing the reaffirmation of the truth and accuracy in all material respects of such Seller’s representations and warranties set forth in **Section 4.1** hereof, with such modifications thereto as may be appropriate in light of any change in circumstance since the Effective Date;

(p) FIRPTA Certificate. A FIRPTA Certificate from each Seller in the form attached hereto as **SCHEDULE 15**, or in such other form as applicable laws may require;

(q) Ingram Micro Bond Certificate. A bond certificate executed by the Industrial Development Board of the City of Millington, Tennessee in the form attached hereto as **SCHEDULE 16** (the “**Ingram Micro Bond Certificate**”);

(r) ISS Home Office Payment Agreement. Three (3) counterparts of a home office payment agreement executed by the ISS Trustee and the ISS Issuer in the form attached hereto as **SCHEDULE 17** (the “**ISS Home Office Payment Agreement**”);

(s) Assignment and Assumption of Agreements Regarding ISS Letters of Credit. Two (2) counterparts of an assignment and assumption of agreements regarding letter of credit executed by Wells OP and Purchaser in the form attached hereto as **SCHEDULE 18** (the “**Assignment and Assumption of Agreements Regarding ISS Letters of Credit**”);

(t) Assignment of Letters of Credit. Two (2) counterparts of an assignment of letters of credit executed by the applicable Sellers in the form attached hereto as **SCHEDULE 19** (the “**Assignment of Letters of Credit**”);

(u) Assignment and Assumption of Highwoods Rental Guaranty Agreements. Two (2) counterparts of an assignment and assumption of the interests and obligations of Wells OP under the Highwoods Rental Guaranty Agreements in the form attached hereto as **SCHEDULE 21** (the “**Assignment and Assumption of Highwoods Rental Guaranty Agreements**”);

(v) Assignment and Assumption of Pacificare Escrow Agreement. Two (2) counterparts of an assignment and assumption of the interests and obligations of Wells OP under the Pacificare Escrow Agreement in the form attached hereto as **SCHEDULE 22** (the “**Assignment and Assumption of Pacificare Escrow Agreement**”);

(w) Evidence of Authority. Such documentation as may reasonably be required by Purchaser’s title insurer to establish that this Agreement, the transactions contemplated herein, and the execution and delivery of the documents required hereunder, are duly authorized, executed and delivered on behalf of the applicable Seller;

(x) Settlement Statements. A settlement statement setting forth the amounts paid by or on behalf of and/or credited to each of Purchaser and each Seller pursuant to this Agreement;

(y) Surveys and Plans. Such surveys, site plans, plans and specifications, and other matters relating to the Property as are in the possession of Sellers to the extent not theretofore delivered to Purchaser;

(z) Certificates of Occupancy. To the extent the same are in the possession of Sellers, original or photocopies of certificates of occupancy for all space within the improvements located on the Property;

(aa) Leases. To the extent the same are in the possession or control of Sellers, original executed counterparts of the Leases and the Wells OP Ground Leases;

(bb) Tenant Estoppel Certificates. All originally executed Tenant Estoppel Certificates as may be in the possession of Sellers;

(cc) Lease Guarantor Estoppel Certificates. All originally executed Lease Guarantor Estoppel Certificates as may be in the possession of Sellers;

(dd) Highwoods Estoppel Certificate. All originally executed Highwoods Estoppel Certificates as may be in the possession of Sellers;

(ee) SNDAs. All originally executed SNDAs as may be in the possession of Sellers;

(ff) Ground Lessor Estoppel Certificates. All originally executed Ground Lessor Estoppel Certificates as may be in the possession of Wells OP;

(gg) Association Estoppel Certificates. All originally executed Association Estoppel Certificates as may be in the possession of Sellers;

(hh) Declarant Estoppel Certificates. All originally executed Declarant Estoppel Certificates as may be in the possession of Sellers;

(ii) Other Third Party Estoppel Certificates. All originally executed Other Third Party Estoppel Certificates as may be in the possession of Sellers;

(jj) Notices of Sale to Tenants. Each Seller, as to each Property owned by such Seller, will join with Purchaser in executing a notice, in form and content reasonably satisfactory to such Seller and Purchaser (the “**Tenant Notices of Sale**”), which Purchaser shall send to each tenant under the Leases affecting the Properties of such Seller informing such tenant of the sale of such Properties and of the assignment to and assumption by Purchaser of such Seller’s interest in the Leases and the Security Deposits affecting such Properties and directing that all rent and other sums payable for periods after the Closing under such Lease shall be paid as set forth in said notices;

(kk) Notices of Sale to Ground Lessors. Wells OP will join with Purchaser in executing a notice, in form and content reasonably satisfactory to Wells OP and Purchaser (the “**Ground Lessor Notices of Sale**”), which Purchaser shall send to the ASML Prime Ground Lessor, the ASML Sub-Ground Lessor, the Ingram Micro Ground Lessor and the ISS Ground Lessor informing such ground lessor of the sale of the ASML Property, the Ingram Micro Property and the ISS Property and of the assignment to and assumption by Purchaser of the interest of Wells OP under the ASML Sub-Ground Lease, the Ingram Micro Bond Lease and the ISS Bond Lease affecting such Properties and directing that all notices to the lessee under such leases after the Closing be sent to Purchaser;

(ll) Notices of Sale to Service Contractors and Leasing Agents. Each Seller, as to the Properties of such Seller, will join with Purchaser in executing notices, in form and content reasonably satisfactory to such Seller and Purchaser (the “**Other Notices of Sale**”), which Purchaser shall send to each service provider and leasing agent under the Service Contracts and Commission Agreements (as the case may be) affecting the Properties of such Seller assumed by Purchaser at Closing informing such service provider or leasing agent (as the case may be) of the sale of such Properties and of the assignment to and assumption by Purchaser of such Seller’s obligations under the Service Contracts and Commission Agreements affecting the Properties of such Seller arising after the Closing Date and directing that all future statements or invoices for services under such Service Contracts and/or Commission Agreements for periods after the Closing be directed to Purchaser as set forth in said notices;

(mm) Notices of Sale to Associations. Each applicable Seller, as to the Properties of such Seller, will join with Purchaser in executing a notice, in form and content reasonably satisfactory to such Seller and Purchaser (the “**Association Notices of Sale**”), which Purchaser shall send to the Associations informing the Associations of the sale of the Properties of such Seller and directing that all requests for payments due to such Association for periods after the Closing be directed to Purchaser as set forth in said notice and providing a notice address for Purchaser;

(nn) Notices of Sale to Declarants under Declarations. Each applicable Seller, as to the Properties of such Seller, will join with Purchaser in executing a notice, in form and content reasonably satisfactory to such Seller and Purchaser (the “**Declarant Notices of Sale**”), which Purchaser shall send to the Declarants under the Declarations informing the Declarants of the sale of the Properties of such Seller and directing that all requests for payments under the Declarations for periods after the Closing be directed to Purchaser as set forth in said notice and providing a notice address for Purchaser under the Declarations;

(oo) Assignment of Interest in Alstom Power Lease Amendments. An assignment executed by Wells OP (as the sole member of Wells Virginia REIT) transferring and assigning to Wells Virginia REIT all right, title and interest of Wells OP in and to that certain Third Amendment to Lease Agreement, dated May 4, 2002, between Wells OP and Alstom Power Inc., that certain Fourth Amendment to Lease Agreement, dated May 31, 2002, between Wells OP and Alstom Power Inc., and that certain Fifth Amendment to Lease Agreement, dated July 29, 2004, between Wells OP and Alstom Power Inc.;

(pp) Gartner Lease Amendment. An original fully executed counterpart of the Gartner Lease Amendment, to the extent the same is in Sellers’ possession;

(qq) ISS Lease Amendment. An original fully executed counterpart of the ISS Lease Amendment, to the extent the same is in Sellers’ possession;

(rr) ASML Non-Disturbance Agreement. An originally fully executed counterpart of the ASML Non-Disturbance Agreement, to the extent the same is in Seller’s possession;

(ss) Replacement Ingram Micro Industrial Development Revenue Note. A replacement original of the Ingram Micro Industrial Development Revenue Note, as endorsed or assigned to Purchaser, to the extent the same is in Seller’s possession; or in the absence of such original replacement note, an affidavit executed on behalf of Wells OP that such note has been lost and that Wells OP has not assigned such note to any other person;

(tt) Replacement ISS Bonds. Replacement originals of the ISS Bonds, issued in the name of Purchaser, to the extent the same are in Seller’s possession;

(uu) Assignment of Opus Indemnity. An assignment of all rights of Wells OP with respect to the Opus Indemnity;

(vv) Assignment of Allstate Purchase Option. An assignment by Wells OP to Purchaser of all rights of Wells OP under and pursuant to the Allstate Purchase Option;

(ww) Nissan Quitclaim Deed. The Nissan Quitclaim Deed, to the extent the same is in the possession of Wells OP;

(xx) Keys and Records. All of the keys to any door or lock on the Properties and the original tenant files and other non-confidential books and records (excluding any appraisals, budgets, third party reports obtained by Sellers prior to the acquisition of the respective Properties by such Sellers, strategic plans for the Properties, internal analyses, information regarding the marketing of the Properties for sale, submissions relating to Sellers' obtaining of corporate authorization, attorney and accountant work product, attorney-client privileged documents, or other information in the possession or control of Sellers which Sellers or either of them deem proprietary) relating to the Property in the possession of Sellers;

(yy) Property Manager Lien Waivers. Executed lien waivers from the managers under the Management Agreements in those jurisdictions in which property managers may have statutory lien rights, to the extent such lien waivers may be in Sellers' possession (Sellers hereby agreeing to use good faith efforts to obtain the same);

(zz) Original Letters of Credit. All original Letters of Credit in the possession of Sellers, together with transfers executed by each applicable Seller, directing the respective issuers of the Letters of Credit to transfer the Letters of Credit to Purchaser as beneficiary thereunder; and

(aaa) Other Documents. Such other documents as shall be reasonably requested by Purchaser's title insurer to effectuate the purposes and intent of this Agreement.

5.2. Purchaser's Closing Deliveries. Purchaser shall obtain or execute and deliver to Sellers at Closing the following documents, all of which shall be duly executed, acknowledged and notarized where required:

(a) Assignment and Assumption of Leases. Two (2) counterparts of the Assignment and Assumption of Leases with respect to each Seller, executed and acknowledged by Purchaser;

(b) Assignment and Assumption of ASML Sub-Ground Lease. Two (2) counterparts of the Assignment and Assumption of ASML Sub-Ground Lease, executed and acknowledged by Purchaser;

(c) Assignment and Assumption of Ingram Micro Bond Lease. Two (2) counterparts of the Assignment and Assumption of Ingram Micro Bond Lease, executed and acknowledged by Purchaser;

(d) Assignment and Assumption of ISS Bond Lease. Two (2) counterparts of the Assignment and Assumption of ISS Bond Lease, executed and acknowledged by Purchaser;

(e) Assignment and Assumption of Ingram Micro Loan Documents. Two (2) counterparts of the Assignment and Assumption of Ingram Micro Loan Documents, executed and acknowledged by Purchaser;

(f) Assignment and Assumption of ISS Bond Documents. Two (2) counterparts of the Assignment and Assumption of ISS Bond Documents, executed and acknowledged by Purchaser;

(g) Assignment and Assumption of ASML Sublease. Two (2) counterparts of the Assignment and Assumption of ASML Sublease, executed and acknowledged by Purchaser;

(h) Assignment and Assumption of Ingram Micro Sublease. Two (2) counterparts of the Assignment and Assumption of Ingram Micro Sublease, executed and acknowledged by Purchaser;

(i) Assignment and Assumption of ISS Subleases. Two (2) counterparts of the Assignment and Assumption of ISS Subleases, executed and acknowledged by Purchaser;

(j) Assignment and Assumption of Service Contracts. Two (2) counterparts of the Assignment and Assumption of Service Contracts with respect to each Seller, executed and acknowledged by Purchaser;

(k) General Assignment. Two (2) counterparts of the General Assignment with respect to each Seller, executed and acknowledged by Purchaser;

(l) ISS Home Office Payment Agreement. Two (2) counterparts of the ISS Home Office Payment Agreement, executed and acknowledged by Purchaser;

(m) Assignment and Assumption of Agreements Regarding ISS Letters of Credit. Two (2) counterparts of the Assignment and Assumption of Agreements Regarding ISS Letters of Credit, executed and acknowledged by Purchaser;

(n) Assignment of Letters of Credit. Two (2) counterparts of the Assignment of Letters of Credit, executed by Purchaser;

(o) Assignment and Assumption of Highwoods Rental Guaranty Agreements. Two (2) counterparts of the Assignment and Assumption of Highwoods Rental Guaranty Agreements.

(p) Purchaser's Certificate. A certificate in the form attached hereto as **SCHEDULE 22 ("Purchaser's Certificate")**, evidencing the reaffirmation of the truth and accuracy in all material respects of Purchaser's representations and warranties contained in **Section 4.4** hereof, with such modifications thereto as may be appropriate in light of any change in circumstances since the Effective Date;

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- (q) Notice of Sale to Tenants. The Tenant Notices of Sale, executed by Purchaser, as contemplated in **Section 5.1(cc)** hereof;
- (r) Notices of Sale to Ground Lessors. The Ground Lessor Notices of Sale, executed by Purchaser, as contemplated in **Section 5.1(dd)** hereof;
- (s) Notices of Sale to Service Contractors and Leasing Agents. The Other Notices of Sale to service providers and leasing agents, as contemplated in **Section 5.1(ee)** hereof;
- (t) Notices of Sale to Associations. The Association Notices of Sale, executed by Purchaser, as contemplated in **Section 5.1(ff)** hereof;
- (u) Notices of Sale to Declarants. The Declarant Notices of Sale, executed by Purchaser, as contemplated in **Section 5.1(gg)** hereof;
- (v) SNDAs. Such SNDAs as may have been executed and delivered by any Major Tenants;
- (w) Assignment and Assumption of Pacificare Escrow Agreement. Two (2) counterparts of the Assignment and Assumption of Pacificare Escrow Agreement;
- (x) Settlement Statement. A settlement statement setting forth the amounts paid by or on behalf of and/or credited to each of Purchaser and Sellers pursuant to this Agreement;
- (y) Evidence of Authority. A copy of resolutions of the Board of Directors of Purchaser, certified by the Secretary or Assistant Secretary of Purchaser to be in force and unmodified as of the date and time of Closing, authorizing the purchase contemplated herein, the execution and delivery of the documents required hereunder, and designating the signatures of the persons who are to execute and deliver all such documents on behalf of Purchaser or if Purchaser is not a corporation, such documentation as Seller may reasonably require to establish that this Agreement, the transaction contemplated herein, and the execution and delivery of the documents required hereunder, are duly authorized, executed and delivered; and
- (z) Other Documents. Such other documents as shall be reasonably requested by Sellers' counsel to effectuate the purposes and intent of this Agreement.

5.3. Closing Costs. Sellers shall pay the attorneys' fees of Sellers, any escrow closing fees charged by the Title Company, the cost of recording the Limited Warranty Deeds, the Capital One Lake Easement Deed, the Kerr McGee Sewer Easement and the satisfactions of the Loans to be paid by Sellers at Closing, the cost of title examination fees and title insurance premiums for the "standard" or "base" coverage under all owner's title insurance policies issued

by the Title Company to Purchaser with respect to the Properties, but not in excess of the sum of \$738,804.61 in the aggregate (as reduced by the title insurance premium for "standard" or "base" coverage as to any Excluded Property), the Transfer Fees with respect to the Letters of Credit, the costs (if any) to transfer the certificates of occupancy for the Properties to Purchaser, and all other costs and expenses incurred by Sellers in closing and consummating the purchase and sale of the Properties pursuant hereto. Purchaser shall pay the cost of all title insurance premiums for "extended" coverage and all endorsements as to all owner's title insurance policies issued by the Title Company to Purchaser with respect to the Properties, all title insurance premiums payable with respect to all mortgagee title insurance policies that may be issued by the Title Company to any lender(s) of Purchaser, all other recording fees on all instruments to be recorded in connection with these transactions, the attorneys' fees of Purchaser, and all other costs and expenses incurred by Purchaser in the performance of Purchaser's due diligence inspection of the Properties and in closing and consummating the purchase and sale of the Properties pursuant hereto. Purchaser and the Seller of each applicable Property shall each pay fifty percent (50%) of the Surveys and fifty percent (50%) of Real Estate Transfer Taxes (if any) imposed by the applicable jurisdiction(s) in which each such Property is located upon the conveyance of each such Property pursuant hereto; provided, however, that Purchaser's share of said aggregate Real Estate Transfer Taxes shall not exceed \$850,000.00.

5.4. Prorations and Credits. The following items in this **Section 5.4** shall be adjusted and prorated between each Seller and Purchaser as of 11:59 P.M. on the day preceding the Closing, based upon the actual number of days in the applicable month or year:

(a) **Taxes.** All general real estate taxes imposed by any governmental authority ("**Taxes**") shall be prorated between Purchaser and each Seller as to the Taxes with respect to the Properties of such Seller as of the Closing. If the Closing occurs prior to the receipt by Sellers of the tax bill for any of the Properties for the calendar year or other applicable tax period in which the Closing occurs, Taxes with respect to such Property or Properties shall be prorated for such calendar year or other applicable tax period based upon the prior year's tax bill. Notwithstanding the foregoing, Taxes shall not be prorated with respect to any Property as to which the tenant under the Lease(s) with respect to such Property is obligated to pay Taxes directly to the applicable taxing authority.

(b) **Reproration of Taxes.** After receipt of final Taxes and other bills, Purchaser shall prepare and present to each Seller a calculation of the reproration of such Taxes and other items with respect to the Properties of such Seller, based upon the actual amount of such items charged to or received by the parties for the year or other applicable fiscal period. Purchaser and each Seller shall make the appropriate adjusting payment between them within thirty (30) days after presentment to such Seller of Purchaser's calculation and appropriate back-up information. Purchaser shall provide each Seller with appropriate backup materials related to the calculation, and each Seller may inspect Purchaser's books and records related to the Properties of such Seller to confirm the calculation. The provisions of this **Section 5.4(b)** shall survive the Closing for a period of one (1) year after the Closing Date.

(c) **Rents, Income and Other Expenses.** As to each Seller, rents and any other amounts (including Taxes) paid by tenants of the Properties of such Seller shall be prorated as of

the Closing Date and be adjusted against the Purchase Price allocated to such Seller on the basis of a schedule which shall be prepared by such Seller and delivered to Purchaser for Purchaser's review and approval at least five (5) Business Days prior to Closing. With respect to each Seller, Purchaser shall receive at Closing a credit for Purchaser's pro rata share of the rents, additional rent, common area maintenance charges, tenant reimbursements and escalations, and all other payments paid for the month of Closing with respect to the Properties of such Seller and for all other rents and other amounts with respect to the Properties of such Seller that apply to periods from and after the Closing, but which are received by such Seller prior to Closing. Purchaser agrees to pay to each Seller, upon receipt, any rents or other payments by tenants under their respective Leases with respect to the Properties of such Seller that apply to periods prior to Closing but are received by Purchaser after Closing; provided, however, that any delinquent rents or other payments by tenants shall be applied first to any current amounts owing by such tenants from and after Closing, then to delinquent rents in the order in which such rents are most recently past due, with the balance, if any, paid over to such Seller to the extent of delinquencies existing at the time of Closing to which such Seller is entitled; it being understood and agreed that Purchaser shall not be legally responsible to such Seller for the collection of any rents or other charges payable with respect to such Leases or any portion thereof, which are delinquent or past due as of the Closing Date; but Purchaser agrees that Purchaser shall send monthly notices for a period of three (3) consecutive months in an effort to collect any rents and charges not collected as of the Closing Date. With respect to each Seller, any reimbursements payable by any tenant under the terms of any tenant lease affecting any of the Properties of such Seller as of the Closing Date, which reimbursements pertain to such tenant's pro rata share of increased operating expenses or common area maintenance costs incurred with respect to such Properties at any time prior to the Closing, shall be prorated upon Purchaser's actual receipt of any such reimbursements, on the basis of the number of days of such Seller's and Purchaser's respective ownership of such Properties during the period in respect of which such reimbursements are payable; and Purchaser agrees to pay to such Seller such Seller's pro rata portion of such reimbursements within thirty (30) days after Purchaser's receipt thereof. Conversely, if any tenant under any such Lease affecting the Properties of such Seller shall become entitled at any time after Closing to a refund of tenant reimbursements actually paid by such tenant prior to Closing, then, such Seller shall, within thirty (30) days following Purchaser's demand therefor, pay to Purchaser an amount equal to such Seller's pro rata share of such reimbursement refund obligations, said proration to be calculated on the same basis as hereinabove set forth. The applicable Sellers shall be and remain responsible for the payment of all Florida sales tax that may be payable on rents and rental income paid by the tenants under their leases affecting the Americredit Property and the Gartner Property, respectively, prior to the Closing Date (and to the extent that the tenants under such Leases are required to reimburse the landlord for all or any part of such Florida sales tax, such tenant reimbursement paid with respect to the rents payable for all periods prior to the Closing Date shall belong to the applicable Sellers). Conversely, Purchaser shall be responsible for the payment of all Florida sales tax that may be payable on rents and rental income paid by such tenants under their Leases for all periods from and after the Closing Date (and to the extent that the tenants under such Leases are required to reimburse the landlord for all or any part of such Florida sales tax, such tenant reimbursements with respect to rents paid by such tenants for all periods from and after the Closing Date shall belong to Purchaser). Each Seller hereby retains its right to pursue any tenant under the Leases affecting the Properties of such Seller for sums due such Seller for periods attributable to such Seller's ownership of such Properties; provided, however, that such Seller (i) shall be required to

notify Purchaser in writing of its intention to commence or pursue such legal proceedings, and to provide Purchaser with copies of all correspondence with such tenant relative to such proceedings; (ii) shall only be permitted to commence or pursue any legal proceedings after the date which is three (3) months after Closing, except that such Seller shall be entitled to continue to pursue any legal proceedings commenced prior to Closing; and (iii) shall not be permitted to commence or pursue any legal proceedings against any tenant seeking eviction of such tenant or the termination of the applicable Lease. The provisions of this **Section 5.4(c)** shall survive the Closing for a period of eighteen (18) months after the Closing Date; provided, however, that in the event the tenant under any Lease affecting any Property currently has rights to audit operating expenses under its Lease for calendar year 2005 which extend beyond eighteen (18) months after the Closing Date of such Property, then as to any such Property and Lease, the provisions of this **Section 5.4(c)** shall survive the Closing for a period of time equal to any such tenant's audit rights under such Lease.

(d) Security Deposits. As to each Seller, Purchaser shall receive at Closing a credit with respect to the Purchase Price allocated to such Seller for all Security Deposits transferred and assigned to Purchaser at Closing in connection with the Leases affecting the Properties of such Seller, together with a detailed inventory of such Security Deposits.

(e) Operating Expenses. As to each Seller, personal property taxes, installment payments of special assessment liens, vault charges, sewer charges, utility charges, and normally prorated operating expenses actually paid or payable as of the Closing Date with respect to the Properties of such Seller (including, without limitation, amounts payable pursuant to the Service Contracts and Property Management Agreements) shall be prorated as of the Closing Date and adjusted against the Purchase Price allocated to such Seller, provided that within ninety (90) days after the Closing, Purchaser and such Seller will make a further adjustment for such taxes, charges and expenses affecting the Properties of such Seller which may have accrued or been incurred prior to the Closing Date, but not collected or paid at that date. In addition, as to each Seller, within ninety (90) days after the close of the fiscal year(s) used in calculating the pass-through to tenants of operating expenses and/or common area maintenance costs under the Leases affecting the Properties of such Seller (where such fiscal year(s) include(s) the Closing Date), such Seller and Purchaser shall, upon the request of either, re-prorate on a fair and equitable basis in order to adjust for the effect of any credits or payments due to or from tenants for periods prior to the Closing Date. All prorations shall be made based on the number of calendar days in such year or month, as the case may be. Notwithstanding the foregoing, personal property taxes, installment payments of special assessment liens, vault charges, sewer charges, utility charges, and operating expenses shall not be prorated with respect to any Property as to which the tenant under the Lease(s) with respect to such Property is obligated to pay the same directly to the provider thereof. The provisions of this **Section 5.4(e)** shall survive the Closing for a period of eighteen (18) months after the Closing Date; provided, however, that in the event the tenant under any Lease affecting any Property currently has rights to audit operating expenses under its Lease for calendar year 2005 which extend beyond eighteen (18) months after the Closing Date of such Property, then as to any such Property and Lease, the provisions of this **Section 5.4(e)** shall survive the Closing for a period of time equal to any such tenant's audit rights under such Lease.

(f) Tenant Inducement Costs.

(i) At the Closing of the ISS Property, Purchaser shall receive a credit against the Purchase Price of such Property in the amount of \$888,076.88, said sum representing the unpaid tenant improvement allowance payable to the tenant under and pursuant to the Lease for Building 3 of the ISS Property. At such Closing, Purchaser shall assume the obligation to pay such tenant improvement allowance to such tenant as and when the same becomes payable pursuant to the terms of said Lease.

(ii) At the Closing of the John Wiley Property, Purchaser shall receive credits against the Purchase Price of such Property (x) in the amount of \$69,492.00, said sum representing the unpaid tenant improvement allowance payable to John Wiley & Sons, Inc. under and pursuant to its Lease at the John Wiley Property as set forth on the attached **Exhibit "I"**, and (y) in the amount of \$48,239.00, said sum representing the unpaid leasing commission payable to CB Richard Ellis, Inc. in connection with the Lease with John Wiley & Sons, Inc. pursuant to the Commission Agreement described on the attached **Exhibit "C"**. At such Closing, Purchaser shall assume the obligations to pay such tenant improvement allowance and such leasing commission to said tenant and leasing agent as and when the same become payable pursuant to the terms of said Lease and Commission Agreement.

**ARTICLE 6.
CONDITIONS TO CLOSING**

6.1. Conditions Precedent to Purchaser's Obligations. Subject to the last paragraph of this **Section 6.1**, the obligations of Purchaser hereunder to consummate the transaction contemplated hereunder shall in all respects be conditioned upon the satisfaction of each of the following conditions prior to or simultaneously with the Closing, any of which may be waived by Purchaser in its sole discretion by written notice to Sellers at or prior to the Closing Date:

(a) Covenants. Sellers shall have performed, in all material respects, all covenants, agreements and undertakings of Sellers contained in this Agreement;

(b) Representations and Warranties. All representations and warranties of each Seller as set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of Closing, provided that solely for purposes of this subparagraph such warranties and representations shall be deemed to be given without being limited to such Seller's knowledge and without modification (by update or otherwise, as provided in **Section 5.1** hereof);

(c) Tenant Estoppel Certificates. Tenant Estoppel Certificates from each of the Major Tenants shall have been delivered to Purchaser, with each such estoppel certificate (i) to be substantially in the form attached hereto as **EXHIBIT "M"** (or if the applicable Lease provides for a particular form of estoppel certificate to be given by the tenant thereunder, the Tenant Estoppel Certificate with respect to such Lease may be in the form as called for therein), (ii) to be dated within thirty (30) days prior to the First Closing Date, (iii) to confirm the material terms of the applicable Lease as contained in the copies of the Leases obtained by or delivered to Purchaser, (iv) to confirm the absence of any material defaults under the applicable Lease as of the date thereof; and (v) the Tenant Estoppel Certificates for the Alstom Property, the AT&T (PA)

Property and the Capital One Property must confirm the applicable information identified on **EXHIBIT "V"** as "critical"; provided, however, that if the closing of the purchase and sale of any Property is adjourned or postponed beyond the First Closing Date set forth in **Section 2.7(a)** hereof, for any reason permitted under this Agreement or as otherwise may be agreed by Sellers and Purchaser, and Sellers theretofore shall have obtained and delivered a Tenant Estoppel Certificate meeting the requirements of this **Section 6.1(c)** and dated within thirty (30) days of First Closing Date, then this condition shall be deemed satisfied as to such Property and Sellers shall have no obligation to seek or obtain an updated Tenant Estoppel Certificate as to such Property to comply with clause (ii) hereinabove. Subject to the last paragraph of this **Section 6.1**, the delivery of said Tenant Estoppel Certificates from the Major Tenants shall be a condition of Closing, and the failure or inability of Sellers to obtain and deliver any of said Tenant Estoppel Certificates, each Seller having used its good faith efforts to obtain the same from the tenants under Leases of the Properties of such Seller, shall not constitute a default by Sellers under this Agreement;

(d) Lease Guarantor Estoppel Certificates. Lease Guarantor Estoppel Certificates from each of the Lease Guarantors under the Lease Guaranties shall have been delivered to Purchaser, with each such estoppel certificate (i) to be substantially in the form attached hereto as **EXHIBIT "T"** and (ii) to be dated within thirty (30) days prior to the First Closing Date; provided, however, that if the closing of the purchase and sale of any Property is adjourned or postponed beyond the First Closing Date set forth in **Section 2.7(a)** hereof for any reason permitted under this Agreement or as otherwise may be agreed by Sellers and Purchaser, and Sellers theretofore shall have obtained and delivered a Lease Guarantor Estoppel Certificate meeting the requirements of this **Section 6.1(d)** and dated within thirty (30) days of the First Closing Date, then this condition shall be deemed satisfied as to such Property and Sellers shall have no obligation to seek or obtain an updated Lease Guarantor Estoppel Certificate as to such Property to comply with clause (ii) hereinabove. Subject to the last paragraph of this **Section 6.1**, the delivery of said Lease Guarantor Estoppel Certificates from the Lease Guarantors shall be a condition of Closing, and the failure or inability of Sellers to obtain and deliver any of said Lease Guarantor Estoppel Certificates, each Seller having used its good faith efforts to obtain the same from the Lease Guarantors of any Lease affecting the Properties of such Seller, shall not constitute a default by Sellers under this Agreement;

(e) Highwood Estoppel Certificates. The Highwoods Estoppel Certificates in substantially the form attached hereto as **EXHIBIT "Y"**, executed by Highwoods Properties, Inc. Subject to the last paragraph of this **Section 6.1**, the delivery of said Highwoods Estoppel Certificates shall be a condition of Closing, and the failure or inability of the applicable Seller to obtain and deliver any of said Highwoods Estoppel Certificates, such Seller having used its good faith efforts to obtain the same, shall not constitute a default by Sellers under this Agreement

(f) Ground Lessor Estoppel Certificates. Ground Lessor Estoppel Certificates from each of the ground lessors under the ASML Prime Ground Lease, the ASML Sub-Ground Lease and the Ingram Micro Bond Lease, with each such estoppel certificate (i) to be substantially in the forms attached hereto as **EXHIBIT "H-1"**, **EXHIBIT "H-2"** and **EXHIBIT "H-3"**, respectively (or if the applicable Ground Lease provides for a particular form of estoppel certificate to be given by the lessor thereunder, the Ground Lessor Estoppel Certificate with

respect to such ground lease may be in the form as called for therein), (ii) to be dated within thirty (30) days prior to the First Closing Date, (iii) to confirm the material terms of the applicable ground lease, as contained in the copies of the Ground Leases obtained by or delivered to Purchaser, and (iv) to confirm the absence of any material defaults under the applicable Ground Leases as of the date of such estoppel certificate; provided, however, that if the closing of the purchase and sale of the property is adjourned or postponed beyond the First Closing Date set forth in **Section 2.7(a)** hereof for any reason permitted under this Agreement or as otherwise may be agreed by Sellers and Purchaser, and Sellers theretofore shall have obtained and delivered a Ground Lessor Estoppel Certificate meeting the requirements of this **Section 6.1(f)** and dated within thirty (30) days of the First Closing Date, then this condition shall be deemed satisfied as to such Property and Sellers shall have no obligation to seek or obtain an updated Ground Lessor Estoppel Certificate as to such Property to comply with clause (ii) hereinabove. Subject to the last paragraph of this **Section 6.1**, the delivery of Ground Lessor Estoppel Certificates from the ASML Prime Ground Lessor, the ASML Sub-Ground Lessor and the Ingram Micro Ground Lessor shall be a condition of Closing, and the failure or inability of Wells OP to obtain and deliver said Ground Lessor Estoppel Certificates, Wells OP having used its good faith efforts to obtain the same from the ground lessors under the Ground Leases, shall not constitute a default by Wells OP under this Agreement;

(g) Association Estoppel Certificates. An Association Estoppel Certificate from each of the Associations listed on the attached **EXHIBIT "D"** shall have been delivered to Purchaser, with each such Association Estoppel Certificate (i) to be dated within thirty (30) days prior to the First Closing Date, and (ii) to confirm (A) the absence of any material defaults or violations by the applicable Seller with respect to the payment of any assessments (whether annual, periodic or special) to such Association with respect to the applicable Property or Properties owned by such Seller as "owner", (B) the amount of any annual, periodic or regular assessments and specific assessments to become payable by the owner of the applicable Property and as to which such Association has given written notice to such Seller prior to or concurrently with the date of such Association Estoppel Certificate, (C) if the Association (or architectural review committee, board or other group) is required under the terms of the applicable Declaration to confirm that the plans and specifications for the applicable Wells OP Improvements or Wells Affiliate Improvements have been approved as may be required under the terms of such Declaration, then a statement that such plans and specifications have been so approved, and (D) all amendments or modifications of the applicable Declaration; provided, however, that if the closing of purchase and sale of any Property is adjourned or postponed beyond the First Closing Date set forth in **Section 2.7(a)** hereof for any reason permitted under this Agreement or as otherwise may be agreed by Seller and Purchaser and Sellers theretofore shall have obtained and delivered an Association Estoppel Certificate meeting the requirements of this **Section 6.1(g)** and dated within thirty (30) days of the First Closing Date, then this condition shall be deemed satisfied as to such Property and Sellers shall have no obligation to seek or obtain an updated Association Estoppel Certificate as to such Property to comply with clause (i) hereinabove. Subject to the last paragraph of this **Section 6.1**, the delivery of said Association Estoppel Certificates from such Associations shall be a condition of Closing, and the failure or inability of Sellers to obtain and deliver said Association Estoppel Certificates, each applicable Seller having used its good faith efforts to obtain the same shall not constitute a default by Sellers under this Agreement. Notwithstanding anything to the contrary contained

herein, if the applicable Seller has been unable to obtain and deliver to Purchaser by Closing the applicable Association Estoppel Certificate meeting the requirements set forth above, then, at the option of such Seller, this condition to Closing may be satisfied by such Seller's execution and delivery to Purchaser at Closing, on behalf of any Association having rights with respect to the Property of such Seller and which has failed to provide the required Association Estoppel Certificate an estoppel certificate substantially in the form attached hereto as **SCHEDULE 20 ("Seller's Estoppel")**; and provided that the applicable Seller's liability under any such Seller's Estoppel so executed and delivered by such Seller to Purchaser at Closing shall cease and terminate upon the receipt by Purchaser after Closing of a duly executed Association Estoppel Certificate from the Association covered in such Seller's Estoppel to the extent that such Association Estoppel Certificate conforms to Seller's Estoppel in all material respects; and

(h) **Declarant Estoppel Certificates.** A Declarant Estoppel Certificate from each of the Declarants under the Declarations shall have been delivered to Purchaser, with each such estoppel certificate (i) to be dated within thirty (30) days prior to the Closing Date, and (ii) to confirm (A) the absence of any material defaults or violations under the applicable Declaration by the applicable Seller as "owner" as defined in such Declaration, (B) the payment of all amounts due from such Seller, (C) if Declarant is required under the terms of the applicable Declaration to confirm that the plans and specifications for the applicable Wells OP Improvements or Wells Affiliate Improvements have been approved as may be required under the terms of such Declaration, then a statement that such plans and specifications have been so approved, and (D) all amendments or modifications of the applicable Declaration. Subject to the last paragraph of this **Section 6.1**, the delivery of said Declarant Estoppel Certificates from such Declarants shall be a condition of Closing, and the failure or inability of Sellers to obtain and deliver said Declarant Estoppel Certificates, each applicable Seller having used its good faith efforts to obtain the same, shall not constitute a default by Sellers under this Agreement; provided, however, that if the closing of purchase and sale of any Property is adjourned or postponed beyond the initial First Closing Date set forth in **Section 2.7(a)** hereof for any reason permitted under this Agreement or as otherwise may be agreed by Seller and Purchaser and Sellers theretofore shall have obtained and delivered an Declarant Estoppel Certificate meeting the requirements of this **Section 6.1(h)** and dated within thirty (30) days of said initial First Closing Date, then this condition shall be deemed satisfied as to such Property and Sellers shall have no obligation to seek or obtain an updated Declarant Estoppel Certificate as to such Property to comply with clause (i) hereinabove. Notwithstanding anything to the contrary contained herein, if the applicable Seller has been unable to obtain and deliver to Purchaser by Closing the applicable Declarant Estoppel Certificate meeting the requirements set forth above, then, at the option of such Seller, this condition to Closing may be satisfied by such Seller's execution and delivery to Purchaser at Closing, on behalf of any Declarant having rights with respect to the Property of such Seller and which has failed to provide the required Declarant Estoppel Certificate, a Seller's Estoppel substantially in the form attached hereto as **SCHEDULE 20**; and provided that the applicable Seller's liability under any such Seller's Estoppel so executed and delivered by such Seller to Purchaser at Closing shall cease and terminate upon the receipt by Purchaser after Closing of a duly executed Declarant Estoppel Certificate from the Declarant covered in such Seller's Estoppel to the extent that such Declarant Estoppel Certificate conforms to Seller's Estoppel in all material respects.

(i) Gartner Lease Amendment and ISS Lease Amendment. The Gartner Lease Amendment as executed by Wells Funds XI and XII REIT JV and Gartner, Inc., and the ISS Lease Amendment as executed by Wells OP and Internet Security Systems, Inc., each of which lease amendments shall be substantially in the forms attached hereto as **Exhibit “CC”** and **Exhibit “DD”**, respectively. Subject to the last paragraph of this **Section 6.1**, the delivery of the Gartner Lease Amendment and the ISS Lease Amendment shall be conditions to Closing, and the failure or inability of Sellers to obtain and delivery either of said lease amendments, each applicable Seller having used its good faith efforts to obtain the same from said tenants, shall not constitute a default by Sellers hereunder.

(j) Final C.O.’s for Alstom Power Property and Capital One Property. The delivery by Wells Virginia REIT and Wells OP to Purchaser of copies of final certificates of occupancy for all improvements located on the Alstom Power Property and the Capital One Property, or the delivery by Wells Virginia REIT and Wells OP to Purchaser of other evidence satisfactory to Purchaser that final certificates of occupancy have been issued by the applicable governing authorities for all improvements located on the Alstom Power Property and the Capital One Property.

In the event any condition in this **Section 6.1** has not been satisfied (or otherwise waived in writing by Purchaser) prior to or on the Closing Date (as the same may be extended or postponed as provided in this Agreement), Purchaser shall have the right to terminate this Agreement by written notice to Sellers given prior to the Closing, whereupon (i) Escrow Agent shall promptly return the Earnest Money to Purchaser; and (ii) except for those provisions of this Agreement which by their express terms survive the termination of this Agreement, no party hereto shall have any other or further rights or obligations under this Agreement.

6.2. Conditions Precedent to Sellers’ Obligations. The obligations of Sellers hereunder to consummate the transactions contemplated hereunder shall in all respects be conditioned upon the satisfaction of each of the following conditions prior to or simultaneously with the Closing (or at such earlier time as may be provided below), any of which may be waived by Sellers in their sole discretion by written notice to Purchaser at or prior to the Closing Date:

(a) Purchaser shall have paid and Sellers shall have received the Purchase Price, as adjusted pursuant to the terms and conditions of this Agreement, which Purchase Price shall be payable in the amount and in the manner provided for in this Agreement;

(b) Purchaser shall have performed, in all material respects, all covenants, agreements and undertakings of Purchaser contained in this Agreement; and

(c) All representations and warranties of Purchaser as set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of Closing, provided that solely for purposes of this subparagraph such warranties and representations shall be deemed to be given without being limited to Purchaser’s knowledge and without modification (by update or otherwise, as provided in **Section 5.2** hereof).

6.3. Conditions Precedent to Purchase and Sale of Certain Properties.

(a) In addition to and not in lieu of Sections 6.1 and 6.2 above, the respective obligations of Purchaser and Sellers to consummate the transaction contemplated hereunder with respect to the Bank of America Property shall in all respects be conditioned upon the failure (or deemed failure) of Bank of America NT & SA, as tenant under its Lease affecting the Bank of America Property, to timely exercise its right to purchase the Bank of America Property pursuant to the terms of its Lease. In the event that the Outstanding ROFO/ROFR Party shall timely exercise its right to purchase the Bank of America Property, Sellers shall promptly notify Purchaser in writing thereof, which notice shall be accompanied by a true and correct copy of the notice of exercise received by the applicable Seller (“**Seller’s Partial Termination Notice**”). Upon the delivery by Seller to Purchaser of Seller’s Partial Termination Notice, this Agreement shall terminate the Bank of America Property which is the subject of Seller’s Partial Termination Notice, whereupon (1) the aggregate Purchase Price for the Properties as set forth in Section 2.5 hereof shall be reduced by the Purchase Price for the Bank of America Property as set forth on EXHIBIT “O” attached hereto; (2) Escrow Agent shall promptly return the Earnest Money allocated to the Bank of America Property (i.e., \$1,500,000.00) to Purchaser; (3) the parties hereto shall proceed to close the purchase and sale of the other Properties which are the subject of this Agreement; and (4) except for those provisions of this Agreement which by their express terms survive the termination of this Agreement, no party hereto shall have any other or further rights or obligations under this Agreement with respect to the Bank of America Property.

(b) In addition to and not in lieu of Section 6.1 and Section 6.2 above, the respective obligations of Purchaser and Seller to consummate the transactions contemplated hereunder with respect to the ASML Property and the Ingram Micro Property shall in all respects be conditioned upon the written approval or consent of the lessors under the ASML Prime Ground Lease, the ASML Sub-Ground Lease and the Ingram Micro Bond Lease to the transfers, respectively, of the leasehold estates in the ASML Property and the Ingram Micro Property to Purchaser.

ARTICLE 7. CASUALTY AND CONDEMNATION

7.1. Casualty. Risk of loss up to and including the Closing Date shall be borne by Sellers. In the event of any immaterial damage or destruction to the Properties of a Seller or any portion thereof, Sellers and Purchaser shall proceed to close under this Agreement, and Purchaser will receive (and the applicable Seller whose Property or Properties was or were the subject of such damage or destruction will assign to Purchaser at the Closing such Seller’s rights under insurance policies to receive) any insurance proceeds (including any rent loss insurance applicable to any period on and after the Closing Date) due such Seller as a result of such damage or destruction (less any amounts reasonably expended for restoration or collection of proceeds) and assume responsibility for such repair, and Purchaser shall receive a credit at Closing for any deductible amount under said insurance policies. For purposes of this Agreement, the term “**immaterial damage or destruction**” shall be applied on a Property by Property basis and shall mean such instances of damage or destruction of the subject Property:

(i) which can be repaired or restored at a cost equal to or less than an amount equal to five percent (5%) of the Purchase Price of such Property, as set forth on the attached **Exhibit "O"**; (ii) which can be restored and repaired within one hundred eighty (180) days from the date of such damage or destruction; (iii) which are not so extensive as to allow any Major Tenant of such Property to terminate its Lease with respect to such Property or abate or reduce rent payable thereunder (unless business loss or rent insurance shall be available in the full amount of such abatement or reduction, subject to applicable deductibles) on account of such damage or destruction; and (iv) in which such Seller's rights under its rent loss insurance policies covering such Property are assignable to Purchaser and will continue pending restoration and repair of the damage or destruction.

In the event of any material damage or destruction to one or more of the Properties or any portion thereof, Purchaser may, at its option, by notice to Sellers given within the earlier of twenty (20) days after Purchaser is notified by Sellers of such damage or destruction, or the Closing Date, but in no event less than ten (10) days after Purchaser is notified by Seller of such damage or destruction (and if necessary the Closing Date shall be extended to give Purchaser the full 10-day period to make such election): (i) terminate this Agreement as to any such Property which is the subject of material damage or destruction (an **"Excluded Property"**), or (ii) proceed to close under this Agreement, receive (and each Seller will assign to Purchaser at the Closing the rights of such Seller under insurance policies to receive) any insurance proceeds (including any rent loss insurance applicable to the period on or after the Closing Date) due such Seller as a result of such damage or destruction (less any amounts reasonably expended for restoration or collection of proceeds) and assume responsibility for such repair, and Purchaser shall receive a credit at Closing for any deductible amount under said insurance policies. If Purchaser fails to deliver to Sellers notice of its election within the period set forth above, Purchaser will conclusively be deemed to have elected to proceed with the Closing as provided in clause (ii) of the preceding sentence. If Purchaser elects clause (ii) above, each Seller will cooperate with Purchaser after the Closing to assist Purchaser in obtaining the insurance proceeds from the insurers of such Seller. For purposes of this Agreement **"material damage or destruction"** shall mean all instances of damage or destruction that are not immaterial, as defined herein.

7.2. Condemnation. If, prior to the Closing, all or any part of the Properties of a Seller is subjected to a bona fide threat of condemnation by a body having the power of eminent domain or is taken by eminent domain or condemnation (or sale in lieu thereof), or if a Seller has received written notice that any condemnation action or proceeding with respect to the Properties of such Seller is contemplated by a body having the power of eminent domain (collectively, a **"Taking"**), such Seller shall give Purchaser immediate written notice of such Taking. In the event of any immaterial Taking with respect to the Properties of a Seller or any portion thereof, Sellers and Purchaser shall proceed to close under this Agreement. For purposes of this Agreement, the term **"immaterial Taking"** shall be applied on a Property by Property basis and shall mean such instances of Taking of the subject Property: (i) which do not result in a taking of any portion of the building structure of the building occupied by tenants on such Property; (ii) which do not result in a decrease in the number of parking spaces at such Property (taking into account the number of additional parking spaces that can be provided within one hundred eighty (180) days of such Taking); and (iii) which are not so extensive as to allow any Major

Tenant of such Property to terminate its Lease with respect to such Property or abate or reduce rent payable thereunder [unless business loss or rent insurance (subject to applicable deductibles) or condemnation award proceeds shall be available in the full amount of such abatement or reduction, and Purchaser shall receive a credit at Closing for such deductible amount] on account of such Taking.

In the event of any material Taking of one or more of the Properties or any portion thereof (any such Property also being referred to in this Agreement as an “**Excluded Property**”), Purchaser may, at its option, by written notice to Sellers given within thirty (30) days after the receipt of such notice from such Seller, elect to terminate this Agreement only as to any such Excluded Property. If Purchaser chooses to terminate this Agreement as to any such Excluded Property in accordance with this **Section 7.2**, then the rights, duties, obligations, and liabilities of the parties hereunder shall immediately terminate as to any such Excluded Property only and be of no further force and effect, except for those provisions of this Agreement which by their express terms survive the termination of this Agreement. For purposes of this Agreement “**material Taking**” shall mean all instances of a Taking that are not immaterial, as defined herein.

If Purchaser does not elect to, or has no right to, terminate this Agreement as to any Property in accordance herewith on account of a Taking, this Agreement shall remain in full force and effect and the sale of the Properties contemplated by this Agreement, less any interest taken by eminent domain or condemnation, or sale in lieu thereof, shall be effected with no further adjustment and without reduction of the Purchase Price, and at the Closing, each Seller shall assign, transfer, and set over to Purchaser all of the right, title, and interest of such Seller in and to any awards applicable to the Properties of such Seller that have been or that may thereafter be made for such taking. At such time as all or a part of the Properties of a Seller is subjected to a bona fide threat of condemnation and Purchaser shall not have elected to terminate this Agreement as to any such Excluded Property only as provided in this **Section 7.2**, and provided that the Inspection Period has expired and Purchaser has delivered the Earnest Money to Escrow Agent, (i) Purchaser shall thereafter be permitted to participate in the proceedings as if Purchaser were a party to the action, and (ii) such Seller shall not settle or agree to any award or payment pursuant to condemnation, eminent domain, or sale in lieu thereof without obtaining Purchaser’s prior written consent thereto in each case.

ARTICLE 8. DEFAULT AND REMEDIES

8.1. Purchaser’s Default. If Purchaser fails to consummate this transaction for any reason *other than* the default of Sellers, failure of a condition to Purchaser’s obligation to close, or the exercise by Purchaser of an express right of termination granted herein, Sellers shall be entitled, as their sole remedy hereunder, to terminate this Agreement and to receive and retain the Earnest Money as full liquidated damages for such default of Purchaser, the parties hereto acknowledging that it is impossible to estimate more precisely the damages which might be suffered by Sellers upon Purchaser’s default, and that said Earnest Money is a reasonable estimate of the probable loss of Sellers in the event of default by Purchaser. The retention by Sellers of said Earnest Money is intended not as a penalty, but as full liquidated damages. The

right to retain the Earnest Money as full liquidated damages is the sole and exclusive remedy of Sellers in the event of default hereunder by Purchaser, and Sellers hereby waive and release any right to (and hereby covenant that they shall not) sue the Purchaser: (a) for specific performance of this Agreement, or (b) to recover actual damages in excess of the Earnest Money. The foregoing liquidated damages provision shall *not* apply to or limit Purchaser's liability for Purchaser's obligations under **Sections 3.1(b), 3.1(c), 3.7 and 10.1** of this Agreement or for Purchaser's obligation to pay to Sellers all attorney's fees and costs of Sellers to enforce the provisions of this **Section 8.1**. Purchaser hereby waives and releases any right to (and hereby covenants that it shall not) sue Sellers or either of them or seek or claim a refund of said Earnest Money (or any part thereof) on the grounds it is unreasonable in amount and exceeds the actual damages of Sellers or that its retention by Sellers constitutes a penalty and not agreed upon and reasonable liquidated damages.

8.2. Seller's Default. If Sellers or any of them fail to perform any of their respective obligations under this Agreement for any reason other than Purchaser's default or the permitted termination of this Agreement by Sellers or any of them or Purchaser as expressly provided herein, Purchaser shall be entitled, as its sole remedy, either (a) to receive the return of the Earnest Money from Escrow Agent, which return shall operate to terminate this Agreement and release Sellers from any and all liability hereunder; provided, however, that in the event, and only in the event, such default by any Seller was willful and intentional and Purchaser receives the return of the Earnest Money, then Sellers shall pay to Purchaser an amount equal to the lesser of (i) Purchaser's actual out-of-pocket expenditures incurred directly in conducting due diligence activities contemplated under this Agreement and in negotiating and finalizing this Agreement, or (ii) Ten Million and No/100 Dollars (\$10,000,000.00), or (b) to enforce specific performance of the obligation of each Seller to execute and deliver the documents required to convey the Property owned by such Seller to Purchaser in accordance with this Agreement; it being specifically understood and agreed that the remedy of specific performance shall not be available to enforce any other obligation of Sellers or any of them hereunder. Notwithstanding the foregoing, if after January 7, 2005, any Seller shall have conveyed title to such Seller's Property to another party (other than to the Outstanding ROFO/ROFR Party pursuant to the timely exercise by such Outstanding ROFO/ROFR Party of its ROFO/ROFR Rights) or intentionally and knowingly taken any other action to defeat the remedy of specific performance, Purchaser shall be entitled to seek actual damages from Sellers. Except as expressly provided to the contrary in this **Section 8.2**, Purchaser expressly waives its rights to seek damages in the event of the default of Sellers or any of them hereunder. Purchaser shall be deemed to have elected to terminate this Agreement and to receive a return of the Earnest Money applicable to such Property from Escrow Agent if Purchaser fails to file suit for specific performance against each applicable Seller who is in breach of its obligations hereunder in a court having jurisdiction on or before sixty (60) days following the date upon which the Closing was to have occurred.

ARTICLE 9. ASSIGNMENT

9.1. Assignment. Subject to the next following sentence, this Agreement and all rights and obligations hereunder shall not be assignable by any party without the written consent of the other. Notwithstanding the foregoing to the contrary, (i) this Agreement and all of

Purchaser's rights hereunder may be transferred and assigned to any entity controlled by Purchaser or one or more of Purchaser's joint venture partners, and (ii) only contemporaneously with the Closing hereunder, Purchaser's rights under this Agreement with respect to any one or more of the separate Properties may be transferred and assigned to any entity controlled by Purchaser or one or more of Purchaser's joint venture partners so that the applicable Property or Properties as to which the transfer and assignment relates shall be conveyed to the applicable assignee and such assignee shall become the "Purchaser" under this Agreement as to such Property or Properties. Any assignee or transferee under any such assignment or transfer by Purchaser as to which the written consent of Seller has been given or as to which the consent of Seller is not required hereunder shall expressly assume all of Purchaser's duties, liabilities and obligations under this Agreement (whether arising or accruing prior to or after the applicable assignment or transfer) by written instrument delivered to Seller as a condition to the effectiveness of such assignment or transfer, except that any assignee or transferee under a transfer or assignment effectuated contemporaneously with the Closing under clause (ii) of the preceding sentence shall be required to assume only such of Purchaser's duties, liabilities and obligations under this Agreement that relate to the particular Property or Properties as to which the transfer and assignment relates, and upon such assumption by the assignee or transferee, except for the duties and obligations arising under Purchaser's indemnities set forth in **Sections 3.1(c)** and **10.1** of this Agreement, the original Purchaser shall be released and shall have no further liabilities, duties or obligations under this Agreement that relate to such particular Property or Properties as to which the transfer and assignment relates. No assignment or transfer effectuated under clause (i) of this **Section 9.1** shall relieve the original Purchaser of any duties or obligations hereunder, and the written assignment and assumption agreement shall expressly so provide. No assignment or transfer effectuated under clause (ii) above shall relieve the original Purchaser of any duties and obligations arising under Purchaser's indemnities set forth in **Sections 3.1(c)** and **10.1** hereof. For purposes of this **Section 9.1**, the term "**control**" shall mean the ownership of at least fifty percent (50%) of the applicable entity. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns. This Agreement is not intended and shall not be construed to create any rights in or to be enforceable in any part by any other persons.

ARTICLE 10. BROKERAGE COMMISSIONS

10.1. Broker. Upon the Closing, and only in the event the Closing occurs, Sellers shall pay a brokerage commission to Eastdil Realty Company, LLC, a New York limited liability company ("**Broker**"), pursuant to a separate agreement between Sellers and Broker. Broker is representing Sellers in this transaction. Broker has joined in the execution of this Agreement for the purpose of acknowledging and agreeing that no real estate commission shall be earned by it or due it if the transaction contemplated herein does not close for any reason whatsoever. Broker acknowledges and agrees that it shall look solely to Sellers, and not to Purchaser, for the payment of such commission, and Broker hereby waives and releases any present or future claims against Purchaser for the payment of such commission. In addition, Broker (upon receipt of its brokerage commission) agrees to execute and deliver to Sellers and Purchaser at the Closing a release and waiver of any claim Broker may have against Purchaser or the Properties.

Broker shall and does hereby indemnify and hold Purchaser and Sellers harmless from and against any and all liability, loss, cost, damage, and expense, including reasonable attorneys' fees actually incurred and costs of litigation, Purchaser or Sellers shall ever suffer or incur because of any claim by any agent, salesman, or broker, whether or not meritorious, for any fee, commission or other compensation with regard to this Agreement or the sale and purchase of the Properties contemplated hereby, and arising out of any acts or agreements of Broker. Each Seller shall and does hereby indemnify and hold Purchaser harmless from and against any and all liability, loss, cost, damage, and expense, including reasonable attorneys' fees actually incurred and costs of litigation, Purchaser shall ever suffer or incur because of any claim by any agent, salesman, or broker, whether or not meritorious, for any fee, commission or other compensation with regard to this Agreement or the sale and purchase of the Properties contemplated hereby, and arising out of any acts or agreements of such Seller, including any claim asserted by Broker. Likewise, Purchaser shall and does hereby indemnify and hold Sellers free and harmless from and against any and all liability, loss, cost, damage, and expense, including reasonable attorneys' fees actually incurred and costs of litigation, Sellers shall ever suffer or incur because of any claim by any agent, salesman, or broker, whether or not meritorious, for any fee, commission or other compensation with respect to this Agreement or the sale and purchase of the Properties contemplated hereby and arising out of the acts or agreements of Purchaser. This **Section 10.1** shall survive the Closing until the expiration of any applicable statute of limitations and shall survive any earlier termination of this Agreement.

ARTICLE 11. INDEMNIFICATION

11.1. Indemnification by Sellers. Following the Closing and subject to **Sections 11.3** and **11.4**, each Seller shall indemnify and hold Purchaser, its affiliates, members and partners, and the partners, shareholders, officers, directors, employees, representatives and agents of each of the foregoing (collectively, "**Purchaser-Related Entities**") harmless from and against any and all costs, fees, expenses, damages, deficiencies, interest and penalties (including, without limitation, reasonable attorneys' fees and disbursements) suffered or incurred by any such indemnified party in connection with any and all losses, liabilities, claims, damages and expenses ("**Losses**"), arising out of, or in any way relating to, (a) any breach of any representation or warranty of such Seller contained in this Agreement or in any Closing Document, and (b) any breach of any covenant of such Seller or of Sellers jointly contained in this Agreement which survives the Closing or in any Closing Document.

11.2. Indemnification by Purchaser. Following the Closing and subject to **Sections 11.3** and **11.4**, Purchaser (and Purchaser's joint venture partners to whom any rights of Purchaser are assigned pursuant to **Section 9.1** hereof) shall indemnify and hold Sellers, their respective affiliates, members and partners, and the partners, shareholders, officers, directors, employees, representatives and agents of each of the foregoing (collectively, "**Seller-Related Entities**") harmless from any and all Losses arising out of, or in any way relating to, (a) any breach of any representation or warranty by Purchaser contained in this Agreement or in any Closing Document, and (b) any breach of any covenant of Purchaser contained in this Agreement which survives the Closing or in any Closing Documents.

11.3. Limitations on Indemnification. Notwithstanding the foregoing provisions of **Section 11.1**, (a) Sellers shall not be required to indemnify Purchaser or any Purchaser Related Entities under this Agreement unless the aggregate of all amounts for which an indemnity would otherwise be payable by Sellers under **Section 11.1** above exceeds the Basket Limitation and, in such event Sellers shall be responsible for only the amount in excess of the Basket Limitation (the “**Excess Amount**”), with Wells OP responsible only for that amount equal to the Excess Amount multiplied by a fraction, the numerator of which is the sum of (i) the individual liability of Wells OP under **Section 11.1** above, plus (ii) a percentage of the joint (and not individual) liability of Sellers under **Section 11.1** above, with such percentage to be equal to one one-hundredth (1/100th) multiplied by the quotient obtained by dividing the total Purchase Price for the Wells OP Properties by the total Purchase Price for all of the Properties, and with each Wells Affiliate responsible only for that amount equal to the Excess Amount multiplied by a fraction, the numerator of which is the sum of (i) the individual liability of such Wells Affiliate under **Section 11.1** above, plus (ii) a percentage of the joint (and not individual) liability of Sellers under **Section 11.1** above, with such percentage to be equal to one one-hundredth (1/100th) multiplied by the quotient obtained by dividing the Purchase Price for the Wells Affiliate Property owned by such Wells Affiliate by the total Purchase Price for all of the Properties, (b) in no event shall the liability of Sellers with respect to the indemnification provided for in **Section 11.1** above exceed in the aggregate the Cap Limitation, (c) if prior to the Closing, Purchaser obtains knowledge in writing of any inaccuracy or breach of any representation, warranty or covenant of Sellers or any of them contained in this Agreement (a “**Purchaser-Waived Breach**”) and nonetheless proceeds with and consummates the Closing, then Purchaser and any Purchaser-Related Entities shall be deemed to have waived and forever renounced any right to assert a claim for indemnification under this **Article 11** for, or any other claim or cause of action under this Agreement, at law or in equity on account of any such Purchaser-Waived Breach, and (d) notwithstanding anything herein to the contrary, the Basket Limitation and the Cap Limitation shall not apply with respect to Losses suffered or incurred as a result of breaches of any covenant or agreement of Sellers or any of them set forth in **Section 5.3**, **Section 5.4**, **Section 10.1**, **EXHIBIT “R”** or “**EXHIBIT “V”**” of this Agreement. Notwithstanding anything to the contrary set forth in **Section 11.1** or in this **Section 11.3**, Wells OP agrees that Wells OP shall be jointly and severally liable with Wells Virginia REIT, Wells Brea, Wells Westlake, Wells Farmington Hills, Wells Kalamazoo and Wells EDS with respect to all obligations of each such party to Purchaser under **Section 11.1** above and this **Section 11.3**.

11.4. Survival. The representations, warranties and covenants contained in this Agreement and the Closing Documents with respect to each Property shall survive until the first (1st) anniversary of the closing of each such Property, unless a longer or shorter survival period is expressly provided for in this Agreement, or unless prior to such first (1st) anniversary date of such Closing, Purchaser or Seller, as the case may be, delivers written notice to the other party of such alleged breach specifying with reasonable detail the nature of such alleged breach and files an action with respect thereto within one hundred twenty (120) days after the giving of such notice.

11.5. Indemnification as Sole Remedy. If the Closing has occurred, the sole and exclusive remedy available to a party in the event of a breach by the other party to this Agreement of any representation, warranty, or covenant or other provision of this Agreement or any Closing Document which survives the Closing shall be the indemnifications provided for under **Section 3.1(c)**, **Section 10.1**, and this **Article 11**.

**ARTICLE 12.
MISCELLANEOUS**

12.1. Notices. Wherever any notice or other communication is required or permitted hereunder, such notice or other communication shall be in writing and shall be delivered by overnight courier, hand, facsimile or other electronic transmission, or sent by U.S. registered or certified mail, return receipt requested, postage prepaid, to the addresses or facsimile numbers set out below or at such other addresses as are specified by written notice delivered in accordance herewith:

PURCHASER: Lexington Corporate Properties Trust
One Penn Plaza
Suite 4015
New York, New York 10119-4015
Attention: Richard Rouse and Natasha Roberts
Facsimile: 212.594.6600
Email: rrouse@lxp.com and nroberts@lxp.com

with a copy to: Paul, Hastings, Janofsky & Walker, LLP
75 East 55th Street
New York, New York 10022
Attention: Katherine B. Lipton, Esquire
Facsimile: 212.230.7673
Email: katherinelipton@paulhastings.com

SELLERS: c/o Wells Real Estate Funds
6200 The Corners Parkway
Norcross, Georgia 30092
Attention: Mr. F. Parker Hudson
Facsimile: 770.243.4684
Email: parker.hudson@wellsref.com

with a copy to: Troutman Sanders LLP
Suite 5200
600 Peachtree Street, N.E.
Atlanta, Georgia 30308-2216
Attn: John W. Griffin and Leslie Fuller Secrest
Facsimile: 404.962.6577 and 404.962.6678
Email: john.griffin@troutmansanders.com and
leslie.secrest@troutmansanders.com

Any notice or other communication (i) mailed as hereinabove provided shall be deemed effectively given or received on the third (3rd) Business Day following the postmark date of such

notice or other communication, (ii) sent by overnight courier or by hand shall be deemed effectively given or received upon receipt, and (iii) sent by facsimile or other electronic transmission shall be deemed effectively given or received on the day of such electronic transmission of such notice or other communication and confirmation of such transmission if transmitted and confirmed prior to 6:00 p.m. local Atlanta, Georgia time on a Business Day and otherwise shall be deemed effectively given or received on the first Business Day after the day of transmission of such notice and confirmation of such transmission. Refusal to accept delivery shall be deemed delivered.

12.2 Possession. Full and exclusive possession of the Properties of each Seller, subject to the Permitted Exceptions and the rights of the tenants under the Leases affecting such Properties, shall be delivered by such Seller to Purchaser on the Closing Date.

12.3 Time Periods. If the time period by which any right, option, or election provided under this Agreement must be exercised, or by which any act required hereunder must be performed, or by which the Closing must be held, expires on a Saturday, Sunday, or holiday, then such time period shall be automatically extended through the close of business on the next regularly scheduled Business Day.

12.4 Publicity. The parties agree that, prior to Closing, and except for disclosures required by law or governmental regulations applicable to such party, no party shall, with respect to this Agreement and the transactions contemplated hereby, contact or conduct negotiations with public officials or make any public announcements regarding this Agreement or the transactions contemplated hereby to any third party without the prior written consent of the other party hereto. Except for disclosures required by law or governmental regulations applicable to such party, Sellers and Purchaser shall each deliver to the other the press release of the other party to be issued in connection with the execution of this Agreement and in connection with the Closing no less than three (3) hours during normal business hours on a Business Day prior to the issuance of any such press release. No party shall record this Agreement or any notice hereof; and neither party shall file a copy of this Agreement with the SEC until the filing of their respective Quarterly Reports on Form 10-Q for the current quarter, except for any recording or filing otherwise required under the United States securities laws or as may be required by the SEC; provided, however, that (i) in the event Purchaser is so required, it shall provide Sellers reasonable advance notice of any such required filing, and (ii) any such required filing shall exclude all schedules and exhibits to this Agreement.

12.5 Discharge of Obligations. The acceptance by Purchaser of the Limited Warranty Deeds of Sellers hereunder shall be deemed to constitute the full performance and discharge of each and every warranty and representation made by Sellers or any of them and Purchaser herein and every agreement and obligation on the part of Sellers or either of them and Purchaser to be performed pursuant to the terms of this Agreement, except those warranties, representations, covenants and agreements which are specifically provided in this Agreement to survive Closing.

12.6 Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Agreement, or the application thereof to any person or circumstance, shall, for

any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby but rather shall be enforced to the greatest extent permitted by law.

12.7 Construction. This Agreement shall not be construed more strictly against one party than against the other merely by virtue of the fact that this Agreement may have been prepared by counsel for one of the parties, it being mutually acknowledged and agreed that Sellers and Purchaser and their respective counsel have contributed substantially and materially to the preparation and negotiation of this Agreement. Accordingly, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

12.8 Sale Notification Letters. Promptly following the Closing, Purchaser shall deliver the Tenant Notices of Sale to each of the respective tenants under the Leases, the Ground Lessor Notices of Sale to each of the respective Ground Lessors under the Wells OP Ground Leases, the Declarant Notices to each of the respective Declarants under the Declarations, and the Other Notices of Sale to each service provider and leasing agent, the obligations under whose respective Service Contracts and Commission Agreements Purchaser has assumed at Closing.

12.9 Access to Records Following Closing. Purchaser agrees that for a period of one (1) year following the Closing, each Seller shall have the right during regular business hours, on five (5) days' written notice to Purchaser, to examine and review at Purchaser's office (or, at Purchaser's election, at the Properties), the books and records of such Seller relating to the ownership and operation of the Properties of such Seller which were delivered by such Seller to Purchaser at the Closing. Likewise, each Seller agrees that for a period of one (1) year following the Closing, Purchaser shall have the right during regular business hours, on five (5) days' written notice to such Seller, to examine and review at such Seller's office, all books, records and files, if any, retained by such Seller relating to the ownership and operation by Seller prior to the Closing of the Properties of such Seller. The provisions of this Section shall survive the Closing for a period of one (1) year after the Closing Date.

12.10 Submission to Jurisdiction. Each of Purchaser and Sellers irrevocably submits to the exclusive jurisdiction of (a) the Superior Court of Gwinnett County, Georgia located in Lawrenceville, Georgia, and (b) the United States District Court for the Northern District of Georgia for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of Purchaser and Sellers further agrees that service of any process, summons, notice or document by U.S. registered mail to such party's respective address set forth above shall be effective service of process for any action, suit or proceeding in Georgia with respect to any matters to which it has submitted to jurisdiction as set forth above in the immediately preceding sentence. Each of Purchaser and Sellers irrevocably and unconditionally waives trial by jury and irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in (a) the Superior Court of Gwinnett County, Georgia located in Lawrenceville, Georgia, and (b) the United States District Court for the Northern District of Georgia, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

12.11 General Provisions. No failure of any party to exercise any power given hereunder or to insist upon strict compliance with any obligation specified herein, and no custom or practice at variance with the terms hereof, shall constitute a waiver of any party's right to demand exact compliance with the terms hereof. This Agreement contains the entire agreement of the parties hereto, and no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein shall be of any force or effect. Any amendment to this Agreement shall not be binding upon Sellers or Purchaser unless such amendment is in writing and executed by Sellers and Purchaser. Subject to the provisions of **Section 9.1** hereof, the provisions of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors, and permitted assigns. Time is of the essence in this Agreement. The headings inserted at the beginning of each paragraph are for convenience only, and do not add to or subtract from the meaning of the contents of each paragraph. This Agreement shall be construed, interpreted and enforced under the laws of the State of Georgia. Except as otherwise provided herein, all rights, powers, and privileges conferred hereunder upon the parties shall be cumulative but not restrictive to those given by law. All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender shall include all genders, and all references herein to the singular shall include the plural and vice versa.

12.12 Like-Kind Exchange. The parties hereto desire, and each party is willing to cooperate (subject to the limitations set forth below), to effectuate the sale of any one or more of the Properties by means of an exchange of "like-kind" property which will qualify as such under Section 1031 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. Each party expressly reserves the right to assign its rights, but not its obligations, hereunder to a qualified intermediary as provided in I.R.C. Reg. 1.1031(k)-1(g)(4) on or before the date of Closing. Upon written notice from either party (a "**Requesting Party**") to the other, the party to whom such notice is given (the "**Other Party**") agrees to cooperate with the Requesting Party to effect one or more like-kind exchanges with respect to the Property designated by such Requesting Party in its notice to the Other Party, provided that such cooperation shall be subject to the following conditions: (a) such exchange shall not delay the Closing and shall occur either simultaneously with the Closing or the purchase money proceeds payable to such Seller shall be paid, upon such Seller's prior written direction to Purchaser, to a third party escrow agent or intermediary such that Purchaser shall not be required to participate in any subsequent closing, (b) the Requesting Party shall not be obligated to spend any sums or incur any expenses in excess of the sums and expenses which would have been spent or incurred by the Requesting Party if there had been no exchange, (c) Purchaser shall not be obligated to acquire or accept title to any property other than the applicable Property to be conveyed to Purchaser pursuant to this Agreement, and (d) Seller shall not be obligated to acquire or accept title to any property. The Other Party makes no representation or warranty that the conveyance of any Property or property made pursuant to this **Section 12.12** shall qualify for a like-kind exchange. Once Purchaser has paid the purchase money proceeds as directed by such Seller, or such Seller has conveyed the Property as directed by Purchaser, it shall have no further obligation hereunder with respect to such "like-kind" exchange. Each Requesting Party hereby

indemnifies and holds the Other Party harmless from and against any costs, liabilities and expenses incurred or suffered by the Other Party in connection with the “like-kind” exchange or exchanges described herein, which indemnity shall survive the Closing until the expiration of any applicable statute of limitations.

12.13 Attorney’s Fees. If Purchaser or Sellers or any of them brings an action at law or equity against the other in order to enforce the provisions of this Agreement or as a result of an alleged default under this Agreement, the prevailing party in such action shall be entitled to recover court costs and reasonable attorney’s fees actually incurred from the other.

12.14 Counterparts. This Agreement may be executed in one or more counterparts, each of which when taken together shall constitute one and the same original. To facilitate the execution and delivery of this Agreement, the parties may execute and exchange counterparts of the signature pages by facsimile, and the signature page of either party to any counterpart may be appended to any other counterpart.

12.15 Effective Agreement. The submission of this Agreement for examination is not intended to nor shall constitute an offer to sell, or a reservation of, or option or proposal of any kind for the purchase of the Properties. In no event shall any draft of this Agreement create any obligation or liability, it being understood that this Agreement shall be effective and binding only when a counterpart of this Agreement has been executed and delivered by each party hereto.

[Signatures commence on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day, month and year first above written.

SELLERS:

WELLS OPERATING PARTNERSHIP, L.P.,
a Delaware limited partnership

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation, its sole general partner

By: _____

Name: _____

Title: _____

[Signatures Continued on Next Page]

**WELLS FUND XIII - REIT JOINT VENTURE
PARTNERSHIP**, a Georgia general partnership

By: Wells Real Estate Fund XIII, L.P.,
a Georgia limited partnership, general partner

By: Wells Capital, Inc.,
a Georgia corporation, general partner

By: _____
Name: _____
Title: _____

By: _____
Leo F. Wells III, general partner

By: Wells Operating Partnership, L.P., a Delaware
limited partnership, general partner

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation, general partner

By: _____
Name: _____
Title: _____

[Signatures Continued From Previous Page]

**WELLS FUND XII - REIT JOINT VENTURE
PARTNERSHIP**, a Georgia general partnership

By: Wells Real Estate Fund XII, L.P.,
a Georgia limited partnership, general partner

By: Wells Partners, L.P.,
a Georgia limited partnership, general partner

By: Wells Capital, Inc.,
a Georgia corporation, general partner

By: _____

Name: _____

Title: _____

By: _____

Leo F. Wells III, general partner

By: Wells Operating Partnership, L.P., a Delaware
limited partnership, general partner

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation, as its general partner

By: _____

Name: _____

Title: _____

[Signatures Continue on Next Page]

[Signatures Continued from Previous Page]

WELLS REIT, LLC, V A I,
a Georgia limited liability company

By: Wells Operating Partnership, L.P.,
a Delaware limited partnership, its sole member

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation, its sole general partner

By: _____
Name: _____
Title: _____

[Signatures Continued on Next Page]

[Signatures Continued From Previous Page]

DANACQ FARMINGTON HILLS LLC,
a Delaware limited liability company

By: Wells Operating Partnership, L.P.,
a Delaware limited partnership, its sole member

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation, its sole general partner

By: _____
Name: _____
Title: _____

[Signatures Continue on Next Page]

[Signatures Continued From Previous page]

DANACQ KALAMAZOO LLC,
a Delaware limited liability company

By: Wells Operating Partnership, L.P.,
a Delaware limited partnership, its sole member

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation, its sole general partner

By: _____
Name: _____
Title: _____

[Signatures Continued on Next Page]

[Signatures Continued From Previous Page]

WELLS BREA I, L.P.,
a Delaware limited partnership

By: Wells Brea, LLC, a Delaware
limited liability company, its sole general partner

By: Wells Operating Partnership, L.P.,
a Delaware limited partnership, its sole member

By: Wells Real Estate Investment Trust, Inc., a
Maryland corporation, its sole general partner

By: _____

Name: _____

Title: _____

[Signatures Continued On Next Page]

[Signatures Continued From Previous Page]

WESTLAKE WELLS, L.P.,
a Texas limited partnership

By: Wells Real Estate Westlake, TX, LLC, a Delaware
limited liability company, general partner

By: Wells Operating Partnership, L.P.,
a Delaware limited partnership, sole member

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation, its sole general partner

By: _____

Name: _____

Title: _____

[Signatures Continued on Next Page]

**THE WELLS FUND XI - FUND XII - REIT
JOINT VENTURE**, a Georgia general partnership

By: Wells Operating Partnership, L.P.,
a Delaware limited partnership, general partner

By: _____

Name: _____

Title: _____

By: Wells Real Estate Fund XI, L.P., a Georgia
limited partnership, general partner

By: Wells Partners, L.P.,
a Georgia limited partnership, general partner

By: Wells Capital, Inc.,
a Georgia corporation, general partner

By: _____

Name: _____

Title: _____

By: _____

Leo F. Wells III, general partner

By: Wells Real Estate Fund XII, L.P.,
a Georgia limited partnership, general partner

By: Wells Partners, L.P.,
a Georgia limited partnership, general partner

By: Wells Capital, Inc.,
a Georgia corporation, general partner

By: _____

Name: _____

Title: _____

By: _____

Leo F. Wells III, general partner

[Signatures Continued from Previous Page]

WELLS - EDS DES MOINES, L.P.,
a Texas limited partnership

By: Wells Real Estate - Des Moines, IA, LLC,
a Delaware limited liability company, general partner

By: Wells Operating Partnership, L.P.,
a Delaware limited partnership, its sole member

By: Wells Real Estate Investment Trust, Inc.,
a Maryland corporation, its sole general partner

By: _____

Name: _____

Title: _____

[Signatures Continued on Next Page]

PURCHASER:

LEXINGTON CORPORATE PROPERTIES TRUST,
a Maryland statutory real estate investment trust

By: _____

Richard J. Rouse, Chief Investment Officer

IN WITNESS WHEREOF, the undersigned Broker has joined in the execution and delivery hereof solely for the purpose of evidencing its rights and obligations under the provisions of **Section 10.1** hereof.

Date of Execution:

_____, 2005

BROKER:

EASTDIL REALTY COMPANY, LLC,
a New York limited liability company,

By: _____

Name: _____

Title: _____

EXHIBIT 31.1
PRINCIPAL EXECUTIVE OFFICER CERTIFICATION
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Leo F. Wells, III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wells Real Estate Investment Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 5, 2005

By: /s/ LEO F. WELLS, III

Leo F. Wells, III
Principal Executive Officer

EXHIBIT 31.2
PRINCIPAL FINANCIAL OFFICER CERTIFICATION
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Douglas P. Williams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wells Real Estate Investment Trust, Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 5, 2005

By: /s/ DOUGLAS P. WILLIAMS

Douglas P. Williams
Principal Financial Officer

EXHIBIT 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)**

In connection with the Report of Wells Real Estate Investment Trust, Inc. (the "Registrant") on Form 10-Q for the quarter ended March 31, 2005, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, Leo F. Wells, III, Chief Executive Officer of the Registrant, and Douglas P. Williams, Chief Financial Officer of the Registrant, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge and belief:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

By: /s/ LEO F. WELLS, III

Leo F. Wells, III
Chief Executive Officer
May 5, 2005

By: /s/ DOUGLAS P. WILLIAMS

Douglas P. Williams
Chief Financial Officer
May 5, 2005